Dear Investor ...
Yours Truly, The Auditor

UCI Audit Committee Summit

Faculty Research Summaries

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UCI Paul Merage School of Business
merage.uci.edu
Hello from the accounting area faculty and staff in The Paul Merage School of Business at UCI.

The 2016-2017 academic year was a great one. We had record-breaking applications and admissions for our Master of Professional Accountancy (MPAc) program for this year’s entering class.

This fall:

• We grew by 30% and welcomed 139 students into the MPAc program.
• 19 of these students enrolled in the inaugural part-time MPAc program.
• This MPAc class reflects the strongest demand we have ever seen from domestic students – they represent about 70% of this year’s class.

Most importantly, even as our MPAc class sizes have increased, so too has the caliber of the students enrolled.

Interest in accounting also continues to be strong among UCI undergraduates:

• Applications to the Merage School undergraduate program again were astonishing, totaling in excess of 11,000 applications for this fall’s entering class.
• The proportion of applicants admitted into the Merage School’s BA program and who accepted far exceeded historical yields.
• The demand for the accounting minor, mostly coming from business economics majors, also remains strong.

Fall quarter, of course, is prime time for recruiting by accounting firms, so our students are busy networking with practitioners and actively searching for professional positions in addition to meeting their coursework demands.

Our MBA and PhD programs are also doing very well:

• An important part of the curriculum in all of the Merage School’s MBA programs (Full-time, FEMBA, EMBA, and HCEMBA) is the required accounting core course and the several elective courses offered.
• We graduated two PhD students this past June, Yoojin Lee and Yifan Li, and both assumed faculty positions as assistant professors.
• Three new doctoral students accepted our offers, and their enrollment brings our PhD program to a new high of 10 students this fall.

This year the Merage School added two new one-year specialized master’s programs: one in finance and the other in business analytics.

On the staff side, it is a pleasure to report that two of our MPAc staff members – Burt Slusher and Lina Tran – have been promoted to administrative positions overseeing various key aspects of all of the school’s one-year specialized master’s programs in student recruiting and admissions, and program services.

Our interaction with the external accounting community continues to be fruitful:

• The annual UCI/UCLA/USC accounting research conference this past spring was hosted by UCLA; next year, USC will host. The following year, UCI will again serve as the host school.
• This fall, we held our fourth annual Audit Committee Summit on Oct. 6 in conjunction with Squar Milner, the Big Four and other sponsors at the Pacific Club in Irvine. Last year’s conference grew to more than 100 attendees, and our keynote speaker was Russell Golden, chair of the Financial Accounting Standards Board. This year, we again experienced strong demand for the summit and had two keynote speakers: Wes Bricker, the SEC’s new chief accountant, and Jeanette Franzel, a PCAOB board member. Patricia Wellmeyer, appointed this past spring as the MPAc academic director, originated and continues to chair the Audit Committee Summit committee.

I trust you will agree that the accounting area is thriving at the Paul Merage School of Business. We provide a full slate of accounting programs, all of which are exceeding expectations, and are pleased with the high regard our programs have garnered nationally.

We hope you will keep in touch—we want to hear how our alumni and friends are doing, and of course, we are happy to welcome you to campus to meet with our students and faculty. Thank you!

Professor Mort Pincus
Dean’s Professor of Accounting and Accounting Area Coordinator

Mort Pincus, PhD

Welcome
Dear Investor …

Yours Truly,

The Auditor

By Patricia Wellmeyer,
Clinical Assistant Professor of Accounting

Living in a post-Facebook, WikiLeaks world where most anything is accessible through Google search, it’s hard to believe that debate still exists in any facet of the modern environment around the application of enhanced transparency. Such has been the case, however, with respect to information provided by financial statement auditors in their audit reports. Characterized by many as simply a pass/fail report, the standard audit report model that now dates at more than 70 years old, has been an escalating source of concern for US regulators due to contention over its lack of relevancy and usefulness in today’s capital market environment. This has especially been the case in the last five years as the US has been the lone standout among major financial jurisdictions to adopt and/or implement regulation mandating expanded auditor reporting (see table at right for where auditor report regulation across the globe stands today). But….the Securities and Exchange Commission (SEC) has just voted to move the US to team player status.

On October 23, 2017, the SEC approved a new Public Company Accounting Oversight Board (PCAOB) standard requiring auditors to include discussion in their audit reports of engagement specific critical audit matters as well as disclosures on auditor tenure and independence. Several stakeholder groups have weighed in favor and against the new standard. At the heart of the debate seems to be a fundamental incongruence over whether the benefits purportedly afforded to users by the additional disclosures justify the costs that may accrue in the form of increased litigation and adverse impact on the auditor-client relationship. In projecting the potential implications of expanded auditor reporting, time and research has afforded stakeholders some benefit of hindsight- the UK is coming up on its fifth year of implementation of mandated expanded auditor reporting and academic research has provided some important empirical insights on the impact of expanded auditor disclosures. Here are what studies examining expanded auditor reporting in the UK tell us to date:

- **Informational Value**: Through an examination of market valuation coefficients, Lennox et al. (2015) find that investors perceive auditor risk of material misstatement disclosures to be reliable measures of financial reporting risk, but not incrementally informative.

- **Audit Quality**: Studies by Ried et al. (2015) and Gutierrez et al. (2016) find mixed results. Ried et al. find that UK audit report changes are associated with increases in audit quality as proxied by significant decreases in absolute abnormal accruals and propensity to meet or beat analyst forecasts. Gutierrez et al. find no significant changes in audit quality associated with expanded auditor reporting, however, find that a smaller materiality level reported in the auditor report was positively related to audit quality and the number of risks reported.

- **Audit Fees/Audit Delay**: Ried et al. (2015) find no significant changes in audit fees or audit delays pre and post auditor reporting changes. Gutierrez et al. (2016), however, find evidence of increased audit costs. In cross-sectional analysis, they find that the length of the auditor’s report and number of risks reported are associated with changes in audit fees.

- **Materiality/Earnings Management**: Amiram et al. (2015) find that a firm’s reliance on debt financing and the extent of insider shareholding are associated with lower auditor materiality thresholds. Pincus et al. (2017) find a significant and positive relation between auditor materiality level and level of earnings management, especially for firms without auditor changes.

