

January 2022

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**Academic Employment**

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**University of Southern California, Los Angeles, United States**

*Marshall School of Business, Leventhal School of Accounting*

Assistant Professor, June 2016

**Education**

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**Columbia University, New York, United States**

Master of Philosophy (Graduate School of Business), 2015

Doctor of Philosophy (Graduate School of Business), 2016

**University of Melbourne, Melbourne, Australia**

Bachelor of Law, 2010

Bachelor of Commerce (Accounting) with Honors, 2010

**Research Interests**

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Emerging economies, information asymmetry, investors coordination, disclosure, corporate governance, executive compensation, activist investors and securities litigation

**Published Paper**

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**“The Firm Next Door: Using Satellite Images to Study Local Information Advantage”**, with Jung Koo Kang and Lorien Stice-Lawrence *Journal of Accounting Research* 59 (2021), 713-750.

Presented at the 2020 Journal of Accounting Research Conference

**Abstract:** We use novel satellite data that track the number of cars in the parking lots of 92,668 stores for 71 publicly listed U.S. retailers to study the local information advantage of institutional investors. We establish car counts as a timely measure of store-level performance and find that institutional investors adjust their holdings in response to the performance of local stores, and that these trades are profitable on average. These results suggest that local investors have an advantage when processing information about nearby operations. However, some institutional investors do not adjust for the quality of their local information and continue to rely on local signals even when they are poor predictors of firm performance and returns. This overreliance on poor local information is reduced for institutional investors with greater industry expertise and those with greater incentives to maximize short-term trading profits.

**“Wolves at the Door: A Closer Look at Hedge Fund Activism”**, *Management Science* 66 (2020), 2291-279.

**Abstract:** Most investor coordination remains undisclosed. I provide empirical evidence on the extent and consequences of investor coordination in the context of hedge fund activism, in which potential benefits and costs from coordination are especially pronounced. In particular, I examine whether hedge fund activists orchestrate “wolf packs,” i.e. groups of investors willing to acquire shares in the target firm before the activist’s campaign is publicly disclosed via a 13D filing, as a way to support the campaign and strengthen the activist’s bargaining position. Using a novel hand-collected dataset, I develop a method to

identify the formation of wolf packs before the 13D filing. I investigate two competing hypotheses: the *Coordinated Effort Hypothesis* (wolf packs are orchestrated by lead activists to circumvent securities regulations about “groups” of investors) and the *Spontaneous Formation Hypothesis* (wolf packs spontaneously arise because investors independently monitor and target the same firms at about the same time). A number of tests rule out the *Spontaneous Formation Hypothesis* and provide support for the *Coordinated Effort Hypothesis*. Finally, the presence of a wolf pack is associated with various measures of the campaign’s success.

**“Is there a “Quid Pro Quo” between Hedge Funds and Sell-Side Equity Analysts?”**, with April Klein and Anthony Saunders, *Journal of Portfolio Management* 45 (2019) 117-132.

**Abstract:** In this article, the authors posit a “quid pro quo” in economic benefits between sell-side equity analysts and large hedge fund managers. We show that large hedge funds opportunistically trade one to four days prior to the publication of a recommendation change, a finding consistent with flow of information from an analyst to hedge funds. Next, we show that in return for the information provided, analysts benefit from: (1) better external evaluations and (2) higher trading commissions and fees for their brokerage firm. Notably, pre-trading occurs only when the analyst issuing the recommendations has a high external evaluation, and the analyst’ brokerage house is a prime broker to the hedge fund.

**“Individual Investors and Mandatory Disclosure: Evidence from the JOBS Act”** with Colleen Honigsberg and Robert Jackson, *First Published in: Washington University Law Review* 93 (2015); *Reprinted in: Corporate Practice Commentator* 59 (2017)

**Abstract:** One prominent justification for the mandatory disclosure rules that define modern securities law is that these rules encourage individual investors to participate in stock markets. Mandatory disclosure, the theory goes, gives individual investors access to information that puts them on a more equal playing field with sophisticated institutional shareholders. Although this reasoning has long been cited by regulators and commentators as a basis for mandating disclosure, recent work has questioned its validity. In particular, recent studies contend that individual investors are overwhelmed by the amount of information required to be disclosed under current law, and thus they cannot—and do not—use that information to analyze the companies that they own.

