

## ROBERT F. GARY, PH.D., CPA (AZ)

University of New Mexico  
Anderson School of Management  
Department of Accounting  
MSC 05 3090  
Albuquerque, NM 87131-0001

Phone: (505) 277-8890  
Fax: (505) 277-7108  
E-mail: [rgary@unm.edu](mailto:rgary@unm.edu)

### EDUCATION

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#### **Arizona State University**

Ph.D. in Business Administration, May 2005

*Dissertation:* The Effects of Capital Gains Taxes on CEO  
Stock Ownership and Subsequent Firm Performance

*Chairman:* Sanjay Gupta

#### **University of New Mexico**

MBA, Accounting Concentration,  
May 2000

#### **Southern Methodist University**

M.S. in Electrical Engineering,  
Dec. 1971

#### **New Mexico State University**

B.S. in Electrical Engineering, Jan.  
1968

### RESEARCH INTERESTS

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I am interested in the impact of taxes on executive compensation and firm performance. Specific questions that my research addresses include: the interaction between tax rates and CEO ownership, and the interaction between tax management and firm performance.

### TEACHING INTERESTS

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Tax Accounting  
Financial Accounting

### PUBLICATIONS

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**“College Student Perceptions of AICPA and State Association Accounting Career Information Web Sites”** with Diane J. Janvrin (Iowa State University) and Anne M. Clem (Iowa State University), *Issues in Accounting Education*, 24, August 2009, 377-392.

The American Institute of Certified Public Accountants (AICPA) and several state professional societies have developed accounting career information web sites to attract talented students into the accounting profession and provide accountants with career-related information. This study examines perceptions of these web sites held by college students, using an empirically validated instrument. Results indicate that users are generally unaware that these web sites exist. However, once users examine these web sites, they generally assign them high ratings. Users perceive some differences between the web sites as four are consistently rated higher while two others consistently received lower ratings.

**“The Effects of the Capital Gains Tax Rate and Expectations of Subsequent Firm Performance on CEO Stock Ownership”**

*The Journal of the American Taxation Association*, 31, Fall 2009, 1-43.

This study examines the association between the Taxpayer Relief Act of 1997 capital gains tax rate reduction and the level of CEO equity ownership. In addition, I investigate the relationship between the level of CEO ownership and their firms’ stock price performance during the following year. I analyze a large sample of CEOs employed in S&P 1500 firms from 1992 to 2003. The empirical tests are conducted using time series cross-sectional fixed effects regression models of CEO ownership levels that are primarily based on agency theory. The findings indicate that (i) CEO ownership increased following the TRA97, (ii) the capital gains tax rate reduction decreased their sensitivity to future firm performance, and (iii) CEO ownership is increasing with their firms’ subsequent abnormal returns and decreasing with current overall market performance. This last result suggests that CEO ownership is dependent on the availability of other attractive investment choices. In sum, the results suggest that the level of CEO ownership is inversely related to the capital gains tax rate and that this effect varies with the abnormal returns of the firm during the following year.

**“Are JCT Analyses of Tax Change Proposals Useful to Individual Taxpayers?”** with William D. Terando (Butler University) and Marvin L. Bouillon (Iowa State University), *eJournal of Tax Research*, 7, December 2009, 134-157.

The Joint Committee on Taxation (JCT) released a study in 2006 which analyzes a proposed tax law change that reduces ordinary tax rates on individuals by 32% and broadens the individual tax base by eliminating most above-the-line deductions, itemized deductions, personal exemptions, the alternative minimum tax (AMT) and most personal credits. In this paper, we further investigate competing explicit tax burden predictions by performing a microeconomic analysis of hypothetical taxpayer tax liabilities before and after the proposed change in tax law. We utilize Statistics of Income (SOI) data prepared by the IRS from actual tax returns to estimate the incremental change in tax liabilities to both low and high income individual taxpayers attributable to the proposed change in tax law. Our results suggest that the change in tax law will result in a relative redistribution of income tax liabilities from high income to low income individual taxpayers.