While academic research specifically examining the implementation of expanded auditor report regulation to date is limited, the above studies suggest the verdict is still out on the merits of expanded auditor reporting. Though empirical evidence and public opinion on the benefits vs. costs of enhanced auditor disclosure are mixed, what is consistent among stakeholders, auditors, and regulators alike is that the auditor’s report needs to evolve to better align with the informational wants and needs of investors. Only time and more research will help reveal how and what the auditors should communicate in their letters to investors. Until then, I guess the debate continues…

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**Where Auditor Reporting Regulation Stands Today**

<table>
<thead>
<tr>
<th>Region</th>
<th>Regulation Passed and Effective for Reports Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK and Ireland</td>
<td>Regulation passed and effective for reports issued</td>
</tr>
<tr>
<td></td>
<td>after October 1, 2013.</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Regulation passed and effective for reports issued</td>
</tr>
<tr>
<td></td>
<td>after December 21, 2014.</td>
</tr>
<tr>
<td>IAASB adopters</td>
<td>Regulation passed and effective for reports issued</td>
</tr>
<tr>
<td></td>
<td>after January 1, 2017.</td>
</tr>
<tr>
<td>EU member nations</td>
<td>Regulation passed and effective for reports issued</td>
</tr>
<tr>
<td></td>
<td>after July 1, 2017.</td>
</tr>
<tr>
<td>US</td>
<td>PCAOB adopted regulation (effective for reports</td>
</tr>
<tr>
<td></td>
<td>issued after December 16, 2017) on June 1,</td>
</tr>
<tr>
<td></td>
<td>2017. New regulation approved by the SEC after May</td>
</tr>
<tr>
<td>Other countries/regions</td>
<td>No significant regulatory developments proposed/</td>
</tr>
<tr>
<td></td>
<td>adopted.</td>
</tr>
</tbody>
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2017 UCI Audit Committee Summit

The Merage School accounting area, in partnership with its sponsors, held its 4th Annual Audit Committee Summit at the Pacific Club in Newport Beach on Oct. 6. Providing audit committee members, CFOs and CEOs with leading-edge information regarding regulatory developments from the FASB, the PCAOB and SEC, the summit featured keynote speakers SEC Chief Accountant Wesley Bricker and PCAOB Board Member Jeanette Franzel. The event also provided participants with the opportunity to hear from a distinguished panel of leaders from the PCAOB, SEC and other industry experts on timely and important topics:

- Latest PCAOB proposals on external auditor disclosures, audit quality and other initiatives
- SEC initiatives, including the SEC’s audit committee proposal on disclosures regarding the external auditor relationship
- Tax reform proposals and impact on companies
- SEC enforcement

The summit’s sponsors included AON, the Audit Committee Roundtable, Deloitte, EY, Forum of Corporate Directors of Orange County, KPMG, Paul Hastings, Ponel Wilkinon, PwC, RR Donnelley and Squar Minler.

Faculty Spotlight

Machiavelli (Max) W. Chao, JD
Full-time Lecturer

Elizabeth Chuk, PhD
Assistant Professor of Accounting

Julie Flaiz-Windham, CPA, CISA, MBA
Lecturer

Nate Franke, CPA, MBA
Full-time Lecturer

Joanna L. Ho, CPA, CMA, PhD
Professor of Accounting

Tao Jiao, PhD
Lecturer

Michael Juergens, CIA, CISA, CGEIT, CRMA, CRISC, MBA
Lecturer

Ben Lourie, PhD
Assistant Professor of Accounting

Radhika Lunawat, CA, PhD
Assistant Professor of Accounting

Kari Moore, CPA
Lecturer

Mort Pincus, CPA, PhD
Dean’s Professor of Accounting, Accounting Area Coordinator

Devin Shanthikumar, PhD
Assistant Professor of Accounting

Terry Shevlin, PhD
Professor of Accounting, Paul Merage Chair in Business Growth, Associate Dean of Research and Director of PhD Programs

Siew Hong Teoh, PhD
Dean’s Professor of Accounting

Craig Weaver, CPA, MBA
Adjunct Lecturer

Patricia Wellmeyer, CPA, CGMA, MS, PhD
Clinical Assistant Professor of Accounting, Academic Director of MPAc Program
Private Firm Investment and Public Peer Misvaluation

Brad A. Badertscher, University of Notre Dame; Devin M. Shanthikumar, UC Irvine; Siew Hong Teoh, UC Irvine

Stock prices often deviate from fundamentals. Yet the effects of these deviations on firms are not fully understood. In this paper, we examine whether misvaluation of publicly traded companies in an industry affects investment by privately-held firms in the same industry. 99% of US firms are privately-held, and private firms contribute roughly half of the sales and profits in the US, making this an important group of firms to examine.

On the one hand, an economic competition hypothesis predicts lower private-firm investment when public firms are overvalued, because misvaluation-induced new investment by public firms crowds out investment by private firms when they compete in input or output markets. On the other hand, the shared-sentiment hypothesis predicts a positive spillover because private firm stakeholders (e.g., lenders, owners, managers and employees) share in the sentiment associated with misvaluation in public markets, thus allowing and even encouraging private firms to increase investment in periods of overvaluation.

We test for the relation between public-firm misvaluation and private-firm capital expenditure investment using multiple misvaluation measures, primarily the price-to-fundamental value ratio and an exogenous instrument obtained from mutual fund flows. Our findings are consistent with the shared-sentiment hypothesis and robust to alternative controls for growth opportunities. We also find expected cross-sectional variation in the strength of the positive relation between public-peer misvaluation and private firm investment. Our results indicate that private firms finance misvaluation-induced investment primarily internally or externally with debt, not equity. Finally, misvaluation-induced investment increases future return on investment for private firms, in contrast with public firms.

Overall, our findings suggest that overvaluation in public markets relaxes financing constraints, increases private firm investments and has beneficial effects for private firms.

Do Auditor Reported Materiality Levels Impact Firms’ Earnings Management Behavior?

