COURSE DESCRIPTION

This course focuses on investment banking organizational structure, products, risks, earnings, regulations, innovations and competition. The functions of the “banking” business (M&A and financings, including equity, bonds and convertibles), the “sales and trading” business (client-related sales and trading and proprietary trading) and other investment banking businesses will be analyzed. In addition, new, innovative Wall Street securities and advisory products will be reviewed. Finally, investment banking relationships with private equity funds, hedge funds and corporate and institutional clients will be explored.

REQUIRED BOOKS

Investment Banks, Hedge Funds and Private Equity, by David P. Stowell, 2nd Edition
(published by Academic Press, an imprint of Elsevier Inc.)

Too Big To Fail, by Andrew Ross Sorkin (published by Viking, an imprint of the Penguin Group)

GRADING

Grading for the following assignments and exam will be based on a curve:

1. **Class Participation and Group Evaluation (15% weighting)**. Classroom comments and questions should demonstrate knowledge of the topic being discussed and facilitate learning for the entire class. Be prepared to be “cold called”, so make sure you have completed assigned readings prior to class. Name plates must be brought to every class: participation points will be lost if name plates are not displayed. Class participation represents half of this grade. The remaining half comes from the Class Participation and Group Evaluation survey completed at the end of the course.
2. **Case Questions.** There are six cases and five of these cases have question sets that are each weighted 4% (20% total weighting). A one page response to each set of case questions should be posted on Blackboard prior to designated classes. The purpose of the questions is to ensure comprehension of the cases and to facilitate class discussion. Questions should be answered individually and not based on discussions with group members or other students.

3. **Group Presentation to Class** on weekly financial and M&A market developments (18% weighting). A group presents on recent market developments during the first part of designated classes (see description under Assignments in Blackboard).

4. **Group M&A Paper** (17% weighting). A group paper on an M&A transaction will be due before class on the designated date (see description under Assignments in Blackboard).

5. **Final Exam** (30% weighting). Closed book exam.

**GRADING PHILOSOPHY**

The following is necessary to achieve the highest grade:

- Participation in class discussions
- Teamwork
- Awareness of current financial and merger market conditions
- Effective use of electronic news media
- Meeting class deadlines
- Class attendance and punctuality
- Name plates at every class
- Insightful and efficient verbal and written communication
- Total adherence to the Academic Integrity, as summarized below

**ACADEMIC INTEGRITY**

Weekly presentations on market developments and the M&A case will be completed by groups. These and other group activities must adhere to principals of Academic Integrity in every respect, including each group member having a full understanding of any written material that includes a student’s name. For example, even though one student may do the principal work on a spreadsheet, all group members are expected to fully understand the spreadsheet and be able to answer questions regarding it or any other aspect of the group’s product. Principals of Academic Integrity will, of course, also apply to all individual work as well and to the Final Exam. **Students are not permitted to collaborate on any assignments other than the two group assignments.**
CLASSROOM POLICY

Students should demonstrate respect for the professor and fellow students during the class period by refraining from distracting behavior such as disruptive eating, side conversations or using laptops to surf the Web or check e-mail.

SUMMARY COURSE OUTLINE

Class # 1  September 22
Topics:  Course Organization
         Overview of Investment Banking
Reading:  Chapter 1
         Investment Banking in 2008 (A): Rise and Fall of the Bear case

Class # 2  September 29
Answers to Investment Banking in 2008 (B) case due before class
Topics:  Overview of Investment Banking (cont.)
         History and Regulation of the Securities Industry
Reading:  Chapter 2
         Investment Banking in 2008 (B): A Brave New World case

Class # 3  October 6
Answers to Freeport-McMoRan case due before class
Topic:  Financings
Reading:  Chapter 3
         Freeport-McMoRan: Financing an Acquisition case

Class # 4  October 13
Answers to P&G Acquisition of Gillette case due before class
Topics:  Financings (cont.)
         Mergers and Acquisitions
Reading:  Chapter 4
         The Best Deal Gillette Could Get: Proctor & Gamble Acquisition of Gillette Case
Class # 5 October 20
**Answers to Heinz M&A case due before class**
Topic: Mergers and Acquisition (cont.)

Reading: Heinz Case
Too Big To Fail (chapters 1-7)

Class # 6 October 27
**Answers to Kmart, Sears and ESL case due before class**

Topic: Trading

Reading: Chapter 5
Kmart, Sears and ESL: How a Hedge Fund Became One of the World’s Largest Retailers case

Class # 7 November 3
**M&A Paper due before class**

Topics: Asset Management, Wealth Management and Research
Credit Rating Agencies, Exchanges, Clearing and Settlement

Reading: Chapter 6
Chapter 7

Class # 8 November 10

Topics: International Banking
Convertible Securities and Wall Street Innovation

Reading: Chapter 8
Chapter 9
Too Big To Fail (chapters 8-14)

Class # 9 November 17
**Class Participation and Group Evaluation due by 11:59 pm on November 17**

Topics: Convertible Securities and Wall Street Innovation (cont.)
Investment Banking Career Opportunities and Trends
Course Review

Reading: Chapter 9 (cont.)
Chapter 10
Too Big To Fail (chapters 15-20 and Epilogue)

**Final Exam** To Be Determined
RECOMMENDED BOOKS (optional reading)

*Barbarians at the Gate* – Burrough and Heylar
*When Genius Failed* – Roger Lowenstein
*Goldman Sachs: Culture of Success* – Endlich
*Liar’s Poker* -- Lewis
*Greed and Glory on Wall Street* – Auletta
*Den of Thieves* – Stewart
*An Accidental Investment Banker* – Knee
*Tearing Down the Walls* -- Langley