Using a recent change in the law that allows firms to disclose less information before their initial public offering (“IPO”), we examine whether reduced disclosure leads to less trading by individual investors. Our results show that, immediately following the IPO, individual investors are less likely to trade in the stocks of the firms that provide less disclosure—but that this difference disappears after two weeks of trading. Our findings have important implications for the lawmakers now examining whether, and how, to change the mandatory disclosure rules that have served as the basis of federal securities law for generations.

## Working Papers

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**“Does the Entry of Foreign Financial Analysts Improve Local Financial Analysts’ Research Methods and Firms’ Information Environment? Evidence from China”** with TJ Wong, Shubo Zhang and Tianyu Zhang (Preparing for Round 2 Submission)

**Abstract:** In this study, we examine whether the opening of the Chinese market to foreign joint venture brokerages (JV brokerages, hereafter) will induce domestic brokerages to adopt more advanced quantitative methods in their research and improves the covered firms’ information environment. We conduct the empirical analysis using a sample of analyst reports issued for firms that are followed by both types of brokerages. We find that domestic brokerages decrease the use of local institutional knowledge and increase the use of quantitative methods after the entry of JV brokerages. The changes are significantly stronger for

firms headquartered in more marketized provinces, but it is significantly attenuated when the entry takes place during the US-China trade war since 2018. We find significant improvements in covered firms' information environment, and such improvements are greater when JV brokerages provide more quantitative analysis in their reports than that of domestic brokerages prior to the entry. More importantly, the improvements are also more significant when domestic brokerages provide *more* technical content from quantitative analysis or *less* political content from local knowledge than after the JV brokerage's entry. Together, these results show that the entry of JV brokerages not only improves covered firms' information environment through providing more advanced methods in their own reports, but it also improves the information environment through changing domestic brokerages' research methods.

**“Lost in Translation: Language Barriers to Global Investment”** with Lorien Stice-Lawrence, TJ Wong and Tina Lang

We use supervised Latent Dirichlet Allocation (sLDA) to measure differences in the content of the Chinese and English translations of the annual reports of Chinese firms. We find systematic differences in content across languages that are not the mechanical effects of translation and that vary predictably with legal requirements for translation, firm size, and incentives to prioritize different stakeholders. We demonstrate that translation differences exacerbate information asymmetries between Chinese-speaking and English-speaking investors on average, as reflected in lower liquidity in the period after reports are released, especially when the information environment is poor. Firms with larger translation differences are more likely to receive government subsidies and raise larger amounts of equity capital from foreign investors, consistent with translation differences constituting part of firms' strategy to optimize interactions with stakeholders who speak different languages. Our results highlight the impact of language barriers on cross-country business activities, especially in the context of China, which is growing in prominence as a target for foreign capital.

**“Short Squeeze After Short-Selling Attacks”**, with Lorien Stice-Lawrence and Wuyang Zhao

We examine whether the risk of short squeezes increases following short-selling attacks, where short sellers publicly disclose their negative information. We find that after short attacks, initially positive returns are disproportionately likely to reverse relative to negative returns, and positive-return-reversal stocks experience significantly heightened short covering, both consistent with the presence of temporary positive price pressure as the result of a squeeze. These short squeezes are difficult to predict ahead of time but may be triggered by conditions on the day of the attack and firm actions, including insider purchases. Last, short squeezes impose substantial costs on short sellers, with an average loss of \$70 million per suspected squeezed campaign relative to estimated profits of \$35 million per successful campaign. While prior research has focused on the ability of short attacks to reduce limits to arbitrage, we highlight short squeezes as a substantial risk to this approach.

**“Bank boards: What has changed since the crisis?”** with Shiva Rajgopal and Suraj Srinivasan

**Abstract:** We investigate how board oversight of U.S. banks has changed since the 2008 financial crisis. We review several expert reports that investigated the crisis to identify key board oversight deficiencies and group them into four categories: (i) lack of enterprise risk management, (ii) lack of risk awareness on the board, (iii) group think among bank directors and (iv) busy directors, especially the chairperson. Our empirical analysis examines improvements, if any, in each of these categories for 95 U.S. banks post-crisis (2008-2015), relative to the pre-crisis period (2000-2007). We find significant structural improvements to the banks' enterprise risk management structure. Virtually every bank now has a Chief Risk Officer (CRO),

and the number of banks with an independent risk committee and a committee devoted to reputation management has also increased significantly. With respect to risk awareness, we find that newly appointed bank directors are much more likely to have prior risk management, banking and specialty finance experience. There are also significantly more risk-related discussions within the financial statements, which indicate a heightened level of risk awareness. With respect to group think and busy board members, we find mixed evidence of progress. We document greater gender diversity and more empowered corporate governance and nominating committee after the crisis. In sum, at least some aspects of bank boards appear to have responded to the financial crisis.