Mort Pincus, UC Irvine; Patricia Wellmeyer, UC Irvine; Lijie Yao, Beijing Jiaotong University

Firms’ earnings management behaviors and external auditors’ roles in curtailing this behavior have long been an area of concern in the accounting profession. Accounting debacles, such as Enron and WorldCom, have shown that managers can intentionally manipulate reported earnings to present a firm’s financials in a more positive light by engaging in transactions they believe are below the auditors’ significance ("materiality") level. How and what auditors assess as being material in evaluating a client’s financial reporting has historically been proprietary information, and empirical research to date has been unable to provide archival evidence on the association between auditors’ materiality assessments and firms’ earnings management behavior. This study exploits the recent enactment of mandatory auditor materiality disclosures in UK audit reports to provide archival evidence on the association between auditors’ materiality assessments and firms’ earnings management behavior. This study exploits the recent enactment of mandatory auditor materiality disclosures in UK audit reports to provide archival evidence on the nature of this association. We find that auditors’ materiality levels are significantly and positively associated with each of the three proxies of earnings management we examine, indicating that, on average, firms manage earnings more the higher (or looser) their auditor’s materiality level is from the preceding year. Findings show that firms with auditor materiality levels in the highest quartile relative to the average firm engage in significantly more earnings management than those in the lowest quartile and that changes in auditor materiality levels year to year are significantly and positively associated with changes in firms’ earnings management behavior.
Does US Foreign Earnings Lockout Advantage Foreign Acquirers?

Andrew Bird, Carnegie Mellon University; Alex Edwards, University of Toronto; Terry Shevlin, UC Irvine

The US taxes corporations on their worldwide income but allows for deferral of US taxes on foreign earnings until repatriated as dividends to the US parent with a credit for foreign taxes paid on those earnings. Additionally, US GAAP allows firms to designate some or all of their foreign earnings as indefinitely reinvested overseas such that they do not have to accrue (recognize) tax expense in the current period for any incremental US tax due on repatriation. This reduces reported income tax expense and increases the reported after-tax earnings. Prior research has documented a substantial “lockout” effect resulting from these current US worldwide tax and financial reporting systems.

We hypothesize that foreign firms are tax-favored acquirers because they can avoid the US tax on repatriations. Consistent with this tax advantage, we find that US domiciled M&A target firms with greater locked-out earnings are more likely to be acquired by foreign than domestic acquirers. This effect is economically significant; a standard deviation increase in our proxy for locked-out earnings is associated with a 12% relative increase in the likelihood that an acquirer is foreign. As the tax advantages for a foreign firm acquiring a US target with locked-out earnings are even greater when the foreign firm operates under a territorial tax system, we also compare their home country tax system.

We find that foreign acquirers of US target firms with locked-out earnings are indeed more likely to be residents of countries that use territorial tax systems. This adds to the evidence that US firms are at a competitive disadvantage relative to foreign competitors and is the reason that the current tax system is under debate.

Standards or Incentives: What Determines Financial Reporting Transparency for Defined Benefit Pension Assets?

Elizabeth Chuk, UC Irvine; Divya Anantharaman, Rutgers University

Our paper examines whether regulation intended to improve disclosure can itself lead to higher disclosure quality in the absence of a change in preparer incentives. We exploit a setting involving a sequence of two similar regulatory changes, which have one key difference – while both regulatory changes mandate improvements to disclosure (specifically, on pension asset allocation), only one removes preparer incentives to disclose opaquely (by eliminating a key reporting assumption – the expected rate of return on pension assets or ERR, which can be more effectively manipulated if asset allocation remains opaque).

We construct two difference-in-difference (DD) research designs to examine the disclosure consequences of each of these changes mandating more transparent discloses on pension assets (a 2008 rule change under US GAAP and a 2011 rule change under IFRS) and examine the difference in disclosure outcomes between these two changes. We find that the IFRS disclosure standard, which also removes preparer incentives to obfuscate asset allocation, is effective at improving pension asset transparency as intended by the standard, whereas the US standard, which solely mandates better disclosure while leaving unchanged preparer incentives to disclose or obfuscate, is not as effective at improving pension asset transparency.

Real Activities Management and Volatility of Operating Cash Flows: The Impact of Enterprise Systems

A. Z. Liu (Merage PhD), University at Albany, State University of New York; Morton Pincus, UC Irvine; S. X. Xu (Merage PhD), Tsinghua University

We examine whether the implementation of enterprise systems (ESs) facilitates real activities management associated with reduced operating cash flow volatility. Using propensity score matching, a difference-in-difference analysis, and multivariate regressions, we document significant reductions in the volatility of operating cash flows following ES implementations. We find that this effect is present across various types of ES implementations and occurs in different competitive environments in a manner consistent with prior ES-related research. Further, among ES firms, we document stronger earnings smoothing effects of changes in discretionary operating activities and similarly for changes in discretionary accruals following ES implementations. Finally, firms with a stronger incentive to maintain stable cash flows appear to engage in real activities-based smoothing or accrual-based smoothing to a greater extent. Our findings are consistent with managers being more effective in reducing performance volatility after ES implementations. Our study provides new insights on earnings smoothing via discretionary operating activities and on the potential economic impacts of ESs on real activities and risk management.

How Psychological Bias Shapes Accounting and Financial Regulation

David Hirshleifer, UC Irvine; Siew Hong Teoh, UC Irvine, Behavioral Public Policy Journal

Most applications of behavioral economics, finance and accounting research to policy focus on alleviating the adverse effects of individuals’ biases and cognitive constraints – for example, through investor protection rules or nudges. We argue that it is equally important to understand how psychological bias can cause a collective dysfunction – bad accounting policy and financial regulation. We discuss here how psychological bias on the part of the designers of regulation and accounting policy (voters, regulators, politicians, media commentators, managers, users, auditors and financial professionals) has helped shape existing regulation, and how understanding of this process can improve regulation in the future. Regulatory ideologies are belief systems that have evolved and spread by virtue of their ability to recruit psychological biases. We examine how several psychological factors and social processes affect regulatory ideologies.
PhD Program Overview
By Terry Shevlin
Merage School PhD Program Faculty Director

A PhD in accounting educates students interested in pursuing an academic career. The program involves an intensive two years of coursework in microeconomics, econometrics and statistics, finance, some math, and reading the academic literature. Following the coursework, there is a major field exam testing the student’s knowledge and ability to do research. Passing this exam then leads to the dissertation stage, which is a further two to three years of work on a thesis and requires the student to identify an important research question, develop hypotheses, collect data and run statistical analyses, and write up the results.

