

The Financial Engineering Team Report

October 2005

www.business.kent.edu/msfe

Special “friends” of the Financial Engineering Program

This section will be dedicated to an individual who has gone “Above and Beyond” to assist the Financial Engineering Program/Center to accomplish its goals. It is a special “Thank You” from the “team” in appreciation of the dedication of the honoree.

Matt Fajack and Dave Young

Matthew Fajack (pronounced “Fay-Jack”)

Matt is currently the Executive Director for Financial Affairs at Kent State University. Matt’s responsibilities include treasury, risk management, accounting, procurement, bursar’s office, the ice arena and mail services. Prior to KSU, Mr. Fajack was employed by Beta Capital as Chief Financial Officer and Chief Administrative Officer (CFO/CAO). Beta Capital was a private equity firm that “bought and sold” start-up or distressed companies. At any given time, they held 14 to 20 companies in their portfolio, valued at \$150 million to \$400 million. Beta Capital typically closed five deals per year.

Matt served as CFO/CAO for three of Beta Capital’s companies for 10 of his 13 years of employment; the remainder of the time was focused on deal generation. His departmental responsibilities at each company included Accounting, Human Resources (HR), Treasury, Contract Management, Customer Service, Billing, Purchasing, and Information Technology (IT).

While at Beta Capital, he worked at Emergency Networks, Inc. (ENI), an \$80 million company that sold and installed home security systems, for approximately three years; Dalfort, a \$110 million third party aircraft maintenance provider for three years; and Legend Airlines (Legend), a cargo and passenger carrier, for over three years.

DAVID M. YOUNG, CPA

Dave is currently a certified public accountant and part-time instructor in taxation at Kent State University. Dave has a B. A. from Wooster and a MS in Accounting from Kent State. His professional affiliations include; the Board of Directors, American Payroll Association, Member National Speakers Bureau, American Payroll Association, Past Chair National Association of College & University Business Officers (NACUBO) Tax Council, and Editorial Advisory Board for “A Guide to Federal Tax Issues for Colleges and Universities” published by NACUBO.

Dave worked with Arthur Andersen (former national accounting firm), KPMG (a national accounting firm), in private tax practices, the NACUBO, and worked with the with Treasury Department and IRS National Office officials. He has publications in the NACUBO Business Officer Magazine, the RIA, American Payroll Association Views & News, and the NIRSA Journal.

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Thanks to these two wonderful gentlemen, two Financial Engineering Students did their eight week internships right here on campus. Their assignment: to develop a portfolio. Adam Freeman and Billy Chan successfully designed a plan for the implementation and management of funds.

Meet the Class of 2006

We asked the students to write brief autobiographies. Here they each talk about what they did prior to entering the program, what they hope to do after, and what they do when they are not busy studying.

Daniel Chan



I received my undergraduate degree in Applied Mathematics with a concentration in Financial Mathematics from Kent State University. I interned for 4 years at Nottingham-Spirk Design Associates as a Mechanical Engineer and an Industrial Designer. During my time as an undergraduate, I did some research for Dr. Per Enflo on the forecast of weather changes using random number theories. The idea of using high level mathematics in the financial world led me to this program.

My goals in the field are not entirely clear to me; however I'm leaning towards investment banking or risk management. One particular aspect of this major that interests me is the opportunity to work internationally. Being from Venezuela, I would like to work in a Spanish-speaking country and maybe get some experience in Asia as well, particularly in Hong Kong.

When I am not working or studying, I spend much of my time with family and friends. My interests include: watching movies, watching sports games, and listening to music. I have also been playing guitar with a band in Akron, Ohio.

Rong (Laura) Chen



I am an industry professional with a master's degree in Economics and a minor in International Finance, with XXX years of experience in the investment-banking industry at a national securities company in China. As an investment-banking manager, I was mainly responsible for IPO projects.

Inspired by my strong interest in math, I want to explore a career in financial engineering as either a risk manager or quantitative analysts.