**“Can Obtaining an Accounting Ph.D. Provide a Positive Financial Return?”** with Christine A. Denison (Iowa State University) and Marvin L. Bouillon (Central Washington University), *Issues in Accounting Education*, 26, February 2011, 23-38.

Recently, concerns have been raised regarding the shortage of Ph.D. students in accounting. In the immediate future, the number of retirements in accounting academia is likely to exceed the number of qualified replacements. Many speculate that accountants are deterred from pursuing a Ph.D. by the opportunity costs involved. This study places those concerns in a larger context by comparing those opportunity costs to the potential financial payoff to the degree recipient from a career in accounting academia. We conduct a simulation exploring several hypothetical career paths. Results indicate that it is possible to earn a positive return on investment for a Ph.D. degree across a variety of assumptions. In the scenarios we examine, the return on investment is higher for those leaving public accounting sooner and for those spending less time in Ph.D. programs. This finding informs current efforts to promote academia as a viable career path in accounting, providing potential students with a financial justification to pursue a Ph.D.

**“Underwater”** with Rebecca Lundgren (Freelance writer), Reed McKnight (University of New Mexico) and Roy Cook (Fort Lewis College), *Business Case Journal*, 18, Fall/Winter 2010/2011, 81-86.

This case, while primarily written for an individual tax course, also can be used in a variety of undergraduate and graduate courses that include topics such as real estate, personal finance, and personal ethics. After analyzing this case, students should be able to:

- Understand the difference between personal property and investment property,

- Investigate the difference between short sales and foreclosures and the credit and legal ramifications of these options,
- Explore the concept of sunk costs and its relevance to the decisions that need to be made,
- Explore the ethical aspects of short sales and foreclosures, and
- Evaluate possible actions in the context of ethical decision making models.

**“The Impact of Accounting Rule and Economic Differences on the Firm’s Choice of Cash and Share-Puts”** with William D. Terando (Butler University), Wayne H. Shaw (Southern Methodist University) and David B. Smith (University of Nebraska at Lincoln), *Journal of Accounting and Public Policy*, 32, September – October 2013, 377-391.

This paper examines the firm’s choice between issuing cash or share put warrants by testing whether this choice is influenced by accounting versus economic considerations. We motivate this investigation by the enactment of FAS 150, which requires issuers to classify contingent put warrant obligations as balance sheet liabilities regardless of put type. Our evidence supports the economic-based motivation for put-type issuance by showing that firms choose put settlement terms based on their potential differential effect on firm solvency and equity value. Our results add to existing capital structure literature by suggesting that FAS 150 be amended to require complex financial instruments (such as cash and share-puts) to be reported separately from each other on a firm’s balance sheet. We also show that the FAS 150 had the additional benefit of increasing financial statement transparency by requiring share-put issuers to reveal the premium paid on cash-settled put contracts.

**“Cheating on Their Taxes or Ethically Deductible?”** with Brandy S. Gary (Williston Financial Group) and Reed McKnight (University of New Mexico), *Business Case Journal*, 21, Summer 2014, 5-9.

This case examines the meaning of “other” casualties under the Internal Revenue Code, what are legitimate casualty deductions, how the deduction amount can be established, and which tax years the deduction can be taken.

**“The Impact of Tax Rate Changes on Intercorporate Investment”** with Jared A. Moore (Oregon State University), Craig A. Sisneros (University of Colorado - Denver) and William D. Terando (Butler University), *Advances in Accounting, Incorporating Advances in International Accounting*, 34, September 2016, 55-63.