Academic accounting at UCI comprises applied financial and information economics with the base discipline being economics. Some schools also educate students to conduct analytical math modeling about information issues while other schools examine judgment and decision making in the audit, financial and management accounting areas – students in these areas study psychology and sociology. As we are a small faculty of eight tenure track research faculty, our main focus is applied financial economics related to financial accounting and tax issues.

Entrance into the program is highly competitive with approximately 50 to 60 applications a year for our one to two open spots. We look for smart, hard-working individuals who “know what they are getting into.” A PhD is not for everyone, and we encourage applicants to talk with faculty before applying to this or any PhD program in accounting. It is far removed from an undergraduate or even a master’s in accounting program – it is akin to driving a race car versus driving on your local city streets (not the L.A. freeways or Irvine arterial roads – though these roads appear to be for aspiring race car drivers). Students are fully funded in the program via teaching assistantships, which provide tuition coverage and a stipend that helps cover living costs.

Our current PhD students by year

<table>
<thead>
<tr>
<th>Year</th>
<th>Name</th>
<th>Year</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Stephen Campbell</td>
<td>2</td>
<td>Sherry Han</td>
</tr>
<tr>
<td>4</td>
<td>Tiana Lehmer</td>
<td>2</td>
<td>Shijia Wu</td>
</tr>
<tr>
<td>4</td>
<td>Esther Rihawi</td>
<td>1</td>
<td>David Joe</td>
</tr>
<tr>
<td>3</td>
<td>Cody Liu</td>
<td>1</td>
<td>Shaphan Ng</td>
</tr>
<tr>
<td>3</td>
<td>Aruhn Venkat</td>
<td>1</td>
<td>Qiao (Annie) Wang</td>
</tr>
</tbody>
</table>

2017 PhD Accounting Graduates

**Yoojin Lee** earned her PhD in June 2017 and serves as an assistant professor of accountancy at California State University, Long Beach. Lee’s doctoral dissertation examines the impact of firms’ use of hedging and non-hedging derivatives on corporate tax avoidance. She finds that the fair values of both hedging and non-hedging derivatives are associated with lower levels of cash taxes paid. These results are consistent with firms using hedging derivatives to receive innocent tax benefits and using non-hedging derivatives to aggressively reduce cash taxes. Her research interest focuses broadly on the determinants and consequences of tax avoidance and the use of financial derivatives. Lee received the Merage School Graduate Fellowship to fund her doctoral research, and she presented her dissertation at the 2016 AAA Western Region Meeting, the 2016 AAA Annual Meeting and the 109th National Tax Association Annual Conference in 2016. She holds an MS degree in statistics from Rice University, an MS degree in finance from Seoul National University and a BA degree in business administration from Hanyang University in South Korea.

**Yifan Li** earned her PhD in June 2017 and serves as an assistant professor of accounting at San Francisco State University. Li’s research focuses broadly on how accounting information affects the welfare of financial statement users and how stakeholders comprehend and react to corporate disclosures. Her doctoral dissertation examines whether investor limited attention to peer firms’ segment disclosures leads to inefficient information spillover within an industry. Her research was presented at several conferences, including the 2016 AAA Financial Accounting and Reporting Section Midyear Meeting, 2016 AAA Western Region Meeting and 2016 AAA Annual Meeting. One of Li’s working papers, co-authored with UC Irvine Professor Devin Shanbhikumar, won the Best Paper Award of the 2016 Haskell & White Corporate Reporting & Governance Conference. Li received the Merage School PhD Student Fellowship and CalCPA Education Foundation Doctoral Scholarship to fund her doctoral research. She obtained her master’s degree in finance and bachelor’s degree in accounting from Shanghai Jiao Tong University in China.
Recruitment and Admissions

The MPAc program recently celebrated its fourth graduating class in June 2017 as 107 Master of Professional Accountancy graduates walked the stage at the Bren Events Center. An incredibly diverse and dynamic group of students, the graduating class represented 68 institutions across the world. Students entered the program from a variety of majors, including anthropology, business information management, cognitive science, economics, English, finance, fine arts, history, informatics, linguistics, marketing, math, public health sciences, psychology and social welfare, religious studies, and zoology. Faculty and staff are excited to see another fantastic group of graduates embark on their professional careers.

“I applied to the Merage School because it was highly ranked in the state and the country. I received my undergraduate degree in accounting in three years, and I had eligibility to play collegiate golf for another year,” says Avery French ’17, a recent MPAc graduate. “Wanting to continue my education with a master’s degree in accounting, I was able to pursue golf and an MPAc degree at the same time because it was a one-year program,” she says. “I met with past graduates of the MPac program at EY, and everyone spoke very highly of the program. I knew the Merage School was going to be a great fit for me.”

New Part-Time MPAc Cohort

The Merage School welcomes our inaugural class of part-time MPAc students this fall. The part-time MPAc option allows students to complete the program in 18 months compared to the standard nine months for the full-time MPAc program. For the MPAc 2018 and 2019 classes, we received a record number of applicants. In total, 778 applicants applied for a place in our program starting in fall 2017. The incoming class is a highly qualified group of 139 students. These students represent 70 institutions from around the world.

The program continues to attract extremely competitive applicants based on academic performance and draws students who have a desire to become professionals in the booming accounting industry. Entering students come from varied academic disciplines, including biological sciences, business information systems, computer engineering, economics, health care administration, history, politics and social ecology. As a globally oriented program, we also have Taiwanese and Vietnamese.

The application for the 2019 and 2020 MPAc classes is now available online on a rolling admission basis.

Rolling Admissions Deadlines

November 15
January 15
March 15 – last date to apply for international students
May 1
June 1 – final deadline for applicants needing the summer intensive program
July 15 – final deadline for fall applicants who completed the prerequisites of at least six upper division accounting courses

If you would like more detailed information regarding our MPAc class profile, upcoming information sessions, or to access our MPAc application, please visit merage.uci.edu/mpac. We also welcome students for one-on-one consultations at 949-824-9240.
MPAc Annual Buddy Social

Once again, we had a great turnout at the third annual MPAc Buddy Social on August 3, 2017. The event connected current MPAc students with faculty, staff and alumni, and provided prospective students with an opportunity to learn about our dynamic program and vibrant business school. It was a fun evening of networking and food with great people on our beautiful 4,100-square-foot Kristen Monson Terrace.