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My recreational life consists of playing tennis, jogging, taking photos and traveling around the world. Reading and music are colorful life ingredients for me.

William Davis



I received my undergraduate degree in Finance from Kent State in 2004. I managed to pay for this education by establishing a profitable long position as a poker player. I realized that many of the skills I used to succeed as a poker player would also be applicable if I became a trader. The MSFE program became a logical extension of my finance undergraduate degree to further develop the skills I will need.

I hope to use my math, risk assessment, probability theory, and people skills to succeed as a trader after graduation.

When I am not working or studying, I spend my time with my friends and family, or traveling. A unique aspect of my employment is that it allows me to work from anywhere in the world. I spent much of the past year earning money for grad school while traveling.

Rami Dirani



Prior to joining the MSFE program at Kent State, I completed a MA in Economics in 2004. I took my experiences from graduate school and obtained a job at a Pharmaceutical Company working in their Financial Department. My interest in the financial markets makes the MSFE at Kent State an ideal fit. I'm a motivated individual with a great desire to learn.

After graduating from the program I want to get into the markets. My career interest has been to become a financial analyst, but I am currently open to any career in the markets as the MSFE program prepares students for many different career paths.

My favorite activity is to spend time with my family and to socialize. A great conversation is relaxing and gives perspective between studying. In addition I try to keep fit by exercising and consuming healthy foods.

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Thomas Griffin



I received my Bachelor of Science in Mechanical Engineering with a concentration in Metallurgy from Tri-State University in Angola, Indiana. Prior to my graduation in May of 2004, I was very involved on the Tri-State campus with several student organizations, including professional societies, student government, and the Delta Chi Fraternity. My involvement in these organizations was not limited to membership status as I was very active and held several elected position in these organizations from

secretary to president.

Since graduating in May, I have been working as a Quality Engineer for RB&W Manufacturing LLC, which produces cold-formed products for the automotive industry such as specialty fasteners to standard nuts and bolts, at their Kent Facility. My responsibilities include researching and responding to customer complaints and concerns on a daily basis.

I am currently unsure of which direction I want to take after completely the MSFE Program, although I am currently interest in trading futures.

When I am not working or studying, I enjoy spending time with my family members. I am also involved with Alumni Board of Trustees for the Tri-State Chapter and Kent State Chapter of the Delta Chi Fraternity, where I try to help wherever possible. I enjoy going to professional baseball games. A personal goal of mine is to eventually see a game at each of the major league ballparks; well at least as many as possible.

Tsung-Han (Pierre) Hsieh



I earned my Master's degree in Guidance and Communications Technology in Taiwan. My research was used to develop an Electronic Chart System which utilized digitized electronic nautical chart data to facilitate navigational computation, conjoining several electronic systems, such as: Radar, GPS, and sailing optimization in Windows and UNIX platforms. After graduation, I worked as a Project Manager at the Chinatrust Commercial Bank in Taiwan for three years. I was responsible for

coordinating a team to develop and research financial systems such as: Internet Banking, B2B Payment, Settlement System, and Derivative Financial Commodities. I also have received the Project Management Professional certification (PMP).

Prior joining the MSFE program, I studied for a master's of science with a concentration in Finance at the University of Texas at Dallas for one year. I learned a lot of financial and accounting knowledge at UTD and I will finish this degree in the fall of 2005 online.

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My personal interest in Financial Modeling directed me to the MSFE program. I am interested in finding a position in quantitative analysis and financial modeling after graduating from the MSFE program.

As far personal interests, I like to swim and go jogging.

Sheng-Chang (Robert) Hsu



I received my Bachelor of Art in Sociology from National ChengChi University in Taiwan and an MBA degree with a concentration on Finance from Indiana University of PA in August, 2005.

I am very glad that I can come to the financial engineering program in Kent State University. In this one year program, I hope to enhance my ability in the quantitative finance area. After graduation, I would like employment with an investment bank for a while prior to returning to my country to devote my knowledge to the financial field.

Seeing movies, playing basketball, and hiking are my favorite hobbies and I am a member of the honor society of Beta Gamma Sigma.

