

Niroomand's Nemesis

The CoB's Center for Financial Services

One of the most interesting aspects of the CoB's organizational structure since the turn of the 21st Century is the evolving relationship between CoB Associate Dean Farhang Niroomand and the CoB's Center for Financial Services (CFS). One would think that this particular relationship would be harmonious and productive, given that Niroomand is an economist. However, this particular relationship has been one of the most acrimonious in the CoB over the past several years. Thanks to assistance from USMPRIDE.COM sources, this report delves into the history of this tumultuous relationship.

The CFS Hatches

Former CBA Dean William Gunther teamed with former USM assistant professor of finance Michael Melton (shown below) to form the CoB's new Center for Financial Services (during Gunther's tenure as Dean, 1998-2003).



Michael Melton
Assistant Professor of Finance

The CoB's website (see insert below) explains that the CFS was founded in 2001, based on seed money provided by Citigroup/Primerica.



The Center for Financial Services was created in 2001 with contributions from private companies such as Citigroup/Primerica. Its role is to prepare students for careers in the financial services industry and to meet the demands for employees knowledgeable in a full range of financial services.

Facilities, Facilities, Facilities

Although Gunther had two Development Officers in his employ at the time the idea was hatched – Frank Pickering (Large Gifts) and Jim Hanneke (Small Gifts) – Gunther's choice of Melton proved to be one of his (Gunther's) more adroit moves during his 5-year reign.¹ The CFS needed funds, and Melton proved to be up to the task of fundraising. Melton quickly responded by building strong bonds with David and Mike Landrum of Primerica, as well as the Pine Belt's own Bill Hudson. As a result of these bonds, the Landrums and Hudson contributed tens of thousands of dollars to the CoB in an effort to build the new CFS. By the time the project had come to fruition, the USM Public Relations staff described the events with the following release (dated 3/20/03):

Released March 20, 2003

SOUTHERN MISS OPENS FIRST STUDENT-TRADING ROOM IN STATE **By Christopher Mapp**

HATTIESBURG - The scene at The University of Southern Mississippi's new student-trading room Thursday might not have matched the New York Stock Exchange as far as chaos – no screaming day traders, no paper littering the floor.

But it was every bit as functional as the state's first student-trading room linked students in "real-time" with the world's major exchanges.

Patterned after major trading floors like the NYSE, the trading room houses computers powered by the latest software that provides current data, news and quotes on a global scale.

Dr. Michael Melton, director of the Southern Miss Center for Financial Services, said the new facility was designed to enhance students' education with a real-time environment. "They are now able to see markets globally interact," he said.

"Real-time news and data have allowed students to make more sound investment decisions," Melton said. "Our students are gaining invaluable experience with derivative securities such as options and futures."

Located on the first floor of Joseph Greene Hall, home of the College of Business Administration, the new room is adorned with two television sets and trading-zone clocks showing times in London, Frankfurt, Chicago, Tokyo and New York. In the lobby of Greene Hall, a series of stock prices now streams across the new ticker that was funded by contributions from Bill Hudson, CEO of Hudson Salvage.

Finance students at Southern Miss can now watch in real time as the open-market operations relate and interact globally. For example, Melton said students can see how the Japanese market influences the New York Stock Exchange and vice versa.

The ability to research stocks in the new trading room should be a boon to finance students managing the \$100,000 gift donated by the Southern Miss Foundation last year, said Dr. William Gunther, dean of the

¹ Neither Pickering nor Hanneke is employed in the CoB fundraising apparatus any longer. Pickering is the plaintiff in a lawsuit against USM. That lawsuit involves allegations of improper statements made by CoB Dean Harold Doty about Pickering's spouse. A copy of Pickering's lawsuit is now available at USMPRIDE.COM.

College of Business Administration.

"When we teach kids about the real world, it helps if we can mimic it as closely as possible," Gunther said. "That way, when they're ready to leave here, they can hit the ground running."

Melton said: "We're managing real money from the university and with the trading room, we can make more sound decisions. In the old days you had to work with yesterday's information; now we have state-of-the-art equipment that will make their decisions that much better."

Graduate student Derek Daughdrill, also the assistant director for CFS, said that with the ability to watch movements of the market from "minute to minute," the facility is "a full-fledged trade-floor, just like the NYSE."

And as the NYSE did Thursday, finance students watched the markets jump as jittery investors reacted to the start of military operations in Iraq. Daughdrill said the new trading room would allow them to better understand how markets fluctuate during times of war.

Representing Primerica, a division of Citigroup that helped fund the trading room, Mike Landrum was on hand to watch students eagerly explore their new amenities.

"You're not going to find anything like this in the country, much less the state," said Landrum, a former Southern Miss football player who enjoyed a three-year career with the Atlanta Falcons before entering a successful career in finance. "This will provide students real business training while they're getting their education."

Perhaps the best account of the genesis of the CFS, and the donations made by the Landrums, was told in the Spring 2002 issue of *Joint Venture*:

Center for Financial Services

The light bulbs began clicking on last year during a Business Advisory Council roundtable discussion. The BAC, a group of prominent business leaders who share a strong belief in the College of Business, were talking about the rapid changes in the financial services arena.