Class of 2017 Academic Awards and Recognitions

Awards:

Highest Grade Point Average: Jeffrey Chiang, Avery French, Xiangwei (Viola) Gong and Shixian (Lexie) Liu

Dean’s Scholar and Beta Gamma Sigma: Christian Cardenas, Yimei (May) Chen, Jeffrey Chiang, Yilin (Elline) Chu, Jiayun (Stella) Fang, Avery French, Xiangwei (Viola) Gong, Thanh (Tony) Hoang, Ahmed Jeewa, Shixian (Lexie) Liu, Kun (Quinn) Ma, Michael Mowrey, Tongying (Teresa) Shen and Simon Vakili

Beta Gamma Sigma: Trevor Boswell, Chaoliang (Charlie) Chen, Xiaotong (Fiona) Liu, Chenlu (Crystal) Shao, Danni Tan, Ruijian (Carrie) Tian, Ran (Lily) Wang and Emily Yang

Excellence in Teaching: Craig Weaver

Most Inspirational: Jeffrey Chiang, Kunwoo (Sean) Cho and Jasper Suh

Most Entrepreneurial: Zuohong (Tom) Tang and Yudie (Amanda) Zhang

First MPAc Students to Make Partner: Jeffrey Chiang and Luke Hatch

Case Competition: MPAc students participated in the Association for Corporate Growth (ACG) competition for the first time this year. Two of our class of 2017 MPAc students, Yuanchen (Andrew) Bo and Marisol Felix, placed second overall.

**MPAc Accounting ProSeminar**

**Focus on Career and Professional Development**

The MPAc Accounting ProSeminar provides students with information and practical skills for success in the program as well as professional accounting and business career planning:

- MPAc two-unit course taken in fall and spring focuses on developing practical skills for career success
- Discussions of current issues in the accounting profession
- As part of the course requirements, each student prepares a written strategic plan for his or her career over the next five years (during the program and after graduation)
- The course also includes six panel discussions with guest speakers from the public and private sector

Thank you to the following companies for participating in the fall 2016 ProSeminar panels:

- **Tax Consulting and Compliance panel**: Deloitte, EY, Grant Thornton and HCVT
- **Audit and Attestation Area panel**: BDO, KPMG, PwC and White Nelson Diehl Evans
- **Fraud and Forensics panel**: Deloitte, FBI, KPMG, and Vicenti, Lloyd & Stutzman LLP

Thank you to the following companies for participating in the spring 2017 ProSeminar panels:

- **Ethics and Independence panel**: JFW Associates, KPMG, PCAOB and SingerLewak
- **Alumni Transition and CPA Tips panel**: BDO, Grant Thornton, HCVT and PwC
- **Client Service and Interactions panel**: BDO, Grant Thornton, Moss Adams and RSM
- **Accounting Career panel**: City National Bank, Irvine Company, PwC and UC Irvine
- **Simulation**: RSM

**MPAc Professional Development Workshops**

Professional skill development workshops and events are offered throughout the year to help our students acquire and hone skills needed to be successful, not only in today’s competitive marketplace, but also throughout their careers. MPAc workshops and events include:

- Building Your Personal Brand
- Navigating Social Media and LinkedIn
- How to Write a Cover Letter
- The Art of Small Talk
- Interview Skills workshop
- Building a Network to Guide Your Job Search
- Develop and Research a Target Company List
- Surviving and Thriving at Networking
- How to Prepare for a Job Interview
- Etiquette lunch/dinner event
- Professional attire overview
- Mock Interviews with MPAc Alumni
- Best Practices for Starting a Career in Accounting

MPAc students network with firm professionals following the MPAc Firm, Faculty and MPAc Breakfast Reception, an event intended to inform professionals about UCI’s MPAc program and provide an opportunity for UCI accounting faculty, MPAc students and firm professionals to interact.

MPAc students network and receive tips from KMPG and PwC firm professionals following the Specialty Track panel held during the fall ProSeminar course.
**MPAc Interns Available In Winter or Spring 2018**

**MPAc Internship Overview**

- Students eligible to work winter quarter can intern part-time or full-time to get a “busy season” under their belts
- Alternatively, students may intern part-time during spring quarter (up to 20 hours per week)
- MPAc 241, Accounting Internship course, can be taken for two elective units

**Thank you to the following companies who have hired MPAc students for a winter or spring 2017 internship:**

- **Alorica**
- **Anton & Chia**
- **b-ONE Ortho**
- **Deloitte**
- **Dick S. Lin, CPA**
- **Encore Partners LLP**
- **Global Capital Markets**
- **Grant Thornton**
- **Gravity Pro Consulting**
- **Hersowitz Accountancy Corporation**
- **Holidale**
- **JD McGough & Associates**
- **Lynnbro Industrial Co.**
- **Marcum**
- **NXT Technical Team**
- **PACE Advanced Water Engineering**
- **Pacific Dental Services**
- **Pinnacle Tax Services**
- **PK LLP**
- **Profile Tax and Financial Solutions**
- **Pure Restaurant Solutions**
- **SingerLewak**
- **SmartStop Asset Management**
- **Style You Love**
- **UCI Department of Neurobiology and Behavior**
- **UCI Internal Audit Services**
- **UCI Student Housing**
- **VincentBenjamin LLC**
- **White Nelson Diehl Evans**
- **YH Advisors**

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**Employers of MPAc Graduates**

