

FogHorn



IMA

June, 2004

Institute of Management Accountants
San Francisco Chapter

June Technical Meeting

New Meeting Place: The London Wine Bar, 415 Sansome Street, (between Clay and Sacramento), basement floor.

The World of Fraud-Ron Sheppard, Security Manager World Savings Bank

We've all seen the increased publicity regarding fraud and identity theft in the newspapers, on television, in the movies, and through consumer warnings. How do people think these schemes up? And how clever some of them seem to be!

Ron Sheppard will set us straight by educating us on the real 'state of fraud'.

Ron will introduce us to the world of white collar crime as it occurs every day across the country-not the sophisticated scams that we see in the movies or read in novels. These types of crimes, in most instances, are committed by uneducated narcotics addicts, not criminal masterminds. Nonetheless, these crimes cost citizens billions of dollars each year!

Ron has worked in Security at both World Savings Bank and at Wells Fargo. Before he joined the banking world, Ron was with the San Francisco Police Department from which he retired.

This will be a very informative program that may well keep us from being a future fraud victim.

Don't miss Ron's very dynamic, informative presentation and the opportunity to network with other accounting and financial management level professionals like YOU!

www.sfima.imanet.org

Date:

Tuesday, June 29, 2004

Time:

5:30-6:00 p.m. - Socializing
6:00-7:30 p.m. - Dinner & Presentation.

Topic:

"The World of Fraud"

Speaker:

Ron Sheppard, Security Manager, World Savings Bank

Location:

London Wine Bar
415 Clay Street
San Francisco

Dinner Cost:

Members - \$25
Non-members - \$30
Please bring your friends

Reservations:

Contact:
Vanessa Vercollone
(415) 434-1411
or via e-mail at
vvercollone@
AccountantsInc.com

President's Message
June 2004

The San Francisco IMA chapter is alive and well. The board has been working hard to put together interesting and timely programs for all members to attend, learn from and enjoy.

Be sure to reserve June 29, and July 27 on your calendars. We are outreaching to all members, to see what they want the chapter to provide. We are putting together an email list of all members, so we can get information to everyone on a more frequent and timely basis.

We have found a new location in which to hold our technical meetings, the basement of the London Wine bar, on Sansome St. between Sacramento and Clay. This will allow us to meet in a quiet environment, at a reasonable cost. Check it out.

If you have any ideas on how the chapter can better serve all of us, contact either Darren or me. Or better yet, join the board. The more you put into the IMA, the more you will get out of it. It is a truly rewarding experience. I look forward to meeting many more of you at the upcoming technical meetings.

Mark Birnbaum mbirnbaum@snader.com
Darren Chan dc888321@aol.com

Future meetings

Non-members \$30
Members \$25
Food/Drink included

June 29, 2004 Technical meeting on Corporate Fraud/Embezzlement.
July 27, 2004 Joint meeting with AMA on Marketing/Advertising.

Tentatively Scheduled meetings:

Sept. 28, 2004 Technical meeting on Forensic Accounting.
Oct. 26, 2004 Technical meeting on Real Estate.
Nov. 16, 2004 Technical meeting on tax update.

Time is running out!

If you plan to sit for the CMA exam and have not yet registered, you don't have much time before the exam changes. In order to qualify for the current, unchanged exam, you only have until June 30 to do so. The only requirement to be eligible for the current exam is that you have paid the \$75 credentialing fee before June 30. For student members, since you are waived from the credentialing fee, you must register for an exam part before June 30. If you have any questions, contact either the IMA or Lauren Jones at Gleim Publications at (800) 874-5346 Ext. 140.

Joel S. Smith, CPA, CMA
Bertorelli, Gandi, Won & Behti
(415) 905-0338
Joel@bgwbcpas.com

The Alternative Minimum Tax Time Bomb

The Alternative Minimum Tax is an expensive “time bomb” that will soon hit 30 percent of all taxpayers unless Congress takes action. It’s the number one tax problem facing U.S. citizens.

That warning is part of a new report submitted to Congress by Nina Olson, the IRS National Taxpayer Advocate.

