

THOMAS P. GRIFFIN

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EMPLOYMENT

Villanova School of Business, Villanova University

Assistant Professor, Finance & Real Estate

August 2019 – Present

EDUCATION

Drexel University, LeBow College of Business

Ph.D. Business Administration, Finance

September 2014 – June 2019

Villanova University

Bachelor of Arts, Economics

August 2009 – May 2013

RESEARCH

Interests: Corporate Finance, Corporate Governance, Creditor Control Rights

WORKING PAPERS:

Creditor Control of Corporate Acquisitions – with David Becher and Greg Nini

Revise and Resubmit at the *Review of Financial Studies*

Presentations: Western Finance Association Annual Meeting (2019), Financial Intermediation Research Society Conference* (2019), Texas A&M Young Scholars Finance Consortium (2018), Cass M&A Research Centre Conference* (2018), Midwest Finance Association Annual Meeting (2018), Eastern Finance Association Annual Meeting (2018), Philadelphia Five Conference* (2018), Northern Finance Association Annual Meeting (2017), University of Mississippi* (2019), Norwegian School of Economics* (2018), American University* (2018), Lehigh University* (2018)

We examine the impact of creditor control rights on corporate acquisitions. Nearly 75% of private credit agreements restrict borrower acquisition decisions. Following a covenant violation, creditors use their bargaining power to tighten these restrictions and limit acquisition activity, particularly deals expected to earn negative announcement returns. Firms that do announce an acquisition while in violation of a covenant earn 1.8% higher stock returns, on average, and do not pursue less risky deals. We conclude that creditors use contractual rights and the loan renegotiation process to limit value-destroying acquisitions driven by managerial agency problems.

Shareholder Litigation and the Information Environment – with Audra Boone and Eliezer Fich

Presentations: U.S. Securities and Exchange Commission Ph.D. Symposium (2018), American Law and Economics Association Annual Meeting (2018), Financial Management Association Annual Meeting (2018), Corporate Finance Conference at the Manchester Business School* (2018), Frankfurt School of Finance* (2018), WHU Otto Beisheim School of Management* (2018), University of New South Wales* (2018), Monash University* (2018), University of Technology Sydney* (2018), Australian National University* (2018), University of Melbourne* (2018)

Prior research argues that universal demand (UD) laws, which weaken shareholders' litigation rights, incentivize managers to report more and better-quality information. This view relies on post-UD increases in the length and frequency of voluntary disclosure. We find that the increase in disclosure quantity coincides with a decrease in the quality of both voluntary and mandatory disclosure, leading to greater information asymmetry among analysts and in the trading environment. Moreover, managers appear to benefit from the reduced transparency through more profitable insider trades. Therefore, in contrast with prior work, we conclude that corporate information environments deteriorate when shareholder litigation rights decline.

Losing Control: The 20-Year Decline in Loan Covenant Restrictions – with Greg Nini and David Smith

Presentations: SFS Cavalcade North America (2020), Washington University in St. Louis Corporate Finance Conference* (2019), RCFS/RAPS Conference at Baha Mar* (2019), Drexel University Corporate Governance Conference – New Ideas Session (2019), Queen's University* (2020), Norwegian School of Economics* (2019), OsloMet Business School* (2019), UC Berkeley Workshop on Law and Economics* (2019), University of Cincinnati* (2019), Federal Reserve Board of Governors* (2019), Federal Reserve Bank of Philadelphia* (2019)

This paper finds that lenders today rely on less restrictive financial covenants compared to 20 years ago, resulting in a nearly 70% drop in the annual proportion of U.S. public firms reporting a covenant violation. To study this decline, we develop a simple model of optimal covenant design that balances the costs associated with violations that occur when a firm is not in danger of financial distress (“false positives”) with the costs of failing to detect a borrower in danger of financial distress (“false negatives”). We present evidence that lenders have eased the restrictiveness of covenants in ways that greatly reduce the ratio of false positives relative to false negatives, including by switching to covenant packages with higher signal-to-noise ratios.

Where have all the IPOs Gone? Trade Liberalization and the Changing Nature of US Corporations

Presentations: Financial Management Association Annual Meeting (2019), Drexel University (2019), Villanova University (2019), Babson College (2019)

I show that a tariff policy change that increased trade with China led to a decline in U.S. public listing rates and elevated industry concentration. Consistent with heterogeneous firm models of trade, the shock impeded the entry and performance of small manufacturers but did not adversely impact large multinationals. Stock price reactions to the policy change and threat of reversal by President Trump imply that trade liberalization increases the value of large firms and destroys the value of small firms. These findings suggest that globalization contributed to recent trends in the U.S. equity market by disproportionately harming small firms.

* Indicates presentation by coauthor

TEACHING

Villanova University

Intermediate Corporate Finance (Undergraduate)

Fall 2019

Student evaluations, 2 sections: **4.7/5**

Drexel University

Introduction to Finance (Undergraduate)

Summer, Fall 2016

Student evaluations, 3 sections: **3.93/4**

SERVICE

Ad Hoc Refereeing

Journal of Financial Economics, 2019

Conference Program Committees

Financial Management Association Annual Meeting, 2020

Drexel University Corporate Governance Conference, 2020

Northern Finance Association Annual Meeting, 2019

Eastern Finance Association Annual Meeting, 2019

Conference Discussions

Financial Management Association Annual Meeting, 2017, 2018, 2019

Midwest Finance Association Annual Meeting, 2018

Eastern Finance Association Annual Meeting, 2018

University Service

VSB FUN Committee Member, 2019, 2020

LeBow College of Business Dean Search Committee Member, 2018

Drexel University Star Student Mentor, Summer 2017

HONORS AND AWARDS

Fellow, Center for Corporate Governance at Drexel University, 2019 - Present

LeBow College of Business Clark Outstanding PhD Research Award, 2019

Drexel Graduate College Teaching Excellence Award, 2017

LeBow College of Business Provost Fellowship, 2014 - 2018

Villanova University Adam Smith Outstanding Undergraduate Research Award, 2013

Villanova University Alfred Marshall Medallion, 2013

REFERENCES

Eliezer Fich

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Associate Professor of Finance

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TD Bank Endowed Professor of Finance

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