- **Alorica**
- **Anton & Chia**
- **Benjamin & Young LLP**
- **BDO**
- **Bolar Hirsch & Jennings**
- **CB Capital Partners**
- **Chen and Yeh Accountancy Corp.**
- **China Merchant Securities**
- **Deloitte**
- **Dick S. Lin, CPA**
- **Eco Farms**
- **ELLS CPAs & Business Advisors**
- **Encore Partners**
- **Ergomotion Inc.**
- **EY**
- **General Photonics Corporation**
- **Girls Incorporated of Orange County**
- **Grant Thornton**
- **HCVT**
- **HKG CPAs**
- **Kling and Pathak LLP**
- **KLP Tax and Financial Group**
- **KMJ Corbin**
- **KS & Co.**
- **Lazar and Company CPAs**
- **Lodestone Pacific**
- **LA County Department of Auditor-Controller**
- **Marcum**
- **MetroMed Healthcare**
- **MW Polar Foods**
- **PACE Advanced Water Engineering**
- **PK LLP**
- **The Pun Group**
- **PwC**
- **Rickmeyer & Associates**
- **RSM**
- **Sensiba San Filippo**
- **Shwiff, Levy & Polo LLP**
- **SingerLewak**
- **Spectrum Financial Resources**
- **Spotlite Inc.**
- **Squar Milner**
- **Sunyeah Group Corporation**
- **Team Motivate**
- **White Nelson Diehl Evans**
- **Wild Attire**
MPAc Ambassador Message
From Criminology to Forensic Accounting

By Vivian Lee ’14

MPAc alumna embarks on a career that combines her thirst to understand the human psyche, a love of travel and her forensic accounting talents.

After graduating with a BA in criminology, law and society from the UCI School of Social Ecology, I made a significant change in my career path and embarked on a journey toward my Master of Professional Accountancy (MPAc) with The Paul Merage School of Business. Having come from a social sciences background, MPAc had a great deal to offer and ultimately shaped my career. First, the rigorous MPAc curriculum allowed someone like me with absolutely no business background to be CPA eligible within one year. Moreover, under careful guidance by the associate director of career services, I secured an internship with PwC as a private company services assurance intern, where I was offered a full-time position and discovered a sense of job security even before I completed the MPAc program. As an assurance associate, I built a foundation for auditing and broadened my appreciation for rules and regulations.

However, my thirst to understand the human psyche continues. Fortunately, as a Big Four accounting firm, the opportunities at PwC are limitless. Currently, I have transitioned to a new role as forensics advisory services senior associate. In this position, I travel both domestically and internationally to perform audits and provide management consulting services. Such projects include, but are not limited to, global IP protection, software and asset management, loss/damages quantification for litigation purposes, anti-counterfeiting, whistleblower investigations, and more.

While I entered the accounting field in an unconventional way, I have never felt unable to compete with my seasoned colleagues. This realization and confidence is something I attribute to the education, career counseling, professional workshops and networking events MPAc offers.

Hiring from UC Irvine

By attracting the brightest talent from around the globe and offering an integrated curriculum that develops students both technically and professionally, our program graduates professionals who are ready to add immediate value to an organization. At least 94% of employment-seeking students from the last three graduating classes obtained full-time positions within six months of graduation. Our students:

• Are CPA eligible upon graduation
• Are available for full-time or part-time internships in winter or spring
• Receive intensive one-on-one career coaching and professional development

If your company would like to learn more about UC Irvine’s MPAc program or how to get involved in on-campus recruiting events, please contact Carrie Crevel, associate director of MPAc Career Services, at carrie.crevel@uci.edu.

Vivian Lee
MPAc class of 2014

Carrie Crevel
Associate director of Career Services
The Paul Merage School of Business graduated its sixth class from the BA in business administration program in June 2017. Demand for the major continues to be extraordinary, with more than 11,000 applications for students entering this fall. Incoming freshmen have a mean GPA of 4.08 and among the highest SAT scores on campus. Business administration is the third-most requested major at the freshman level and is the first at the transfer level.

Our business majors are broadly trained, with nearly half of their coursework from areas outside of the business school. Students select a minimum of one of seven emphases in accounting, finance, health care management, information systems, marketing, operations and decision technologies, or organization and management. Nearly one-half of majors specify accounting as one of their areas of emphasis. The program is ranked 31st nationally by US News & World Report and is the youngest and most diverse in the Top 50.

In addition, the Merage School offers a distinctive BS in business information management (a joint degree with the Donald Bren School of Information and Computer Sciences) as well as minor programs in accounting, innovation and entrepreneurship, and management designed to complement any of the university’s 90 majors.

The numbers:
38% of freshmen are first-generation college students
27% of freshmen are underrepresented minorities

Employers of 2017 Business Administration Graduates: Internships

Crowe Horwath
Edison Energy
Edwards Lifesciences
Houlihan Lokey
Janes Capital Partners
Make-A-Wish Foundation
Northrop Grumman Corporation
PAAMCO
PwC
RSM
Toshiba

Employers of 2017 Business Administration Graduates: Full-Time Opportunities

Amazon Japan
Andersen Tax
Beacon Pointe Advisors
BSH Home Appliances
Deloitte
EY
Goldman Sachs
Grant Thornton
HCVT
Infosys
KPMG
Mercer
Northrop Grumman Corporation
Paysafe Partners LLC
Precision Castparts Corp
Protiviti
PwC
RSM
Thales
Z Supply

The 2016-2017 Paul Merage School of Business peer advisors.
**Student Profiles**

**Dena Nguyen, BA, business administration, 2017**

**How did the Merage School prepare you for your job?**

Being a part of the Merage community has played an integral part in my professional development. We have professors and staff who truly care about students and equip us with not only the knowledge to succeed, but also the communication, problem-solving, and networking skills to truly excel.

The Merage School has prepared me for my job by giving me opportunities that other schools do not offer. I remember encountering problems within my internship and feeling comfortable enough to approach my professor to work through them. I believe that this is one of the most valuable tools that the school offers: a network of peers, mentors, professors, counselors and professionals to reach out to. I met weekly with BA Career Services to work on my résumé and learn from their life experiences. Through this network, I have had countless opportunities to give back to younger classmates as a mentor myself. The Merage School has given me a community to lean on, and I know that regardless of the industry or profession that I pursue in the future, I will have the entire school behind me.