Ryan Ingersoll



I received my BBA in Marketing from Texas A&M in 1994. After graduation, I was hired as a broker at George E. Dullnig and Company, a small regional investment firm in San Antonio, Texas. There I worked on private placements for small startup companies and researched investment strategies for over 200 retail clients. In 1997, I switched firms and became a branch manager for Paulsen Investment Company, a larger firm specializing in underwriting small cap IPO's. I continued to grow my retail client list to over 300 clients with assets over \$20 million. During my 5 years as a broker, I developed a successful strategy for short term equity trading for my clients. In 1999, I decided to use that strategy as the basis for starting my own investment company, Ingersoll Capital Management, where I specialized in short term equity trading on behalf of my clients. In 2002, the economy was in full recession and the bear market had severely limited short term trading opportunities in equities. I chose to shut down operations and go to graduate school to further my education and develop more contacts in the industry.

While attending the MBA program at the University of Texas in San Antonio, I learned about the MSFE program at Kent State. Because the program is designed around a state of the art derivatives trading floor, I knew that I wanted to attend the program. So,

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while I was finishing my MBA in 2005, I also completed 30 hours of undergraduate math and computer science classes to qualify for the Kent State MSFE. I am currently a member of the San Antonio Society of Financial Analysts and a level III CFA candidate. After graduation from the KSU program, I plan on landing a position as a derivatives trader at a proprietary trading firm or investment bank. I have been married since 1998, and my wife Cory and I have two great kids, Jolie and Brodie, that keep us pretty busy.

In my spare time, I am an avid sports fan and really enjoy watching the world champion San Antonio Spurs.

Wenzhi (Wendy) Jiang



I received my Bachelor of Economics degree from the Investment Economics Management program of Jilin University in China. As an undergraduate student, I was able to maintain an outstanding record and won academic awards every year. I started my career as a Financial Analyst in Jilin Metallurgy Institute. After working there for one year, I decided to go back to Jilin University to pursue an advanced degree – master of finance. Upon successfully completing my graduate education I continued working as a financial analyst in the Real Estate Loan Department of Everbright Bank (one of the biggest commercial banks in China). I followed through on a few housing projects and was involved in the financial analysis and management at different stages of the development process.

In order to supplement myself with international knowledge and experience, I came to the MSFE program at Kent. I would like to keep working in field of investment banking after graduation.

I love classic music and enjoy playing the violin, cello and accordion in my spare time. When I was an undergraduate student, I was elected as the Director of the Music and Entertainment Union and organized a number of activities, which usually attracted hundreds of participants. My other hobbies include dancing and playing tennis.

Prasad Karnik



I did my undergraduate in Computer Engineering in Mumbai (Bombay), India. I received a couple of awards for mathematics during school. I worked with SSI, India Ltd. for about 6 months using VB 6 and Oracle 9i. I was involved in social activities through the Rotaract Club and was awarded the best Club Service Director during my tenure. I then pursued my Masters in Computer Science at Kent State University.

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Now I am pursuing a Masters in Financial Engineering at Kent State University. Why? Bombay is the commercial capital of India; the finance sector is booming. Since I am aspiring to become a Quantitative Analyst in a financial corporation, an MSFE degree from Kent State is ideal for my goals.

I am a national-level player of table-tennis (ping-pong). Sports have always fascinated me, especially soccer, cricket and of course ping-pong.

Wei (William) Liu



I received my honors Bachelor degree from the University of Toronto with majors in both math and computer science. From 1992 to 1998, I worked as a corporate credit analyst at the Bank of China. Through my employment, I gained extensive firsthand experience in evaluating a firm's credit status. My academic training in science and practical working experience has made analytical capability my biggest asset. I believe such an asset will be of great value in a financial engineering position. I have been passionate

with the dynamics of the financial world. On the one side, the financial markets provide enormous potentials for extraordinary success. On the other, it can also make any individual or institution penniless overnight. The watershed between prosper and perish thus lies in the right knowledge and tools. Further, it depends on the proper and scrupulous use of the knowledge and tools. The financial engineering program is positioned to serve these purposes and I am proud to be in the program.

