

Dr. Stephen Dempsey

The University of Vermont
BSAD-Accounting
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Education

Ph D, Virginia Polytechnic Institute & State University, 1985.

Major: Accounting

Supporting Areas of Emphasis: Finance and Statistics

Dissertation Title: Partitioning Market Efficiencies By Analyst Attention: The Case of Annual Earnings Announcements

Master of Accountancy, Virginia Polytechnic Institute & State University, 1983.

BS, State University of New York at Binghamton, 1982.

Supporting Areas of Emphasis: Summa Cum Laude

RESEARCH

Research Publications

Books

Dempsey, S. (1998). In McGraw-Hill (Ed.), *Instructor's Resource Manual* (6th ed.). Instructor's Manual to Accompany Intermediate Accounting - 6th Edition.

Dempsey, S. (1991). *Resource Manual to Accompany Intermediate Accounting* (pp. 511 pages). McGraw Hill.

Refereed Journal Articles

Dempsey, S. J., Harrison, D. M., Sheng, H. (2015). Core Earnings Uncertainty, Dividend Change Announcements and the Reduction of Covariance Component Risks. *Journal of Business Finance & Accounting/Wiley*, 42(9/10), 1075-1120.

Dempsey, S., Harrison, D. M., Luchtenberg, K. F., Seiler, M. J. (2012). Financial Opacity and Firm Performance: The Readability of REIT Annual Reports. *Journal of Real Estate Finance and Economics*, 45(2), 450-470. <http://www.springerlink.com/content/6j43184mh2661620/>

Dempsey, S., Harrison, D. M., Luchtenberg, K. F., Seiler, M. J. (2011). Contingent Choice Behavioral Models in the Presence of Information Uncertainty. *Journal of Real Estate Portfolio Management*, 16, 289-299.

Dempsey, S. (2003). On the Benefits of a Mathematical Solutions Approach to Time Value of Money Instruction: Arguments and Evidence. *Journal of Accounting Education*, 21(3), 239-260. http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6VDD-496KYK6-4&_user=1563816&_rdoc=1&_fmt=&_orig=search&_sort=d&view=c&_acct=C000053744&_version=1&_urlVersion=0&_userid=1563816&md5=fc27e612c765878831188a9468506a1e

Dempsey, S., Gatti, J. F., Grinnell, D. J., Cats-Baril, W. (1997). The Use of Strategic Performance Variables as Leading Indicators in Financial Analysts' Forecasts. *The Journal of Financial Statement Analysis*, 2(Summer, 4), 61-79. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2346

Dempsey, S. (1994). Interim Earnings Management and the Fourth Quarter Good News Effect. *Journal of Business Finance and Accounting*, 21(6), 889-908.
<http://www3.interscience.wiley.com/journal/119275564/abstract>

Dempsey, S. (1993). Dividend Policies in Practice: Is there an Industry Effect? *Quarterly Journal of Business and Economics*, 32(Autumn 1993), 3-13.

Dempsey, S., Hunt, H., Schroeder, N. (1993). Earnings Management and Corporate Ownership Structure: An Examination of Extraordinary Item Reporting. *Journal of Business Finance and Accounting*, 20(4), 479-500.
<http://www3.interscience.wiley.com/journal/119303954/abstract?CRETRY=1&SRETRY=0>

Dempsey, S. (1992). Effects of Agency and Transactions Costs on Dividend Payout Ratios: Further Evidence of the Agency-Transactions Cost Hypothesis. *Journal of Financial Research*(Winter), 317-321.

Dempsey, S. (1989). Predisclosure Information Search Incentives, Analyst Following, and Earnings Announcement Price Response. *The Accounting Review*, LXIV(4), 748-757.

Conference Proceedings

Dempsey, S. (2010). *Earnings Uncertainty, Dividend Change Announcements and the (CAPM) Cost of Equity Capital*. American Accounting Association Annual Meeting.

Dempsey, S. (2003). *Time Value of Money Tables: Time to Dispense with Them?*. Applied Business Research Conference Proceedings.