**UCI Activities:**

Vietnamese Student Association, Antleader Mentorship Program, Southeast Asian Student Association, Southeast Asian Leaders Mentorship Program, Southeast Asian Retention Through Creating History, Campmed at UCI, administrative intern coordinator, Phi Beta Kappa Honor Society

**Internships:**

- Administrative intern at UCI Student Life and Leadership
- Administrative intern at Kaiser Permanente
- Intern at the Mary and Dick Allen Diabetes Center at Hoag Health Center

**Post-Graduation Work:**

- Audit associate at KPMG

**Nicole Williams, BA, business administration, 2017**

**How did the Merage School prepare you for your job?**

Everyone in the Merage School has been supportive of me from the beginning and helped me find and cultivate myself. I got to meet students who are also interested in accounting. They have become my mentors, friends and future coworkers. The school has helped not only in academics, but also in learning how to apply to jobs, develop my networking skills, and how to create a résumé. Through my classes, I realized that public speaking is a very important part of work and have gotten over any stage fright I had previously. I also learned that giving back is a huge part of the school, whether volunteering or mentoring other students.

**UCI Activities:**

Accounting Association, International Student Excellence Program, Merage School peer academic advisor, Merage Undergraduate Student Association

**Internships:**

- Administrative Intern Program
- Data analyst intern for New Student and Leadership Programs
- PwC assurance intern

**Post-Graduation Work:**

- Assurance associate at PwC

**Allison Klas, BA, business administration, 2017**

**How did the Merage School prepare you for your job?**

The Merage School showed me that the accounting profession is very demanding of your time and abilities; however, after taking a heavy load of classes my senior year, with hard work, goal-setting and positivity, I will make it through an accounting busy season.

There are many opportunities for students to network in and out of the classroom. By attending events outside of class, I was able to meet new people and form networks, which I will constantly be doing at EY.

I’m also really looking forward to taking what I learned the last four years in the classroom and applying it to real-life situations.

**UCI Activities:**

Cross country and track and field teams, Accounting Association, Beta Alpha Psi, UCEAP Study Abroad, EY student ambassador

**Internships:**

- EY Assurance practice internship

**Post-Graduation Work:**

- Assurance staff associate at EY
Our newly installed chapter of Beta Alpha Psi recognizes outstanding academic achievements in the fields of accounting, finance and information systems and provides opportunities for self-development and association among members and practicing professionals. Established in 2016, the Nu Pi chapter of Beta Alpha Psi is a part of an international honor organization with more than 300 chapters nationwide. Our chapter is strong with a bright outlook for the next academic year as our membership and alumni base continue to grow.

Our goal for this school year is to provide more opportunities for students. With the prestige associated with Beta Alpha Psi on their résumés, students may have many doors opened for them in the accounting profession. During our second year as an official chapter, we are working to implement a new mentorship program cultivating a culture of growth and fostering scholastic and professional excellence in the field of business information.

**Beta Alpha Psi**
**Nu Pi Chapter**

The Accounting Association provides opportunities for students to learn more about the accounting profession by facilitating the recruitment process. We invite Big Four, mid-tier, local and industry firms to attend, present and network at club-sponsored events. By providing speaker presentations, firm tours, socials and other interactive events, the Accounting Association adds to the development of our members' interests and knowledge.

**Benefits of Membership**

For every student, the first two Beta Alpha Psi (BAP) and Accounting Association (AA) events attended are free; attendance at additional events requires membership. While each organization offers its respective benefits, some of the exclusive resources that we offer our BAP and AA members include:

**BETA ALPHA PSI, NU PI CHAPTER**
- Official name tag with BAP insignia
- Early pre-event attendance for networking
- Special accommodations for résumé binder sent to recruiters
- Prestigious title to place on your résumé
- Member-only events*
- Office tour invitations*
- Mock interviews*

**ACCOUNTING ASSOCIATION**
- Official nametag with AA insignia
- AA shirt/sweatshirt
- Information handbook
- Office tour invitations*
- Member-only events*
- AA résumé drop
- Mock interviews*

*Benefits will be shared between both BAP and AA
Beta Alpha Psi, Nu Pi Chapter
Officers, 2017-2018
Pauline Vu, business administration 2018, president
Christina Truong, business economics 2018, vice president
Carol Lai, business administration 2019, secretary
Angel Zhang, business administration 2018, treasurer
Erica Truong, business administration 2019, director of marketing

Accounting Association Officers, 2017-2018
Vina Vuong, business administration 2018, president
Kelsey Kawaguchi, business economics 2018, external vice president
Phillip Au, business administration 2019, internal vice president
Kelly So, business administration 2018, director of professional development
Nitya Dholakia, business economics 2019, secretary
Tae Han, business administration 2019, committee member
Sammy Mei, business administration 2019, committee member
Marielena Gonzalez, business economics 2019, committee member
Chelsa De Guzman, business economics 2019, committee member

Our Events
SPEAKING ENGAGEMENTS
Throughout the school year, Beta Alpha Psi and the Accounting Association invite representatives from a variety of firms to speak with students about their experiences in different practices, including advisory, audit and tax. Students network and expand their knowledge about the accounting profession, CPA requirements, interview tips, attire advice and more.

LEADERSHIP DEVELOPMENT PROGRAM
The Accounting Association Leadership Development Program focuses on peer mentorship for students pursuing a career in accounting. In the past year, the program organized a team of 30 mentors providing guidance and advice to 22 mentees. The mentees work closely with experienced mentors to develop leadership skills and prepare for summer leadership program recruiting.

MEET THE FIRMS
Co-hosted with the Master of Professional Accountancy (MPAc) program, Meet the Firms is the largest event of the fall quarter. Each year, numerous firms come out to network and provide information about internships and full-time opportunities for students interested in the accounting field. In 2016, 34 firms and approximately 300 students attended the event.

RECRUITMENT FOR SUMMER EXPERIENCES (RISE)
RISE is a small-scale Meet the Firms event during winter quarter specifically for students who are interested in summer leadership programs. It also gives students who are interested in applying for full-time offers another opportunity to network with sponsoring companies.

SPRING BANQUET
The Spring Banquet is the last event of the school year; it is an opportunity to thank our sponsors and celebrate our students’ hard work and achievements. Festivities include themed networking activities, raffles and more. In 2017, 15 firms and more than 100 students attended.

AA & BAP Sponsors
Gold
Deloitte
EY
Grant Thornton
HCVT
Moss Adams
MPAc
Protiviti
PwC
RSM
Silver
BDO
SingerLewak
Squar Milner
Bronze
Andersen
Becker
KS & Co.
Roger CPA

Members of the 2017-2018 Beta Alpha Psi and Accounting Association officer boards.