I keep an open mind on my career in the financial industry. Trader, analyst, or quant, I will consider each seriously.

Besides finance, tennis is my favorite pastime. I am a big fan of Andre Agassi.

Matthew Milcetic



I graduated Magna Cum Laude with a BS in Mechanical Engineering from Cleveland State University in 2003. At CSU, I played on the varsity soccer team for four years. In my sophomore year I received a scholarship from Parker Hannifin Corporation, the self proclaimed world's leading diversified manufacturer of motion and control technologies, that included an internship, which I repeated the next summer and turned into a job upon graduation.

With Parker, my Business Unit was in charge of pursuing high potential customers in new markets for hydraulic and electro-mechanical systems. I discovered the KSU MSFE degree from the local paper, and it appeared to be the perfect transition for me from engineering to the financial world. I had previously researched many MBA programs and was a few weeks away from attending Case

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Western Reserve and staying with Parker for the long term. Upon acceptance to the MSFE program, I immediately put in my notice with Parker and spent the summer in NYC working for Innovest Strategic Value Advisors on a time series database project using their ratings and market performance.

I chose the KSU program because I felt that it puts me in the best position to land a job as a derivatives trader upon graduation. It is a pleasure to come back to the area because I was born and raised in Kent and attended Kent Roosevelt High School.

My interests away from school include playing sports and exercising, reading, well prepared food, and spending time with my family and friends.

Grigorios (Greg) Reppas



I earned my bachelors degree in Statistics from Athens University of Economics and Business in Greece. During my undergraduate studies, I worked in the counting house department of the Commander Maritime S.A. shipping company. I also had the opportunity to work for the Greek Ministry of National Economy in collaboration with the Greek National Statistics Institute on the Greek Census of 2001.

I have entered the MSFE program in order to combine my analytical skills with the financial knowledge that is necessary to pursue a career in the financial industry.

I enjoy playing soccer, traveling and reading science fiction books.

Jeff Shipp



I graduated in May 2005 from Trinity University in San Antonio, Texas with a BA in Mathematics. I worked extensively with Dr. Saber Elaydi on new proofs in difference equations and dynamical systems. I've worked mainly with Maple and C++. I competed in the 2005 Mathematical Contest in Modeling. I speak Spanish on a conversational level and was an All-American swimmer in high school.

I hope to one day own my own hedge fund and enter into venture capitalism.

My interests include football, electric guitar, Texas style BBQ and working out.

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Ashish Srivastava



I have earned my undergraduate degree in Electrical Engineering from Jiwaji University India (2000) and MBA degree with concentration in Finance (2004) from Indiana State University, Terre Haute, USA. I have passed Level I of the CFA exam in 2004 and am a candidate of level II exam. I have been very successful as an Investment Analyst, working with Investment Planers Inc, Terre Haute, Indiana, where I worked for one year. My main responsibilities were to perform in-depth analysis to find undervalued securities, develop investment strategies and models to optimize portfolio returns and to help clients' retirement plans. I was also engaged with academic and professional research related to stocks and financial futures while I was pursuing my MBA at Indiana State University.

Investment management, Derivatives and Risk management are the areas of my interest and expertise, and focus, discipline, knowledge and honesty are the four pillars of my investment philosophy.

In my spare time, I love traveling, watching movies and reading Berkshire Hathaway's annual reports.

Qian (Maggie) Wang



I graduated from South China University of Technology in Guangzhou, China in July 2003, where I majored in Chemical Engineering. During my studies, I had an internship in Guangzhou Paint Factory, Zhujing Chemical Industry Group, the largest coating manufacturer in South China. There I focused on the study of the water-borne acrylate resin. I studied at University of Cincinnati for two years before I enrolled in MSFE program at Kent State University. Studying at UC provided me a good opportunity to learn about financial engineering. The more I knew the more attractive it was to me. Therefore, I decided to choose the MSFE program as my professional training.