"This field [financial services] is one of the fastest growing professions in the country," said Bob Harger, President of Harger and Company. "Deregulation has made a major impact on the structure of the industry and the lines have been blurred. Banks, insurance companies, brokerages and real estate companies—we're all competing with each other to provide a full range of financial services to our customers."

BAC members echoed Bob's remarks. Dean Bill Gunther and the CBA finance faculty, who had already recognized the need to train students in a broader range of financial services, moved to action. They re-examined traditional majors and made recommendations to bring programs in line with the needs of the financial services industry. Additional discussions with BAC and industry representatives led to the conclusion that a Center for Financial Services at The University of Southern Mississippi was the answer.

And the light bulbs that had been clicking on turned into a fully lighted chandelier. Dean Gunther and CBA Director for Development, Frank Pickering, called on BAC members and financial institutions for monetary support, and the seed for the Center was planted with a lead gift from BAC member Rick Hale, president of Blue Cross/Blue Shield of Mississippi. That gift acted as leverage to sell the idea to leading regional businesses and Fortune 500 companies.

Meanwhile, the Department of Economics, Finance and International Business developed an innovative curriculum geared toward current financial trends and analysis techniques that would prepare students to pass the exam for the Certificate in Financial Planning offered by the Certified Financial Planning Board of Standards. Plans were laid to provide the most current financial databases for creating and enhancing real world scenarios and a library of current financial literature to keep students updated on economic needs and trends.

On October 11, 2001, the CBA officially launched the center with a reception and press conference recognizing its sponsors. David Landrum, Senior National Sales Director for PRIMERICA, said that the center would meet a real need in the financial services industry, and his company provided a \$50,000 to support the center. "In our industry, we teach students how to make money but not what to do with it once they get it," he said. Landrum added that

he expects the demand for financial service professionals to rise dramatically in the next 20 years.

Finance professor Michael Melton, director of the center, said the CBA programs will provide those professionals. "This is a way for us to bridge the gap between academia and the business community." Melton stated that the center will sponsor a lectures series featuring experts in the industry, offer scholarships, and provide in-house career planning and job placement assistance, making it unique among similar programs. "We'll also be set up to offer academic research and support for financial services companies," he said.

The synergy between Gunther and Melton, and many prominent business leaders, is clearly shown through the exposition above. Things seemed to be on the move in the CBA at the time, with more to come.

Melton on Top

Melton was in the spotlight, and deservedly so according to USMPRIDE.COM sources. The CFS was sponsoring trips to the country's leading financial centers, and Melton was getting a lot of the accolades. The photo spread below (*Joint Venture*, spring 2002) shows Melton standing in front of the Federal Reserve Bank of Chicago in December of 2001. Melton's visit to Chicago's Federal Reserve Bank came via a trip made by Melton and 18 finance majors that was sponsored by the CBA and the CFS.



During those early days, the list of CFS supporters was growing (see below, *Joint Venture*), even before facilities were put in place, thanks in large part to Melton's efforts.

Special Thanks to Sponsors of the Center for Financial Services

Platinum Sponsors
Blue Cross Blue Shield of Mississippi
Richard J. Hale, President and CEO

Citigroup/Primerica
David Landrum, Senior National Sales Director
Mike Landrum, National Sales Director

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U-Save-Auto Rental of America, Inc.
Tom McDonnell, CEO

Silver Level
The First National Bank
David Johnson, President

Saloman Smith Barney
Steve Strickland, First Vice President



Sponsors Mike Landrum and Barbara King discuss the opening of the Center for Financial Services with center director, Michael Melton and his wife Kathryn.

What Melton had built during the late 1990s, and into the spring of 2003, is proudly displayed on the CoB's webpages today:



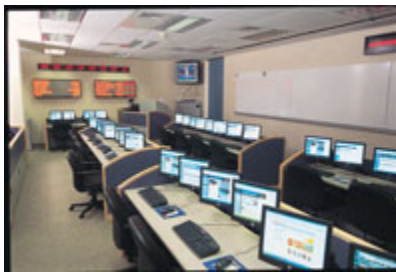
In fact, the CFS and its accomplishments supplanted Niroomand's Project Outreach grant-related enterprise among the CoB's Points of Pride (see below).

- The Center for Financial Services (CFS) houses the first student trading room in the state providing real-time access to world financial market information. Finance students in the senior-level Principles of Investments class each semester also manage a \$200,000 CFS Student Investment Fund that resulted in more than \$21,000 in profits for the university during 2003.

- Project Outreach, a program funded by a U.S. Department of Education grant, was completed in 2003 under the leadership of Dr. Farhang Niroomand, associate dean. The two-year program provided for faculty training and curriculum development in international business education to community colleges through workshops and study abroad opportunities for more than 50 participants.

And, throughout its early days, the CFS and Melton's work relegated Niroomand's own efforts with the Project Outreach grant to the back pages of *Joint Venture* magazine.