UCI students are awarded scholarships from sponsors at the 2017 Spring Banquet.

UCI accounting students attend a Becker CPA speaking engagement to learn more about the CPA exam and requirements.

AALDP mentor and mentee pairings and families are revealed after an icebreaker scavenger hunt.

UCI accounting students network and learn about firms at the Meet the Firms event presented by the MPAc program, Beta Alpha Psi and the Accounting Association.

2016-2017 Events

- Fall Kick-Off
- Meet the Firms
- Interview workshop
- Deloitte speaking engagement
- PwC speaking engagement
- Moss Adams speaking engagement
- Grant Thornton speaking engagement
- HCVT speaking engagement
- EY speaking engagement
- Industry speaking engagements
- Office tours
- Mock interviews
- Résumé workshop
- Community service events
- Social events
- Multi-chapter events
- Beta Alpha Psi initiations
- Spring Banquet

To schedule a speaking engagement, or if you are interested in becoming a sponsor, please contact:

**Beta Alpha Psi**
ucibap@gmail.com; ucibap.org

**Accounting Association**
aaucivine@gmail.com (firms) or aafaq01@gmail.com (students); aaucivine.com

The Beta Alpha Psi and Accounting Association board officers volunteered at the annual Donate Life Run/Walk with Moss Adams in April.
Keep in Touch

Whether you are a new entrepreneur building your company, a young professional seeking to accelerate your career path, or an experienced graduate mentoring others in appreciation for past guidance, the Merage School Alumni Network is a valuable place to build contacts and friendships. As Merage School alumni, we encourage you to stay in touch, communicate and grow with us – we are a community of fellow alumni from all programs. Merage School events are wonderful opportunities to build genuine business contacts and meet other professionals who share your interests. We hope to see you at one of our upcoming events.

Our first Merage Alumni Day was a gathering of alumni from all programs and grad years, who had fun reconnecting, learning and networking. Faculty speakers included Professors Lisa Barron, Imran Currim, Vijay Gurbaxani and Andy Policano.

UCI’s Accounting Programs Need Your Support

Thank you for your continued support of the UCI Merage School accounting programs. The UCI Accounting Programs Fund provides our students and faculty members with top-notch programs and resources. Please consider giving to our programs to help us further enrich students’ learning experiences, embrace new opportunities and promote groundbreaking research.

Your generous contribution directly supports our students as they prepare to enter the accounting profession by ensuring we are equipped to offer a comprehensive and innovative curriculum.

Contributions to the UCI Accounting Programs Fund may be made online at www.egiving.uci.edu or via check payable to “UCI Accounting Programs Fund” and sent to UCI Paul Merage School of Business, External Relations Office 4293 Pereira Drive, Suite 5600, Irvine, CA 92697
Alumni Accomplishments

CLASS OF 2014

Ian Castellana earned his CPA license on June 21, 2017, and marked his one-year anniversary with Ria Financial on June 29, 2017.

Mark Coltrin recently made the move from PwC to EY and was promoted to senior associate. He changed from the private company services practice at PwC to the financial services practice with an emphasis in insurance at EY. He also earned his CPA license this year.

Evan Creelman welcomed his first son, Cameron with his wife Alex, pictured right.

Qi (Claire) Yao earned her CPA license.

CLASS OF 2015

Yujie (Jacqueline) Chen passed all parts of CPA exams and is now a New York CPA; she was recently promoted to senior tax associate at PwC.

Neal Chuenprateep was promoted to senior consultant at Deloitte.

Justin Lee was promoted to senior auditor/audit-in-charge at Deloitte.

Jennifer Morgan earned her CPA license on July 7, 2017. In August, she started a new position in Laguna Beach as controller of a startup company, Birdiebee, which recently launched apparel and intimate lines online, featuring twins Brie and Nikki Bella.

Ben Phelan earned his CPA license and accepted a new position with Leonard Green & Partners in September 2016.

Emily Roberts switched from public accounting at PwC to private at Pacific Life Insurance. She also bought a house in Huntington Beach, her daughter turned 2 years old, and she is celebrating her five-year wedding anniversary.

Esther Tian passed all the CPA exams and is currently applying for the CPA license.

Brian Wielenga was promoted from audit associate to senior associate at Grant Thornton.

Yiwen (Eva) Xin passed all CPA exams and is currently waiting for her license. She was promoted to EY senior associate starting October 1, 2017.

Henry Hongli Xu passed all four sections of the CPA exam as of March 6, 2017. He also recently became a US citizen through naturalization.

CLASS OF 2016

Karine Bedrosian passed two sections of the CPA exam, was promoted in December 2016 and married on October 21, 2016.

George Chan passed all four parts of the CPA exam in November 2016, and he is currently working as a full-time tax associate at JLK Rosenberger’s Glendale office.

Fiona Fu passed all four CPA exams.

Yanni Luo passed all CPA exams last October and started a new job as an auditor at the PwC Shenzhen office in China.

Yuan Ma was married and bought her first house last year. She will have a baby girl at the end of October.

Jing (Cathy) Xie promoted to staff accountant II at Anton & Chia, and she passed all CPA exams.

Youngseok (Ken) Yoo announces his second daughter, Ella, was born on July 17, 2017, in Atlanta, Georgia.

CLASS OF 2017

Zheshi (Jessie) Chen passed all four sections of the CPA exam.

Savanna King passed all four sections of the CPA exam.

Shixian (Lexie) Liu passed AUD, FAR and BEC sections of CPA exams.

Lu (Eunice) Qi passed FAR exam.

Zhechen (Zoey) Xu passed BEC and REG sections of the CPA exam and secured a position as accounting analyst at Spotlite Media Inc.
GET CONNECTED with UCI Accounting

Program Contact Information

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- 949-824-8318
- phd@merage.uci.edu
- merage.uci.edu/PhD

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- merage.uci.edu/mpac

Undergraduate
- 949.824.9426
- ugprograms@merage.uci.edu
- merage.uci.edu/undergrad

Beta Alpha Psi
- ucibap@gmail.com
- ucibap.com

Accounting Association
- Firms contact: aaucirvine@gmail.com
- Students contact: aafaq01@gmail.com
- aaucirvine.com

Alumni Relations
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- merage.uci.edu/alumni