Financial Engineering is a completely new field for me. Its rapid development excites my interest. After graduating from the MSFE program, I look forward to being a professional in investment and risk management.

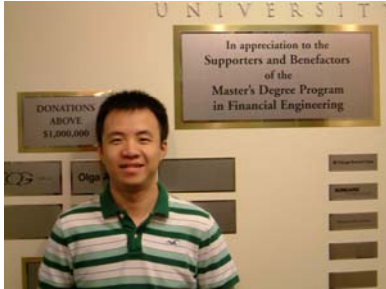
In my spare time, I like reading novels, playing badminton, and watching movies.

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Yang (Steve) Wang



I received my Master's degree from Ohio University in June 2005, after studying in the computer science field for more than six years.

Entering the MSFE program at Kent State means more than another academic challenge to me; it actually opens a door so that I can combine my background with what I can acquire from the financial engineering field. As a result, quantitative jobs are most appealing to me.

In my spare time, I like to travel, watch movies, and hang out with friends.

Alan "Rocky" White



In May 2002, I graduated from the University of Toledo with a Bachelor of Science in Chemical Engineering. I worked for a couple of years, first at a pharmaceutical company in Columbus, Ohio called Roxane Labs and then at Loreal in Solon, Ohio. I was unhappy with my job and decided that I wanted to change fields entirely.

I attended KSU to pursue an MBA, not to advance but to hopefully find a career in investment banking. That's when I first learned about the MSFE program. The program is perfect for my interests and should open a door to a fulfilling career as a trader at an investment banking firm. I am also open to other opportunities.

I follow sports and am a die hard Indians, Browns, Cavs and Buckeyes fan. I also read quite a bit about history and politics and I love playing poker.

Debra Wilson



I earned my bachelors degree in Applied Mathematics with a financial engineering submajor and finance minor from Kent State University in May 2005. I knew I wanted acceptance into the MSFE program when I heard about it during my senior year at Stow-Munroe Falls High School in 2001. As an undergraduate, I involved myself on campus with tutoring math and with Phi Sigma Pi. I also had a finance internship at Cihlar Capital Management in Akron. The internship experience reinforced my desire to understand the financial industry. Currently I am a member of the Women's Network and serve on the Finance and Scholarship Committees.

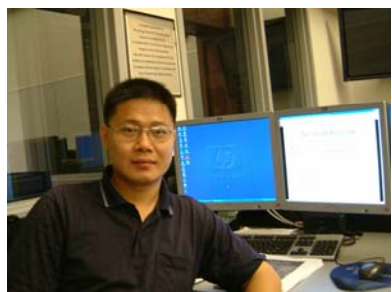
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I am in the MSFE program because I enjoy the challenge and want to make my family proud. I am interested in finding a career where I can utilize my mathematical and financial abilities.

Ruyan (Ryan) Zhao



My undergraduate major is in computer science. After my undergraduate degree, I worked at the treasury bureau of Taishan, Guangdong, China for six years as a computer specialist in developing financial management software, data analysis, and technical support.

The experience in the treasury system set in motion my interest in pursuing further study in financial engineering at Kent State University. I am especially interested in the fixed income area.

My interests include soccer, chess and reading history.

Guest Speakers and Trainers

	Guest Speaker	Company	Subject
September	Todd Jones	CBOE	
	Patrick Catania	Retired CBOT and CEO of the Asia West Group	The Evolution of Futures Markets
	CQG Training	CQG	CQG Training
October	Ed Schulman	TT	TT Training
	Dr. Langrehr		Marketing Seminar
	Beth Zonarini	Reuters America Inc.	Reuters Training
November	Steve Allen	Courant	Credit Derivatives

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Class of 2006 Profile

Class Make-up

Male	16
Female	4
<i>North America (8)</i>	
United States	8
Caucasian	8
<i>South America (1)</i>	
Venezuela	1
<i>Asia (10)</i>	
PRC	6
Taiwan	2
India	2
<i>Europe (1)</i>	
Greece	1