**“Why do Foreign Investors Demand Comparability? Evidence from Unsponsored ADRs”** with Alon Kalay and Rodrigo Verdi

**Abstract:** We study the sources of demand for accounting comparability. We hypothesize that U.S. investors interested in investing in a foreign firm have potentially two different types of demands for comparability: (i) comparability to U.S. firms which the investor is more familiar with (which we label as U.S. comparability) and (ii) comparability to other foreign firms which the investor is interested in investing in (which we label as Foreign comparability). We exploit the setting of unsponsored ADRs to better isolate the demand channel for comparability. We find that Foreign (but not U.S.) comparability increases the ex-ante likelihood that a depositary bank selects a foreign firm for the creation of unsponsored ADRs, and the ex-post trading by U.S. investors in the unsponsored ADR. Our paper illustrates the notion that the demand for comparability is context specific and can vary for different users over time.

**“Politics and Idiosyncrasy of Information: Evidence from Financial Analysts’ Earnings Forecasts in a Relationship-based Economy”** with TJ Wong and Tianyu Zhang

**Abstract:** This paper examines whether and how politics shapes the kind of information that enhances analysts’ forecast accuracy in a relational economy. Since political influence is exerted on firms primarily through relationships, information about firms’ performance is highly specific. Even for firms that are within the same industry, these relationships can differ significantly. We posit that politics increases the idiosyncrasy of analysts’ information that is accuracy-enhancing. Using Latent Dirichlet Allocation (LDA), a topical modeling method, on a comprehensive sample of 87,332 reports of Chinese financial analysts from 2010 to 2015, we find that when political influence on firms increases, the idiosyncratic topics (i.e. topics that are specific to fewer firms) in the analysts’ reports are more positively associated with their relative forecast accuracy. However, we do not find that politics influences the relation between industry-specific topics (i.e. topics that are specific to firms in the same industry) and forecast accuracy. Finally, we validate our LDA measures using the earnings component model in Ball and Brown (1967) and the stock return synchronicity model in Morck et al. (2000).

**“Post-Apocalyptic: The Real Consequences of Activist Short-Selling”** with Wuyang Zhao

**Abstract:** This paper examines the real effects of a recent phenomenon commonly referred to as “activist short-selling,” where short-sellers publicly talk down stocks to benefit their short positions. First, we show that after firms are targeted by activist short-sellers, their investing, financing, and paying-out activities on average drop by 7.2%, 24.5%, and 7.6%, respectively. Using a battery of empirical tests, we find that our results are unlikely driven by the activists’ ability to select declining firms. Second, we provide evidence of three different channels through which activist short-selling leads to real changes in the firm: increased cost of capital, more monitoring, and feedback from stock prices. Third, we find that firms that are more vulnerable to “short and distort” suffer from more drastic declines in real activities. Fourth, our evidence indicates that on average, firms targeted by activist short-sellers experience improvement in real efficiency. This study contributes to the literature on activist investors and on short-selling, and sheds light on the policy debate over regulations on activist short-selling

## Media Appearances

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14 <sup>th</sup> June 2021	“Money Stuff: It’s good to be bad” <i>Bloomberg Money Stuff</i> Matt Levine.
21 <sup>st</sup> March 2019	“Short & distort? The ugly war between CEOs and activist critics” <i>Reuters</i> .
19 <sup>th</sup> February 2019	“Bank boards: What has changed since the crisis?” <i>Harvard Law School Forum on Corporate Governance and Financial Regulation</i> .
11 <sup>th</sup> April 2016	“Wolves at the door: A closer look at hedge fund activism” <i>Harvard Law School Forum on Corporate Governance and Financial Regulation</i> .
26 <sup>th</sup> January 2016	“Wolves at the door: A closer look at hedge fund activism” <i>Value Walk</i>

## Teaching Experience

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### University of Southern California, Los Angeles, United States

2020 Spring	BUAD 280 Introduction to Financial Accounting
2019 Spring	BUAD 280 Introduction to Financial Accounting
2018 Spring	BUAD 280 Introduction to Financial Accounting
2017 Spring	BUAD 280 Introduction to Financial Accounting