The AMT is “a parallel secret tax system that most taxpayers have not yet experienced personally” that “imposes enormous burdens on those taxpayers whom it affects”.

Originally enacted to prevent wealthy taxpayers from escaping tax liability through the use of tax avoidance techniques, the AMT now affects many middle income taxpayers and will ensnare more people in the future unless Congress repeals it or makes permanent reforms.

“In short”, the taxpayer advocate cautioned in her report, “it is a time bomb on a short fuse”.

Why is this happening? Mostly because the “regular” tax brackets, exemptions and standard deductions are adjusted annually for inflation but the AMT brackets and exemptions are not.

Taxpayers most likely to be affected: Married homeowners with large families in high-tax areas, such as California, New York and Washington, D.C.

Among the items that may contribute to an AMT liability are personal and dependency exemptions, state and local tax deductions, interest on second mortgages, tax credits, long-term capital gains, tax-exempt interest, tax shelters and the exercise of incentive stock options.

The AMT calculations are extremely complicated. Essentially, you determine your tax liability under regular and AMT rules and pay the higher amount. You add back many items that are deducted or excluded from regular income taxes.

If you feel that you may be in a situation that could expose you to AMT, consulting a tax professional may be advisable. In some cases, you can avoid AMT exposure with proper planning, and even if you’re liable for the tax, there may be ways to lower your tax bill now and in the future.

FUTURE TAX TOPIC SUGGESTIONS:

Is there any tax topics that you would like to see addressed in future newsletters? Please feel free to send me an e-mail at the address given above with your requests and suggestions.

The Classic Battle of Bull Versus Bear

If you pay attention to the stock market at all, you've probably heard of the bull and the bear. These two animals have traditionally been associated with market moves. But if you're new to investing, or if stocks aren't your primary concern, you may not be altogether familiar with exactly what these creatures represent. While the bull is symbolic of a market moving up, and the bear is the mascot of a downward trend, these two are much more than just an indicator of direction.

From day traders to market strategists, scores of people spend countless hours analyzing the market and studying its moves. Every single one of them would love to be able to forecast exactly which way the market will move and when. Unfortunately, market ups and downs simply can't be predicted with 100 percent accuracy. However, they can be explained in hindsight, and when looking back you can clearly see that the market moves in cycles.

In simple terms, the stock market tends to move in accordance with the law of supply and demand. The basic premise of the market is that it is a meeting place for buyers and sellers. But there are a number of factors that not only influence whether people buy stocks or sell stocks, but also when and why they make those decisions. Economic and political forces are the most common factors affecting the strength or weakness of the market at any given time, but the actual moves are obviously tied to what investors are doing with their money.

Determining when a falling market has finally hit bottom or whether a rising market has reached its peak is nearly impossible – that is, until after the fact. Sometimes it takes months or even years to pinpoint exactly when the market arrived at a turning point. But as an investor, one thing you can do is try to educate yourself enough to be in a position to move with the market cycles. For example, buying stocks in companies that do well in growing economies can help you see gains, assuming you buy them before their prices begin to rise.

Expanding companies tend to find themselves in the enviable position of increasing sales as they see a rise in the demand for their products and services. When their revenues increase, their earnings typically follow suit, translating into more profits for the company and – usually – a higher stock price for investors over time.

One important fact to beware of is that no economic cycle repeats earlier ones exactly. Therefore, just because company ABC did well in one growth or recovery period, don't bet the farm that company XYZ will have the same performance during a similar period. Projected earnings growth and the economic cycle will likely be the most important factors affecting a company's performance.

The stock market continually moves up and down in recurring cycles. When the general trend is moving upward, that marks the period referred to as a bull market. Inevitably, the market will reverse and fall for a time before it heads back up again. As a general rule, a market isn't considered a bear market until it has dropped roughly 20 percent. Trends in the market can last for months, even years. Typically, bull markets tend to last longer than bear markets. Historically, the stock market has always recovered, eventually, after declines. Even though there can be no guarantee this will always be the case, we can see that happening still today.