

Biased Judges? Judge Characteristics and Bankruptcy Outcomes

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July 11, 2022



- Bankruptcy institution governs the reallocation of resources of distressed firms
 - In a frictionless system, judges should not matter for different outcomes.
 - Recent evidence: Across judges, significant variation in applying the law
 - e.g., Chang and Schoar (2013), Bernstein et al. (2019), and Iverson et al. (2020)
- Do judge characteristics help explain such variation?

This study

- **Research question:** What is the effect of judge characteristics on bankruptcy outcomes?
 - Judge characteristics:
 1. Experience of growing up during the Great Depression
 2. Exposure to economics training
 3. Political preferences
 4. Hometown experience
 - Outcomes: Emergence (**vs. liquidation**), Time in bankruptcy, Post-emergence outcome
- **Research design**
 - Main identifying assumption: Random assignment of cases to judges within filing district
 - Exploit variation in judge characteristics within the same court and year
 - Mitigate the concern about forum shopping (filing to favored courts) driving my results

Hypothesis development I

1. Depression baby: growing up during the Great Depression and exposure to unemployment (Malmendier and Tate, 2005)
 - judges may over-estimate the costs of job losses → **liquidation-averse**
2. Economics training: Exposure to law and economics, which criticizes labor law that is too labor-friendly (Epstein (1983), Posner (1984))
 - less sympathetic to labor protection (Ash et al., 2020) → **liquidation-inclined**

► Variable definition

Hypothesis development II

3. Political preferences: Republican party & judges are more pro-creditor in personal bankruptcies
 - e.g., Rachlinski et al. (2006), Skeel (2014)
 - Republican judges are more **liquidation-inclined** in corporate bankruptcies
4. Hometown experience: judges may show home bias if they rule on a bankrupt firm headquartered in their home state
 - Two possible directions of home bias:
 - if more sympathetic toward protecting hometown jobs → **liquidation-averse**
 - if many hometown creditors or if home judges prefer local assets to be controlled by non-incumbent → **liquidation-inclined**

Contributions to the literature

1. Effect of judges on bankruptcy outcomes:

- e.g., Bris et al. (2006), Chang and Schoar (2013), Bernstein et al. (2019), Iverson et al. (2020)

This study: Identify *individual characteristics* that drive judicial heterogeneity

2. Effect of heterogeneous bankruptcy courts:

- Different level of expertise & efficiency (Ponticelli and Alencar, 2016; Iverson, 2017; Ellias, 2018; Li and Ponticelli, 2019; Müller, 2021)
- Different level of pro-debtor bias (LoPucki, 2005; Araujo et al., 2021)

This study: Highlight the effect of *judge-level* heterogeneity on outcomes

3. Effect of judicial heterogeneity outside bankruptcy courts:

- e.g., litigation risks or fines for corporate crimes vary with judges' political affiliation (Huang et al., 2019; Gormley et al., 2020)

This study: The effect of judicial heterogeneity in *bankruptcy courts*.

The US bankruptcy system: Chapter 11

- Bankruptcy begins by filing to one of 94 bankruptcy districts ('courts')
- e.g., Southern District of New York, District of Delaware [▶ Full Map](#)
- "Forum shopping" [▶ Popular venues](#) [▶ Shopping pattern](#)

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- Room for discretion \Rightarrow Different liquidation tendency across judges

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- Judge's role: ensure the reorganization plan is feasible, i.e., no subsequent refile
- Room for discretion \Rightarrow Different liquidation tendency across judges
- Final outcome: emerge from bankruptcy vs. liquidate
 1. Emergence: continue as a going concern
 2. Liquidated/Acquired: assets are sold and employees lose jobs

Data and sample

1. Bankruptcy cases

- Chapter 11 filings of large, public US companies, 1980-2020. LoPucki Bankruptcy Research DB
- Contains: accounting information, court, judge, duration, the final outcome etc.
- Additional: Compustat, Capital IQ
- Drop prepackaged & prenegotiated cases (Bris et al., 2006; Chang and Schoar, 2013; Antill, 2021)

2. Bankruptcy judges

- Biographical info: official court websites, legal databases, and web searches
- Political preferences: Voter registration record + Political contribution (from FEC)

