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THOMAS P. GRIFFIN

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EMPLOYMENT

Villanova School of Business, Villanova University

The Vincent B. DiDomenico, Jr. '88 Assistant Professor, Finance & Real Estate — Starting August 2021

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

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

Forthcoming 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.

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

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), 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), UCBerkeley 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.

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)

Reducing the threat of shareholder litigation through securities class actions lowers voluntary disclosure quantity, but not the accuracy of earnings forecasts. Conversely, reducing the threat of shareholder litigation through derivative lawsuits prompts increases in voluntary disclosure quantity and decreases in both earnings forecast accuracy and mandatory disclosure quality. We reconcile these differences by showing that changes to firm operations are the economic mechanism driving changes in corporate information environments after the threat of derivative lawsuits exogenously declines. This evidence comports with the fact that, while securities class action lawsuits address disclosure decisions, derivative litigation also covers decisions about real operations.

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 – Present
Student evaluations, 4 sections: **4.83/5**

Drexel University

Introduction to Finance (Undergraduate) — Summer, Fall 2016
Student evaluations, 3 sections: **3.93/4**

SERVICE

Ad Hoc Refereeing

Journal of Financial Economics

Conference Program Committees

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

Conference Discussions

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

University Service

VSB FUN Committee Member, 2019 - Present
Villanova Match Program for First Year Students Faculty Research Mentor, 2021
Villanova Fulbright Campus Committee, 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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