Dempsey, S., Hunt, H., Schroeder, N. W. (1991). *Earnings Management and Corporate Ownership Structure: An Examination of Extraordinary Item Reporting* (pp. April, Session 26). Collected Abstracts of the 1991 American Accounting Assoc. Northeast Region Annual Meeting.

Other

zz-Gatti, J. F., Dempsey, S. (2006). *Fixed Income Sectors: A Primer on the High-Yield Bond Market*. Dwight Asset Management Company.

Dempsey, S. (1996). *Profit Model for Post Offices: A Study of Income Measurement, Subunit Reporting and Managerial Incentives* (pp. 38 pages). Report to the Postmaster General of the United States.

Dempsey, S. (1992). *Interim Earnings Management and the Fourth-Quarter Good News Effect* (pp. April). Collected Abstracts of the American Accounting Association Northeast Region 1992 Annual Co.

Dempsey, S. (1992). *Invited editorial on stock market volatility*. Vermont Business Magazine.

Dempsey, S. (1992). *What Are Investors Saying?* (pp. 11-12). Vermont Business Magazine.

Presentations Given

Dempsey, S. (Author & Presenter), Harrison, D. (Author), American Real Estate Society 2014 Annual Meeting, "REIT Dividend Change Announcements, Earnings Uncertainty, and the Decomposition of Second Moment Returns," American Real Estate Society (ARES), San Diego, California, United States. (April 4, 2014).

- Dempsey, S. (Author & Presenter), Harrison, D. (Author), American Accounting Association 2013 Annual Meeting, "Core Earnings Uncertainty, Dividend Change Announcements, and the Decomposition of Second Moment Returns," Proceedings of the American Accounting Association, Anaheim, California, United States. (August 7, 2013).
- Dempsey, S., 2012 Northeast American Accounting Association Annual Meeting, "An Examination of the Market Response to the Issuance of Research Reports during and after the IPO Quiet Period," American Accounting Association, Providence, Rhode Island, United States. (October 2012).
- Dempsey, S. (Author & Presenter), American Accounting Association 2010 Annual Meeting, "Earnings Uncertainty, Dividend Change Announcements and the (CAPM) Cost of Equity Capital," American Accounting Association, San Francisco, California, United States. (August 4, 2010).
- Dempsey, S. (Author), Luchtenberg, K. F. (Author & Presenter), American Real Estate Society 2009 Annual Meeting, "Financial Opacity and Firm Performance: The Readability of REIT Annual Reports," American Real Estate Society (ARES), Monterey, California, United States. (April 2, 2009).
- Dempsey, S., Seminar Series, "Seminar Series for Vermont Small Business Managers," Vermont Small Business Managers, Vermont, United States. (October 1998).
- Dempsey, S., Collected Abstracts of the American Accounting Association Northeast Region 1992 Annual Co, "Interim Earnings Management and the Fourth-Quarter Good News Effect," Portland, Maine, United States. (April 1992).

Research Currently in Progress

"Anchoring on Ignorance and Adjusting to New Information: The Case of Dividend Change Announcements" (On-Going).

I propose that firms' stock returns exhibit a dynamic similar to the "anchoring and adjustment" heuristic advanced in the behavioral sciences. Under this hypothesis the arrival of fundamental news about the firm has the effect of pulling its returns away from the security characteristic line—the "anchor"—which is manifested by a reduction in the firm-to-market returns correlation. Using an extensive sample of dividend change announcements from 1970-2005, I find strong support for our hypothesis. Specifically, I report a statistically and economically significant reduction in firm-to-market return correlation coefficients for the 50 trading-day period following both dividend increase and dividend decrease announcements. Furthermore, the effect is robust over time, being significant in 34 of the 35 years investigated (the single exception is 2004, which I attribute to non-fundamental dividend change decisions in the wake of the 2003 legislation that equalized the statutory tax rate on dividends to that on capital gains). Unlike the non-diversifiable correlation shift, the diversifiable return variance shift is negative for dividend increases and positive for dividend decreases. Taken together, my results suggest (1) dividend change announcements provide confirmatory evidence to the marketplace regarding both the level and uncertainty of expected future operating cash flows, and (2) market adjusted returns following dividend change announcements are associated with each of the two covariance component shifts in a manner consistent with CAPM theory. I hope to update the sample to include more recent years of dividend changes before submitting this paper for publication.