Undergraduate Institutions

Athens University of Econ & Bus	1
Ching-Yun University	1
Cleveland State University	1
Fuzhou University	1
Jilin University	1
Jiwaji University	1
Kent State University	3
National Chengchi University	1
Pennsylvania State University	1
South China University of Technology	1
Texas A&M	1
Trinity University	1
Tri-State University	1
University of Mumbai	1
University of Toledo	1
University of Toronto	1
Wuhan University	1

Undergraduate Degrees

Applied Mathematics	1
Applied Chemistry	1
Chemical Engineering	1
Computer Engineering	1
Computer Science	3
Economics	1
Electrical Engineering	2
Finance	1
Marketing	1
Mathematics	3
Mechanical Engineering	2
Psychology	1
Sociology	1
Statistics	1

Region of Undergraduate Institution

PRC	4
Taiwan	2
India	2
Greece	1
Indiana	1
Ohio	5
Pennsylvania	1
Texas	2

Average Age upon Entering Program **27**

Average Undergraduate GPA **3.2**

Average Graduate GPA **3.5**

**Average Years Post Undergraduate
Work Experience** **4**

Graduate Institutions

Indiana University	1
Indiana University of PA	1
Jilin University	1
Kent State University	4
Ohio University	1
Sichuan University	1
South China University of Technology	1
University of Cincinnati	1
University of Texas Dallas	1
University of Texas San Antonio	1

Graduate Degrees

Business Administration	2
Chemical Engineering	2
Computer Science	2
Economics	2
Finance	5

Region of Graduate Institution

PRC	3
Indiana	2
Ohio	6
Texas	2

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First Mock Trading Session for Class of 2006

By Steve Wang

In order to give everyone a feeling of how the open out-cry trading works and familiarize us with the concepts such as bid and offer, Dr. Holder designed a trading game for the whole class. Basic rules are simple; the game takes place over 5 rounds with 3 minutes each, at the end of every single round, Dr. Holder will roll the dice once, and after the last round, the "price" of the specific derivative will be set with the sum of all rolls. A predefined exercise price will then be used to determine profits or losses from each transaction.

Since most of us have never traded options or even stocks before, Dr. Holder limited the trading only to forwards and calls, which are more straightforward to understand than puts. However, the first round started with just few people yelling out for bid or offer, while the rest of us was standing by and not exactly sure what to do. But very soon, as more people began to know the tricks behind it, the game became intense, almost everyone yelled out at the same time and transactions were taken place in seconds.

It seemed that everybody really enjoyed the game as no one objected Dr. Holder to proceed by introducing puts into the game and offering a \$20 cash reward for whoever wins the largest profit. Not surprisingly, everyone turned out to be more passionate and 15 minutes went by without notice. Will finally took over the grant prize, but in fact, everyone had a prize, an experience that derived from this simple, fun and helpful trading game.

MSFE Information Sessions

Two MSFE Program Information Sessions are scheduled for October. Announcements will be made through University Communications. In addition, we are shooting video to edit and place on the web site for potential students who cannot travel to Kent for a session. The sessions are currently announced on the MSFE web site home page with a link to the flier.

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16th Asia Pacific Futures Research Symposium

Bangkok, Thailand
March 23 & 24, 2006

CBOT – ERF Emeritus Board Meeting

The annual meeting of the Emeritus Board was held in Chicago on September 28, 2005.

Chulalongkorn

The APFRS Organizing Committee is proud to have Chulalongkorn University as the university partner for the symposium in Bangkok.

Direct Marketing International (DMI)

DMI has once again signed a contract with Kent State to provide services for the 16th Annual APFRS. DMI adds continuity from one symposium to the next. Their services in the past have been exceptional.

Educational Research Foundation Web Site

Thanks to the diligent work of Kun Chen, MBA Student Assistant, there are a few nice documents regarding things to do while in Bangkok. The documents appear under the current symposium tab and are broken down into two, three, four and five day suggestions. More items will be added in the coming months.