

# THOMAS P. GRIFFIN

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## EMPLOYMENT

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### Villanova University, Villanova School of Business

The Kenneth '84 and Pamela Roessler Assistant Professor, Finance & Real Estate  
Assistant Professor, Finance & Real Estate

August 2022 – Present  
August 2019 – July 2021

### University of Virginia, McIntire School of Commerce

Visiting Research Scholar, Finance

Fall 2022

## EDUCATION

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### 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

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**Specialization:** Corporate Lending, Distressed Debt, M&A, Corporate Litigation, Corporate Governance

*Creditor Control of Corporate Acquisitions* – with David Becher and Greg Nini. 2022. *Review of Financial Studies* 35(4): 1897-1932.

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 loan agreements include restrictions that limit borrower acquisition decisions throughout the life of the contract. Following a financial 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 after violating a financial 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 renegotiation process to limit value-destroying acquisitions driven by managerial agency problems.

*Losing Control? The 20-Year Decline in Loan Covenant Violations* – with Greg Nini and David Smith.

Revise and Resubmit at the *Journal of Finance*

Presentations: University of Chicago Booth School of Business Banking Workshop\* (2021), American Finance Association Annual Meeting\* (2021), Financial Management Association Virtual Meeting (2020), Northern Finance Association Annual Meeting (2020), European Finance Association Annual Meeting (2020), SFS Cavalcade North America (2020), Washington University in St. Louis Corporate Finance Conference\* (2019), RCFS/RAPS Conference at Baha Mar\* (2019), Philly Five Conference\* (2019), Drexel University Corporate Governance Conference – New Ideas Session (2019), Federal Reserve Bank of Richmond\* (2021), Villanova Webinars in Financial Intermediation\* (2020), Syracuse University\* (2020), Queen's University\* (2020), University of Virginia\* (2019), 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)

The annual proportion of U.S. public firms that report a financial covenant violation fell nearly 70% between 1997 and 2016. To understand this trend, we develop a model of covenant design that shows the optimal threshold varies with covenants' ability to discriminate between distressed and non-distressed borrowers and with the relative costs associated with screening incorrectly. We document a steady improvement in covenants' ability to identify distressed borrowers. However, the dramatic fall in violations is best attributed to an increased willingness to forego early detection of marginally distressed borrowers in exchange for fewer inconsequential violations, particularly since 2008-09.

***A culture of discrimination: Evidence on the causes and consequences of civil rights litigation against U.S. corporations*** – with Casey Dougal and Irena Hutton

Presentations: Philadelphia Five Conference – New Ideas Session (2021), Florida State University\* (2021)

Between 1992 and 2018, U.S. public corporations faced over 38,000 federal civil rights lawsuits. We find that the frequency of discrimination litigation varies with societal attitudes toward race and gender and intensifies after a rightward shift in local news slant. However, studying two well-established natural experiments, we find no evidence that economic forces provide a source of discipline. Consequences are small: shareholder value drops by \$8.25 million, on average, around a lawsuit, with no effect on CEO turnover. We conclude that corporate discrimination is largely determined by the cultural values of employees, rather than a firm's economic environment.

***Shareholder Litigation Risk and the Information Environment: Revisiting Evidence from Two Natural Experiments*** – 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)

A court case that reduced the threat of securities class action litigation led to less frequent voluntary disclosure, but did not significantly affect the level of information asymmetry. Conversely, state laws that reduced the threat of derivative litigation led to more frequent voluntary disclosure, but increased the level of information asymmetry. We reconcile these differences by highlighting that securities class action lawsuits address disclosure decisions while derivative lawsuits address both disclosure and operating decisions, and show that changes in firms' real operations is the economic mechanism driving the association between derivative litigation risk and corporate information environments.

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

Presentations: Southern Finance Association Annual Meeting (2021), 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 domestic manufacturers but did not adversely impact large multinationals. In addition, stock price reactions to the policy change and threat of reversal imply that trade liberalization creates or destroys value depending on firm size. These findings suggest that recent trends in the U.S. public equity market are driven, in part, by fundamental changes in the global competitive landscape.

***Does Regulatory Exposure Create M&A Synergies?*** – with Eliezer Fich and Joseph Kalmenovitz

Presentations: Bayes M&A Research Centre Conference (2022)

We study the impact of regulation on acquisition investment, using a novel firm-level measure of exposure to all federal regulations. Highly regulated companies issue more acquisition bids, invest more in those transactions, and earn higher M&A announcement returns. Moreover, highly regulated acquirers exhibit better long-term performance, greater M&A synergies, and a significant reduction in their regulatory exposure after merger completion. The benefits are stronger in deals with small transaction values and in those involving private targets. Overall, our findings uncover a new link between M&A and regulation, highlighting synergy opportunities which materially affect corporate investment choices.

\* Indicates presentation by coauthor

## **TEACHING**

### Villanova University

Intermediate Corporate Finance (Undergraduate)

Fall 2019 – Present

Student evaluations, 12 sections: **4.88/5**

### Drexel University

Introduction to Finance (Undergraduate)

Summer, Fall 2016

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

## **SERVICE**

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### Refereeing

Journal of Finance, Journal of Financial Economics, Management Science, Journal of Financial and Quantitative Analysis, Journal of Corporate Finance, Financial Review

### Conference Program Committees

Northern Finance Association Annual Meeting, 2019, 2020, 2021, 2022  
Drexel University Corporate Governance Conference, 2020, 2021, 2022  
Financial Management Association Annual Meeting, 2020, 2021, 2022  
Eastern Finance Association Annual Meeting, 2020, 2021, 2022  
Southern Finance Association Annual Meeting, 2021, 2022

### Conference Discussions

Northern Finance Association Annual Meeting, 2021  
Southern Finance Association Annual Meeting, 2021  
Financial Management Association Annual Meeting, 2017, 2018, 2019, 2020  
Midwest Finance Association Annual Meeting, 2018  
Eastern Finance Association Annual Meeting, 2018

### Conference Session Organizer

Financial Management Association Annual Meeting, 2020

### Conference Session Chair

Southern Finance Association Annual Meeting, 2021  
Financial Management Association Annual Meeting, 2018, 2020

### University Service

VSU Investment Banking Academy Curriculum Coordinator, 2021 – Present  
Villanova University New Student Orientation Program Faculty Partner, 2022  
Villanova Fulbright Campus Committee Member, 2020, 2021, 2022  
Villanova Match Program for First Year Students Faculty Research Mentor, 2021  
VSU Building Advisory Committee Member, 2021  
VSU FUN Committee Member, 2019, 2020, 2021  
St. Thomas of Villanova Day of Service Volunteer, 2019, 2021  
LeBow College of Business Dean Search Committee Member, 2018  
Drexel University Star Student Mentor, Summer 2017

## **HONORS AND AWARDS**

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Fellow, Center for Corporate Governance at Drexel University, 2019 - Present  
Villanova University UNITAS Faculty Research Award, 2022  
LeBow College of Business Clark Outstanding PhD Research Award, 2019  
LeBow College of Business Provost Fellowship, 2014 - 2018  
Drexel Graduate College Teaching Excellence Award, 2017  
Villanova University Adam Smith Outstanding Undergraduate Research Award, 2013  
Villanova University Medallion for Excellence in Economics, 2013