### Columbia University, New York, United States

2012 Spring	Financial Accounting, MBA (Professor Alon Kalay)
2012 Fall	Earnings Quality & Fundamental Analysis, MBA (Professor Gil Sadka)
2013 Fall	Financial Accounting, MBA (Professor Alon Kalay)
	Financial Statement Analysis and Valuation, MBA (Professor Stephen Penman)

### University of Melbourne, Melbourne, Australia

2010 Fall	Business Process Analysis, Undergraduate
2011 Fall	Accounting Reports and Analysis, Undergraduate

## Other Academic Appointments

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**The Accounting Review**, Ad Hoc Reviewer, 2021  
**Journal of Accounting Research**, Ad Hoc Reviewer, 2021  
**Management Science**, Ad Hoc Reviewer, 2016, 2017, 2018, 2019, 2020 and 2021  
**Contemporary Accounting Research**, Ad Hoc Reviewer, 2019, 2020 and 2021  
**Conference of Emerging Technologies Conference**, Conference Committee, 2018 and 2022  
**Review of Accounting Studies**, Ad Hoc Reviewer, 2018  
**Review of Finance**, Ad Hoc Reviewer, 2018  
**Review of Financial Studies**, Ad Hoc Reviewer, 2018  
**Journal of Banking and Finance**, Ad Hoc Reviewer, 2017  
**American Accounting Association Annual Meeting, Financial Accounting Reporting Section Midyear Meeting**, Ad Hoc Reviewer, 2016 and 2017

## Conference Presentations

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- University of Miami, Invited Presentation, October 2021
- HEC Paris, Invited Presentation, September 2021
- National Singapore University, Invited Presentation, October 2020
- University of Melbourne, Invited Presentation, August 2019
- Hong Kong University of Science and Technology, Research Symposium, December 2018
- The Chinese University of Hong Kong, Shenzhen, Inaugural Conference on Intelligent Information

Retrieval in Accounting and Finance, December 2018

- Hong Kong Polytechnic University, Invited Presentation, December 2018
- University of Illinois Urbana-Champaign, Invited Presentation, October 2018
- USC Leventhal Multi-School University Conference, April 2018
- American Accounting Association Annual Meeting, August 2017
- Conference on Textual Analysis in Accounting and Finance - with Application to China, June 2017
- Conference of Empirical Legal Studies, Duke Law School, November 2016
- American Law and Economics Association Annual Meeting, May 2017
- London Business School Trans-Atlantic Doctoral Conference, London Business School, May 2014, 2015
- MIT China International Conference in Finance (CICF), July 2014
- Professor Lucian Bebchuk's class at Harvard Law School, November 2014
- AAA Northeast Region Meeting, October 2013

## Awards

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- Alex Woo MBA 1984 Doctoral Fellowship, Columbia University, 2015
- Deloitte Foundation Doctoral Fellowship in Accounting, Deloitte, 2014
- AAA/Deloitte/J. Michael Cook Doctoral Consortium Fellow in Accounting, Deloitte University, 2014
- Department of Commerce and Economic Honours Scholarship, University of Melbourne, 2009
- Commercial Travellers Association Exhibition for Marketing, University of Melbourne, 2008
- Western Australia Tertiary Examination Excellence Award, Curriculum Council, 2004

## Other Experience

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**PricewaterhouseCoopers**, Hong Kong, 2011 Jan–March

*Assurance Associate*

**Crowe Horwath CPA Limited**, Hong Kong, 2010 Summer

*Audit Intern*

**Cheung & Yip, Solicitors**, Hong Kong, 2009 Summer

*Legal Intern*

**Moreland Legal Community Centre**, Melbourne, Australia, 2008–2009

*Legal Clerk*

## Professional Memberships

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- **Practicing Solicitor**, Legal Service Board of Victoria (since 2011)
- **CPA Associate**, CPA Australia (since 2010)

## References

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Fabrizio Ferri (Chair)

Regina Pitaro Associate Professor of Business  
Columbia Business School

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Trevor Harris

Arthur J. Samberg Professor of Professional Practice  
Columbia Business School

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January 2022

April Klein  
Professor of Accounting  
Leonard N. Stern School of Business  
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Shivaram Rajgopal  
Roy Bernard Kester and T.W. Byrnes Professor of  
Accounting and Auditing  
Columbia Business School  
Phone: 212-854-9588  
Email: sr3269@gsb.columbia.edu

Anthony Saunders  
John M. Schiff Professorship in Finance  
Leonard N. Stern School of Business  
Phone: 212-998-0711  
Email: asaunder@stern.nyu.edu