We examine how tax rates impact investment by corporations in the stock market. We regress changes in intercorporate investment on changes in the various individual and corporate top statutory marginal tax rates (MTRs). We find a significant negative association between changes in individual capital gains MTRs and changes in intercorporate investment, while no such association is evident for changes in either individual ordinary or dividend MTRs. These results support the notion that corporations respond to the after-tax rate of return and/or market efficiency consequences brought about by a change in individual capital gains MTRs. We find a significant positive relation between changes in intercorporate investment and changes in corporate MTRs on ordinary income. These results are consistent with corporations scaling back expansion plans and instead investing free cash flows in equity securities as MTRs increase.

**“Legitimate Firms or Hackers – Who is Winning the Global Cyber War?”** with Yorgos Marinakis (University of New Mexico), Mary Ann Majadillas (University of New Mexico), Reilly White (University of New Mexico) and Steven Walsh (University of New Mexico), *The International Journal of Technology Intelligence and Planning (IJTIP)*, forthcoming.

In order to enable reliable service products, the Internet of Things (IoT) technology infrastructure must withstand global hacking events. How is the IoT faring in the cyber security war? Is it winning or is it losing? If the IoT is losing, there is cause for concern. If the IoT is winning, then there is cause for optimism. Yet there is a third possibility – Stasis. What would this look like? Why would it occur?

We seek to add to the growing body of literature on the IoT. We add to the IoT literature by applying learning curves to major global cyber-attacks to investigate whether the Predators (hackers) or Prey (firms) have developed a decided advantage in this arena. We provide finding from a variety of industrial ecosystems. Our theoretical contributions include the integration of this literature with the literature of technology innovation sequencing, business cycles and the nature of service products.

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PAPERS UNDER REVIEW

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WORKING PAPERS

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**“Does Tax Management Play a Role in Sustaining a Competitive Advantage?”** with Sanjay Gupta (Michigan State University), and William D. Terando (Butler University), first round revise and resubmit at the *Journal of the American Taxation Association*.

This paper examines whether firms that enjoy a competitive advantage over other firms incur relatively lower explicit tax costs. We show that competitive-advantaged firms pay relatively lower explicit taxes per dollar of pre-tax income than non-advantaged firms. Our results are robust to a variety of explicit tax measures. We do not find any support for the notion that competitive-advantaged firms attempt to lower their political costs by managing their explicit tax costs to an “acceptable level”. Our results extend the strategic management literature by showing that tax management plays an important role in sustaining a firm’s competitive advantage.

**“Further Evidence on the Pricing of Initial Audit Engagements”** with Steven Kaplan (Arizona State University), Jared Moore (Organ State University), Craig Sisneros (University of Colorado - Denver), and Jain Zhang (San Jose State University)

This study investigates whether audit firms changed their pricing strategy on initial audit engagements as a result of having their audit fees disclosed in proxy statements filed on or after February 5, 2001. Part of the rationale for this disclosure requirement was to enhance auditor independence by discouraging price cutting on new audit business. Results of our analysis suggest that the new disclosure requirements have curtailed discounting for initial audit engagements.

**“Learning Curves, IoT Privacy and Security, Predator and Prey”** with Mary Anne Majadillas (University of New Mexico), Yorgos Marinakis (University of New Mexico) and Steven T. Walsh (University of New Mexico) (*Target Journal: The International Journal of Technology Intelligence and Planning*)

One of the biggest issues facing Internet of Things (IoT) is the lack of security and privacy that plagues its infrastructure. In order to have a sustainable and reliable IoT the infrastructure should be improving in its ability to overcome its security and privacy concerns or hacking. Is the IoT infrastructure winning or losing the war to those invading our privacy and security? If the IoT is becoming more vulnerable to security and privacy concerns then there is cause for concern for the future of the IoT.

