

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
Assistant Professor, Finance & Real Estate

Starting August 2021
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

PUBLICATIONS:

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.

WORKING PAPERS:

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), 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), 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)

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.

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)
Student evaluations, 4 sections: **4.83/5**

Fall 2019 – Present

Drexel University

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

Summer, Fall 2016

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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