"Dividend Changes and Changes in the Cost of Equity Capital" (Writing Results).

"REIT Dividend Change Announcements, Earnings Uncertainty, and the Decomposition of Second Moment Returns" (Writing Results).

In order to maintain their pass-through tax status, real estate investment trusts (REITs) are

required to pay out at least 90% of their GAAP reported net income as dividends. However, the appropriate measurement of net income in this industry is controversial, and REITs often pay over 100% of GAAP earnings as dividends. Many analysts prefer an alternative measure of income for REITs, namely, funds from operations (FFO). Using theory and methodology I developed for my previous dividend change study (under review at JBFA), this paper examines price reaction to REIT dividend change announcements in order to determine which measure of core earnings is more closely associated with dividend change-related second moment returns. I presented preliminary results of this research at the American Real Estate Society Annual Meeting, on 4/4/14. This was an invited presentation by my co-author, David Harrison, who is currently serving as the President of the ARES.

"The Readability of Corporate Proxy Statements" (On-Going).

This study examines readability statistics (e.g., Flesch-Kincaid Index) of proxy statements for the S&P 500 since 1994. Factors potentially impacting readability differences are identified and explored. The paper is in the analysis of results stage, being conducted by my co-author Hugh Marble. Unfortunately, the project has taken a back burner due to his other current, more important pursuits.

Awards and Honors

Honorary Member, Golden Key National Honorary Society. (1996).

Full Graduate Scholarship, Virginia Tech. (1983).

Delta Sigma Pi Scholarship, SUNY at Binghamton. (1982).

National Dean's List. (1982).

Outstanding Young Men of America. (1982).

Who's Who Among Students in American Universities and Colleges. (1982).

TEACHING

Teaching Experience

The University of Vermont

BSAD 060, Financial Accounting, 11 courses.

BSAD 061, Managerial Accounting, 41 courses.

BSAD 161, Intermediate Accounting, 5 courses.

BSAD 162, Corporate Financial Reporting2, 32 courses.

BSAD 168, Cost Accounting, 3 courses.

BSAD 180, Managerial Finance, 18 courses.

BSAD 195, ST: International Exchange Study Group, 2 courses.

BSAD 260, Financial Statement Analysis, 23 courses.

BSAD 261, Intermediate Accounting, 1 course.

BSAD 262, Intermediate Accounting, 2 courses.

BSAD 266, Advanced Accounting, 2 courses.

BSAD 299, Business Admin Honors Thesis, 3 courses.

BSAD 366, Adv Topics in Corp Acct & Rept, 5 courses.

BSAD 395, Financial Statement Analysis, 1 course.

BSAD 61, Managerial Accounting, 5 courses.

Awards and Honors

2016 Kroepsch-Maurice Excellence in Teaching Award, University of Vermont. (May 2016).
Class of 2008 Faculty Recognition Award, UVM Senior Class. (March 2008).
Nominated, 2008 UVM Kroepsch-Maurice Excellence in Teaching Award, UVM. (January 2008).
Teacher of the Year Award, School of Business Administration, The University of Vermont. (May 2007).
Nominated, 2007 UVM Kroepsch-Maurice Excellence in Teaching Award, UVM. (January 2007).
Class of 2006 Faculty Recognition Award, UVM Senior Class. (March 2006).
Nominated, 2006 UVM Kroepsch-Maurice Excellence in Teaching Award, UVM. (January 2006).
Faculty of the Month Award, UVM Student Government. (December 2005).
Nominated, 2005 UVM Kroepsch-Maurice Excellence in Teaching Award, UVM. (January 2005).
Class of 2005 Faculty Recognition Award, UVM Senior Class. (March 2004).
Nominated, 2001 UVM Kroepsch-Maurice Excellence in Teaching Award, UVM. (January 2001).
Teacher of the Year Award, School of Business Administration, The University of Vermont. (1993).
Teacher of the Year Award, School of Business Administration, University of Vermont. (1992).
Faculty Procession Leader - Commencement, College of William & Mary. (May 1987).
Cunningham Dissertation Fellowship, Virginia Tech. (1984).