RESEARCH IN PROGRESS

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- “State-by-State Effects Created by the Joint Committee of Taxation’s Proposal to Broaden the Individual Tax Base”** with William D. Terando (Butler University) and Marvin L. Bouillon (Iowa State University) (*Target Journal: The Journal of the American Taxation Association*)
- “Incentives for Cash and Share-Put Issuance”** with William D. Terando (Butler University) and David B. Smith (University of Nebraska at Lincoln) (*Target Journal: Journal of Finance*)
- “The Economic Impact of U.S. Highway 550 in New Mexico”** with Shihong Li (University of New Mexico), Leslie Oakes (University of New Mexico) and Craig White (University of New Mexico) (*Target Journal: National Tax Journal*)
- “Corporate Determinants of the Impact of Tax Rate Changes on Intercorporate Investment”** with Jared A. Moore (Oregon State University), Craig A. Sisneros (University of Colorado - Denver) and William D. Terando (Butler University) (*Target Journal: The Accounting Review*)
- “Determinants of Country Relocations of Corporate Inversions”** with Wayne H. Shaw (Southern Methodist University) and William D. Terando (Butler University) (*Target Journal: The Journal of the American Taxation Association*)

WORKSHOP PRESENTATIONS

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- “Does Tax Management Play a Role in Sustaining a Competitive Advantage?”** Presented at the 6<sup>th</sup> Workshop on Current Research in Taxation in Bonn Germany, July 2016
- “The Impact of Tax Rate Changes on Intercorporate Investment”** Presented at the Advances in Accounting Conference, May 2016
- “Does Tax Management Play a Role in Sustaining a Competitive Advantage?”** Presented at the UNM Accounting Department Advisory Board, February 2015
- “Does Tax Management Play a Role in Sustaining a Competitive Advantage?”** Presented at the National Tax Association 107<sup>th</sup> Annual Conference on Taxation, November 2014
- “Review of Employee Misclassification for Employment Tax Purposes”** Presented at the American Accounting Association Annual Meeting, August 2013
- “The Impact of Tax Rate Changes on Intercorporate Investment”** Presented at the American Accounting Association Annual Meeting, August 2011
- “Cheating on Their Taxes or Ethically Deductible?”** Presented at the Society for Case Research (SCR) Summer Workshop, July 2011
- “The Impact of Accounting Rule and Economic Differences on the Firm’s Choice of Cash and Share-Puts”** Presented at the American Accounting Association Annual Meeting, August 2010
- “Underwater”** Presented at the Society for Case Research (SCR) Summer Workshop, July 2010
- “Corporate Tax Update: Issues Impacting You and Your Client”** Presented at the NMSCPA New Mexico Tax Conference, December 2009
- “Are JCT Analyses of Tax Change Proposals Useful to Individual Taxpayers?”** Presented at the American Accounting Association Annual Meeting, August 2008

**“User Perceptions of Accounting Career Information Websites”** Presented at the American Accounting Association Annual Meeting, August 2007

**“The Effects of the Capital Gains Tax Rate and Expectations of Subsequent Firm Performance on CEO Stock Ownership”** Presented at Arizona State University, December 2004, University of Missouri – Columbia, February 2005, University of Georgia, February 2005, Iowa State University, February 2005 and University of New Mexico, February 2009