According to reports from sources, Melton's successes with the CFS and other endeavors did not go over well with Niroomand. It was clear to all who worked in the CBA during those days that Melton had "promising young University administrator" written all over him - a feature that did not endear him to Niroomand, the recently appointed Associate Dean. Niroomand reportedly engaged in a protracted campaign of harassment against Melton - one that was so problematic for Melton that he sought employment elsewhere. Melton found success with this endeavor by landing a position in the Gabelli School of Business at Roger Williams University. As shown below, the finance education facilities available at RWU's Gabelli School were as attractive to Melton as he was to the GSB.



Located just off the main lobby, the Robert F. Stoico / FirstFed Trading room is a classroom equipped with both the hardware and software needed for financial services classes. Other classes also use the room for its research support and internet connections at each student's seat.



The **Center for Advanced Financial Education (CAFE)** contains trading stations and corporate-level software which facilitate students' assembly and management of investment portfolios. CAFE's technology uses the SDS Marketwatch Fund Management Software program.

Melton departed for his new post at the Gabelli School after spring semester of 2003, or at the time that William Gunther stepped down as Dean of the CBA.²

² One source tells USMPRIDE.COM investigators that USM President Shelby Thames was visibly upset when he learned of Melton's forthcoming departure. What Thames might not have known,

The Gunther-Melton Last Laugh

As the CBA would learn during the 2002-2003 academic year, the departures of Melton and Gunther were not to be quiet ones. The CFS had built up a chest of financial support, and sources indicate that Niroomand had plans for those funds once the departures of Melton and Gunther had occurred. That was not to be, as the fundraising stars – Melton and Gunther – would go out with a spending spree that would rival any other in the CBA that year.

During the spring semester of 2003, his last in the CBA, Melton rounded up 27 of the CBA's finance students, and, along with others, traveled to New York City to visit the City's famed financial district. In doing so, Melton's CFS sprung for a round-trip ground shuttle service between USM and the New Orleans airport. The total cost of that shuttle service was \$900, as indicated by USM's **Employee Travel Voucher** #14234, signed by both Melton and then-EIB chair Iskandar Hamwi. That **Voucher** also indicates that round-trip airfare between New Orleans and New York came to \$176.75 per head. Use of that amount for the bulk of the visiting party generates a total of \$4,949.00 in airfares (for Melton and the 27 students), bringing the tab for the trip to \$5,849.

With lodging expenses and meals for the **5-day visit to New York**, the total would consume a substantial portion of the funds remaining in the CFS' discretionary accounts. What remained after this trip was, as one source indicates, consumed by former CBA Dean William Gunther on other occasions during the 2002-2003 academic year. At the end of the year, there was little more than dust remaining in the CFS' discretionary accounts. Niroomand's hopes were dashed, his plans foiled.

What About the CFS Today?

The CoB's Center for Financial Services is now under the leadership of associate professor of finance, John Clark (see below).



John Clark

at least until this report, is the prominent role that Niroomand played in hastening Melton's departure from USM.

Sources tell USMPRIDE.COM that in many ways Clark also has the CFS “on the move.” The Student Investment Fund, started during Melton’s tenure, has been growing at unprecedented levels since the arrival of Clark to the CoB. In fact, it is being reported that the CFS’ Student Investment Fund is one of the crown jewels of the USM Foundation, in terms of its growth and potential. Clark has also reportedly stood up for students’ rights in the case of CFS Scholarship Recipients (see info on CFS scholarships below). The work begun by Melton, and continued by Clark, has allowed financial services students to have their educations supported through CFS scholarships. However, sources indicate that Niroomand has stepped in on occasion and pressured Clark to treat these scholarships as work-study assignments – pressure that Clark has resisted on each occasion because the “scholarships” are not advertised as work-study assignments.

CFS Scholarships

The Center provides 3-5 scholarships to finance majors each year. These scholars maintain office hours in the Center and participate in research projects sponsored by the CFS. These projects are designed to develop a stronger understanding of personal finance and investing.

In addition, Clark was integral in developing the CoB’s financial planning major to go along with the Center for Financial Services. Information about the FPM is show below:

Financial Planning Degree Program

In conjunction with the Department of Economics, Finance and International Business, the Center has received approval from the Certified Financial Planner Board of Standards (CFP Board) to allow Finance graduates with an emphasis in Financial Planning to meet the education requirements necessary to sit for the Certified Financial Planner Exam (CFP Exam).

Finally, Clark and the current dean of business, Harold Doty, are forging a relationship of their own that could involve a synergy between the CFS and at least one of the CoB’s other Centers in the near future. Although such a move might prove fruitful for Clark and Doty, and seem reminiscent of the Melton-Gunther tandem, it would certainly draw the ire of Niroomand, who is reportedly still unhappy about Clark’s championing of CFS Scholars’ rights.

Where to Next?

At this point few know where the CFS is headed. Some of the new plans for the CFS being hatched by Clark and Doty will certainly be worth keeping our eyes on, and USMPRIDE.COM will be there to cover these and other CFS activities for you.