SERVICE

Service to Academic Community

Committee Chair, Faculty Standards Committee. (September 1, 2019 - Present).
Faculty Secretary. (January 2010 - Present).
Committee Member, Faculty Standards Committee. (September 1993 - Present).
Committee Chair, Ad Hoc Committee for GSB Document Updates. (February 2016 - September 1, 2019).
Honors Day Presenter. (April 2019).
Committee Member, FSC Ad Hoc Subcommittee to Evaluate Marilyn Lucas Sabbatical Request. (September 15, 2018 - November 30, 2018).
Honors Day Presenter. (April 2018).
Committee Member, FSC Ad Hoc Committee on RPT Teaching Evaluation Revisions. (February 15, 2017 - January 2018).
Honors Day Presenter. (April 2017).

Faculty Mentor, FSC Mentoring Subcommittee - Glenn Walberg. (September 1, 2012 - December 2016).

Faculty Mentor, FSC Mentoring Subcommittee - Erik Monsen. (September 2015 - December 2015).

Attendee, Meeting, Honors Day Presenter. (April 2015).

Ad Hoc Impact Committee on AACSB Intellectual Contributions. (September 1, 2014 - December 15, 2014).

Committee Member, Grossman Finance Chair Search Committee. (September 2013 - May 2014).

Committee Member, Ad Hoc Workload Equity Committee. (November 1, 2012 - May 2014).

Committee Member, FSC Ad Hoc Committee Mentoring Cathy Beaudoin. (September 1, 2011 - May 2014).

Student Org Advisor (Non-Professional Org), Beta Gamma Sigma Faculty Advisor. (September 2006 - May 2014).

Faculty Awards Committee. (January 2013 - May 2013).

Committee Member, FSC Ad Hoc Committee. (February 2012 - May 2013).

Attendee, Meeting, Honors Day Presenter. (April 20, 2012).

Faculty Mentor, Accounting Club Chaperone. (March 23, 2012).

Committee Member, Faculty Standards Committee Ad Hoc Committee. (April 30, 2010 - May 31, 2011).

Attendee, Meeting, Admitted Student Visit Days. (February 2011 - April 2011).

Committee Chair, GE Information Session. (February 17, 2011).

Committee Chair, FSC Ad Hoc Subcommittee-Hodgdon Tenure. (October 2010 - December 2010).

Attendee, Meeting, Board of Advisors Fall Meeting. (October 29, 2010).

Faculty Mentor, Finance Honors Seminar. (September 10, 2010).

Attendee, Graduation, UVM Commencement Diploma Presenter. (May 23, 2010).

Bio Write-Ups and Presenter, Honor's Day. (April 2010).

Admitted Student Visit Days. (April 5, 2010).

Committee Chair, FSC Ad Hoc Subcommittee-Beaudoin First Reappointment. (January 31, 2010 - March 31, 2010).

Committee Member, FSC Ad Hoc Subcommittee-Woodman Reappointment. (January 15, 2010 - February 28, 2010).

Committee Chair, FSC Ad Hoc Subcommittee-Arel Second Reappointment. (September 1, 2009 - November 30, 2009).

Committee Member, BSAD Faculty (Secretary). (September 2006 - May 2009).

Committee Member, FSC Ad Hoc Subcommittee-Marble Reappointment. (January 15, 2009 - April 15, 2009).

Recruiting Prospective Student, Admitted Student Visit Days. (April 10, 2009).