**“Further Evidence on the Pricing of Initial Audit Engagements”** Presented at Arizona State University, February 2003

CONFERENCES ATTENDED

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American Accounting Association Annual Meeting, Washington D.C., 2018  
PwC Accounting & Tax Symposium, Washington D.C., 2018  
UNM-NMSU Daniels Fund Ethics Initiative Teaching Business Ethics Workshop, Bernalillo, NM, 2018  
American Accounting Association Annual Meeting, San Diego, CA, 2017  
PwC Accounting & Tax Symposium, San Diego, CA, 2017  
UNM-NMSU Daniels Fund Ethics Initiative Teaching Business Ethics Workshop, Santa Fe, NM, 2017  
American Accounting Association, American Taxation Association Midyear Meeting, Phoenix, AZ, 2017  
Daniels Fund 2016 Ethics Consortium, Salt Lake City, UT, 2016  
American Accounting Association Annual Meeting, New York, NY, 2016  
PwC Accounting & Tax Symposium, New York, NY, 2016  
UNM-NMSU Daniels Fund Ethics Initiative Teaching Business Ethics Workshop, Santa Fe, NM, 2016  
American Accounting Association, American Taxation Association Midyear Meeting, Orlando, FL, 2016  
UNM-NMSU Daniels Fund Ethics Initiative Teaching Business Ethics Workshop, Santa Fe, NM, 2015  
American Accounting Association, American Taxation Association Midyear Meeting, Washington, DC, 2015  
National Taxation Association 107<sup>th</sup> Annual Conference on Taxation, Santa Fe, NM, 2014  
UNM-NMSU Daniels Fund Ethics Initiative Teaching Business Ethics Workshop, Santa Fe, NM, 2014  
American Accounting Association, American Taxation Association Midyear Meeting, San Antonio, TX, 2014  
American Accounting Association Annual Meeting, Anaheim, CA, 2013  
American Accounting Association, American Taxation Association Midyear Meeting, San Diego, CA, 2013  
UNM-NMSU Business Ethics Workshop, Santa Fe, NM, 2013  
American Accounting Association Annual Meeting, Washington DC, 2012  
New Mexico Tax Research Institute, 9<sup>th</sup> Annual New Mexico Tax Policy Conference, Albuquerque, NM 2012  
American Accounting Association, American Taxation Association Midyear Meeting, New Orleans, LA, 2012  
NMSU-UNM Teaching Business Ethics Workshop, Las Cruces, NM, 2012  
American Accounting Association Annual Meeting, Denver, CO, 2011  
New Mexico Tax Research Institute, 8<sup>th</sup> Annual New Mexico Tax Policy Conference, Santa Fe, NM 2011  
American Accounting Association, American Taxation Association Midyear Meeting, Washington, DC, 2011  
New Mexico Tax Research Institute, 5<sup>th</sup> Annual Legislative Outlook Conference, Albuquerque, NM 2010  
American Accounting Association Annual Meeting, San Francisco, CA, 2010  
American Accounting Association, American Taxation Association Midyear Meeting, Denver, CO, 2010  
New Mexico Society of CPAs, New Mexico Tax Conference, Albuquerque, NM, 2009  
American Accounting Association, American Taxation Association Midyear Meeting, Orlando, FL, 2009  
American Accounting Association Annual Meeting, Anaheim, CA, 2008  
American Accounting Association, American Taxation Association Midyear Meeting, Memphis, TN, 2008  
American Accounting Association Annual Meeting, Chicago, IL, 2007

American Accounting Association, American Taxation Association Midyear Meeting, San Antonio, TX, 2007  
American Accounting Association Annual Meeting, Washington, DC, 2006  
American Accounting Association, American Taxation Association Midyear Meeting, San Diego, CA, 2006  
American Accounting Association, American Taxation Association Midyear Meeting, Washington, DC, 2005  
American Accounting Association Annual Meeting, Orlando, FL, 2004  
American Accounting Association, American Taxation Association Midyear Meeting, Denver, CO, 2004  
PAC 10 Doctoral Consortium, Austin, TX, 2004  
American Accounting Association, American Taxation Association Midyear Meeting, St. Petersburg, FL, 2003  
Southwest AAA Doctoral Consortium, San Antonio, TX, 2003  
American Accounting Association Doctoral Consortium, Tahoe City, CA, 2002  
American Accounting Association, American Taxation Association Midyear Meeting, New Orleans, LA, 2002  
PAC 10 Doctoral Consortium, Tempe, AZ, 2001

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#### MEMBERSHIP IN ACADEMIC ORGANIZATIONS

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American Accounting Association (American Taxation Association Section)

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#### PROFESSIONAL CERTIFICATIONS

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Certified Public Accountant (Arizona), February 2004

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#### INDUSTRY EXPERIENCE

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Motorola / CTS Corporation, Scottsdale, AZ and Albuquerque, NM  
Engineering / Operations Manager, July 1978 – August 2000

Honeywell Aerospace, St. Petersburg, FL  
Technical Director, August 1972 – July 1978

Texas Instruments, Dallas, TX  
High-Reliability Microcircuit Engineer, September 1971 – August 1972

Collins Radio / Rockwell International, Richardson, TX  
Microcircuit Applications Engineer, September 1968 – September 1971

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#### TEACHING EXPERIENCE

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Associate Professor, The University of New Mexico, August 2009 to present  
MGMT 343 – Income Tax Accounting II, Instructor  
MGMT 542 – Seminar in Personal Tax Planning, Instructor  
MGMT 543 – Seminar in Business Tax Planning, Instructor  
MGMT 590 – Corporate Taxation

Assistant Professor, Iowa State University, August 2005 to June 2009

ACCT 284 – Financial Accounting, Instructor  
ACCT 386 – Intermediate Accounting I, Instructor  
ACCT 485 – Principles of Federal Income Tax, Instructor

Graduate Assistant, Arizona State University, August 2000 to May 2005  
ACC 230 – Uses of Accounting I (Financial Accounting), Teaching Assistant and Instructor  
ACC 240 - Uses of Accounting II (Managerial Accounting), Teaching Assistant and Instructor  
ACC 430 – Taxes and Business Decisions, Instructor

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#### ACADEMIC HONORS

Daniels Ethics Fellowship, 2016 - 2019  
REDW Lectureship, 2010 - 2019  
KPMG Summer Research Funding, 2010 & 2011  
Nominated for the ISU College of Business 2007 Junior Faculty Teaching Award, 2008  
Selected by the Doctoral Committee of ASU to attend the PAC 10 Doctoral Consortium, 2004  
*Hal Reneau Memorial Fellowship, 2003*

- This fellowship is awarded by vote of fellow doctoral students to recognize the most exemplary of Hal Reneau's values: commitment to serious scholarship, devotion to helping others, and humility.

Selected by the Doctoral Committee of ASU to attend the Southwest AAA Doctoral Consortium, 2003  
Selected by the Doctoral Committee of ASU to attend the AAA Doctoral Consortium, 2002  
Arizona State University Graduate Scholars Program Award 2000-2001, 2001-2002, and 2002-2003

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#### ACADEMIC SERVICE

##### Editorial Service:

Reviewer, *Technological Forecasting & Social Change*, 2018 & 2019  
Editorial Team for Special Issue, *The International Journal of Technology Intelligence and Planning*, 2017 - 2019  
Reviewer, American Taxation Association, AAA Annual Meeting 2017  
Reviewer, *Journal of Corporate Accounting and Finance*, 2016  
ATA Tax Manuscript Committee, 2015-2016  
ATA Tax Manuscript Committee, 2014-2015  
Reviewer, *Advances in Accounting*, 2012  
ATA Tax Manuscript Committee, 2011-2012  
Reviewer, *Issues in Accounting Education*, 2005-2007  
Reviewer, American Accounting Association Annual Meeting, 2004

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#### UNIVERSITY OF NEW MEXICO SERVICE

##### Committee Assignments:

Accounting Department:  
Recruiting Committee, 2009-2017  
School of Management:  
Dean's Advisory Review Committee (DARC), 2018-2019  
Dean Search Committee, 2013-2014  
Graduate Curriculum Committee, 2012-2019 (chair)  
Undergraduate Curriculum Committee, 2011-2012, 2018-2019 (chair)  
Academic Honesty Committee, 2010  
University:  
Faculty Senate Budget Committee, 2016-2019 (co-chair)  
Faculty Senate Business Council, 2017-2019



IOWA STATE UNIVERSITY SERVICE

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Committee Assignments:

Accounting Department:

Masters of Taxation Committee, 2005-2006

Recruiting Committee, 2005-2009

College of Business:

Business Learning Teams, 2006-2009