Committee Member, FSC Ad Hoc Subcommittee-Hodgdon Reappointment. (September 1, 2008 - December 15, 2008).

Committee Member, FSC Ad Hoc Subcommittee-Tomas Tenure. (September 1, 2008 - December 15, 2008).

Committee Chair, FSC Ad Hoc Subcommittee-Woodman Promotion. (September 1, 2008 - December 15, 2008).

Committee Member, FSC Ad Hoc Subcommittee-Barb Arel. (February 2008 - April 2008).

Recruiting Prospective Student, Admitted Student Visit Days. (February 20, 2008).

Student Org Advisor (Non-Professional Org), Beta Gamma Sigma Faculty Advisor. (September 2006 - May 2007).

Chairperson, Accounting Search Committee. (January 2002 - May 2006).

Committee Member, Student Affairs Committee. (September 2002 - May 2005).

Committee Chair, BSAD Standing Graduate Studies Committee. (September 2002 - May 2003).

Committee Member, Faculty representative. (September 2000 - November 2000).

Faculty Advisor, Accounting Club. (September 1992 - May 2000).

Committee Member, BSAD Standing Computing Resources Committee. (January 1999 - January 2000).

Committee Chair, Faculty Standards Committee. (September 1996 - May 1999).

Chairperson, Undergraduate Studies Committee. (September 1998 - December 1998).

Wall Street Study Tour, Faculty representative. (August 1997 - December 1997).

Committee Chair, Faculty Standards Committee. (January 1995 - June 1995).

Chairperson, Undergraduate Studies Committee. (September 1993 - December 1993).

Committee Member, Undergraduate Studies Committee. (July 1992 - November 1993).

Committee Member, Wall Street Study Tour. (September 1992 - December 1992).

Committee Member, BSAD Standing Computing Resources Committee. (January 1988 - June 1992).

150-Credit Accounting Program Committee. (January 1989 - June 1990).

Committee Member, EMBA Division Faculty Task Group on Microcomputer Requirement. (January 1988 - June 1990).

Faculty Advisor, Finance Club. (September 1988 - June 1989).

Ad Hoc Faculty Development and Performance Evaluation Committee. (September 1987 - June 1989).

Faculty representative, Wall Street Study Tour. (September 1988 - December 1988).

Ad Hoc Finance Position Search Committee. (January 1988 - June 1988).

University Service including GSB

Kroepsch-Maurice Excellence in Teaching Awards Committee. (October 2012 - Present).

Student Org Advisor (Non-Professional Org), SGA Chi Alpha Society. (May 1, 2009 - May 2015).

Committee Member, SRI Advisory Council. (September 1, 2013 - December 15, 2014).

Committee Member, IBB Cost Pool Methodology Subcommittee. (October 1, 2013 - May 2014).

Committee Member, Faculty Senate Ad Hoc Committee. (January 2012 - November 2013).

Committee Member, Faculty Senate Senator. (September 2010 - May 2013).

Committee Member, Academic Support Program Faculty Advisory Committee. (January 2008 - May 2010).

Speaker, SGA Chi Alpha. (April 12, 2010).

Development Activity, Development. (April 1, 2010).

Committee Member, Faculty Senate. (January 2003 - May 31, 2008).

Committee Member, UVM Physical Planning Committee. (January 2001 - June 2001).

Committee Member, Faculty representative. (September 1999 - December 1999).

Professional Service

Paper Discussant, NE American Accounting Association Annual Meeting, Rhode Island. (October 19, 2012).

Committee Member, NE American Accounting Association, Vermont. (2005 - 2010).

Program Coordinator, NE American Accounting Association Meeting, Burlington. (January 1, 2010 - October 31, 2010).

Officer, Vice President, Vermont Security Analysts Society, Vermont. (June 2006 - June 2010).

Editorial Review Board Member, Journal of Accounting Education. (December 1, 2006 - June 1, 2010).

Reviewer, Ad Hoc Reviewer, Issues in Accounting Education. (October 2009 - January 2010).

Reviewer, Ad Hoc Reviewer, Issues in Accounting Education. (January 2009).

Reviewer, Ad Hoc Reviewer, Issues in Accounting Education. (January 2008 - December 2008).

Reviewer, Ad Hoc Reviewer, Journal of Accounting Education. (October 2007).

Interaction with Industry, Vermont Security Analysts Society. (September 2002 - September 2007).

Tenure Reviewer for Another Institution, Ad Hoc. (September 2006 - December 2006).

NE Region of American Accounting Association. (May 2001).

Committee Member, Trueblood Seminar Series for Professors. (March 1997).

Steering Committee, NE Region of American Accounting Association, Vermont. (April 1993 - April 1996).

Reviewer, Ad Hoc Reviewer, Contemporary Accounting Research. (April 1993).

Conference-Related, NE Region of American Accounting Association. (April 1993).

Reviewer, Ad Hoc Reviewer, Contemporary Accounting Research. (November 1992).

Reviewer, Ad Hoc Reviewer, The Accounting Review. (February 1992).

Burlington WKDR Radio Talk Show. (November 1991).

Quoted comments, Rutland Times Argus newspaper. (November 18, 1991 - November 20, 1991).

Committee Member, Arthur Andersen Conference on Business Ethics. (January 1990).

Reviewer, Ad Hoc Reviewer, Kent/Bentley Journal of Accounting and Computers. (January 1990).

Committee Member, Robert M. Trueblood Seminar Series for Professors. (March 1987).

Committee Member, American Accounting Association New Faculty Consortium. (February 1986).

Consulting

For Profit Organization, Industrial Traffic, LLP, Dover, New Hampshire, United States. (June 2021 - Present).

For Profit Organization, Sky Meadow Retreat, Stannard, Vermont, United States. (May 2021 - Present).

For Profit Organization, Orlando's Bar and Grill, Burlington, Vermont, United States. (March 2019 - Present).

For Profit Organization, Jamflow Management, Essex Junction, Vermont, United States. (January 2019 - Present).

For Profit Organization, Loud Canvas Media, Dover, New Hampshire, United States. (January 2, 2016 - Present).

Non-profit home shelter, ANEW Place, Burlington, United States. (February 2014 - Present).

For Profit Organization, Magnum Software, LLP, Bluffton, South Carolina, United States. (January 2010 - Present).

Management, IBM, Essex Junction, Vermont, United States. (2000 - 2002).

Consulting text editor for, McGraw-Hill, Inc., United States. (May 2002).

Management, General Dynamics, South Burlington, Vermont, United States. (2000 - 2001).

Intellectual property valuation, IP Capital Group, Inc., Williston, Vermont, United States. (January 2000 - December 2001).

Management, Paul's Lobster, Boston, Vermont, United States. (November 1999 - December 2000).

Academic, South-Western College Publishing, United States. (November 1999 - December 1999).

Management, US Postal Service, Washington, District Of Columbia, United States. (January 1997 - August 1997).

Management, US Postal Service, Washington, District Of Columbia, United States. (September 1994 - August 1997).

Management, US Postal Service, Washington, District Of Columbia, United States. (January 1996 - December 1996).

Academic, South-Western Publishing Co., United States. (November 1, 1994 - November 30, 1994).

Academic, McGraw-Hill, Inc., United States. (March 1, 1993 - March 31, 1993).

Academic, McGraw-Hill, Inc., United States. (October 1, 1992 - October 31, 1992).

Academic, Random House, Inc., United States. (March 1, 1991 - March 31, 1991).

Academic, McGraw-Hill, Inc., United States. (February 1, 1991 - February 28, 1991).

Houghton-Mifflin Co. (May 1, 1990 - May 31, 1990).

Academic, McGraw-Hill, Inc. (June 1, 1989 - June 30, 1989).

Academic, PWS-Kent Publishing Co., United States. (November 1, 1988 - November 30, 1988).

Academic, PWS-Kent Publishing Co., United States. (October 1, 1988 - October 31, 1988).