3. Final sample: 771 unique bankruptcy cases presided by 250 judges [▶ Summary stats](#)

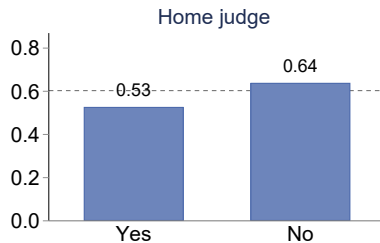
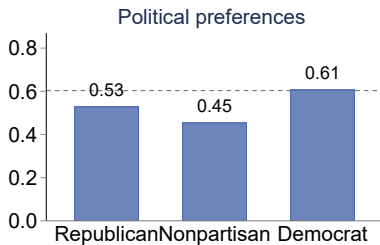
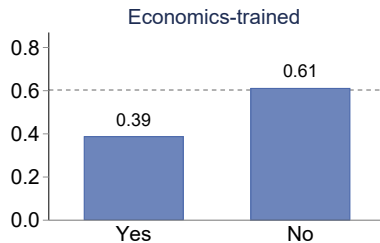
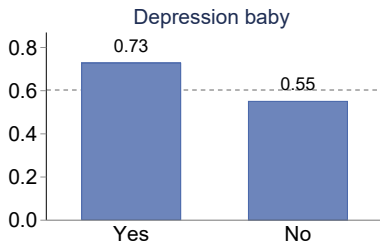
Identification strategy

- **Objective:** estimate the impact of judge characteristics on bankruptcy outcomes
- **Challenge:** Judge assignment may correlate with case characteristics
 - Eg, Firms may prefer filing to favored court/judge ('forum shopping')
 - Random assignment of judges into cases within filing-district
 - Chang and Schoar (2013), Bernstein et al. (2019), Iverson et al. (2020), and Antill (2021)
 - Include court×year FE (α_{ct}): to isolate judge-level variation in outcomes
- **Baseline specification (OLS)**

$$Y_{ircjt} = \alpha_r + \alpha_{ct} + \beta JudgeChar_j + \gamma X'_{ijt} + \varepsilon_{ircjt}$$

- i firm, r industry, c court, j judge, t filing year
- Industry FE (α_r), court×year FE (α_{ct}), St errors clustered at court level

Emergence - univariate



Emergence

$$\text{Col 1-6: } I(\text{Emerge})_{ircjt} = \alpha_r + \alpha_{ct} + \beta \text{JudgeChar}_j + \gamma X'_{ircjt} + \varepsilon_{ircjt}$$

$$\text{Col 7-8: } I(\text{Emerge})_{ircjt} = \alpha_r + \alpha_{ct'} + \alpha_j + \beta \text{HomeJudge}_{ij} + \gamma X'_{ircjt} + \epsilon_{ircjt}$$

	Depression Baby		Economics-trained		Republican		Home judge	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Judge characteristic	0.09 (1.17)	0.11** (2.23)	-0.14** (-2.15)	-0.15*** (-3.36)	-0.13*** (-5.77)	-0.13*** (-4.62)	-0.17* (-2.00)	-0.17* (-1.88)
Judge controls	No	Yes	No	Yes	No	Yes	No	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Court-Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Judge FE	No	No	No	No	No	No	Yes	Yes
Observations	737	737	746	746	431	431	602	602
R ²	0.562	0.562	0.559	0.571	0.606	0.615	0.503	0.503

$$\text{Log}(\text{Months in Ch.11})_{ircjt} = \alpha_r + \alpha_{ct} + \beta \text{JudgeChar}_j + \gamma X'_{ircjt} + \varepsilon_{ircjt}$$

	Depression Baby		Economics-trained		Republican		Democratic	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Case outcome	Liquidate	Emerge	Liquidate	Emerge	Liquidate	Emerge	Liquidate	Emerge
Judge characteristic	-0.19 (-1.54)	0.03 (0.43)	-0.36** (-2.52)	0.29** (2.29)	-0.55** (-2.15)	0.25*** (3.00)	0.43** (2.47)	-0.11 (-0.73)
Judge controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Court-year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	296	438	299	444	180	249	180	249
R ²	0.644	0.711	0.660	0.710	0.642	0.718	0.645	0.715

- Suggests that judges may give more or less scrutiny depending on their preferences.

Post-emergence performance: liquidation-averse judges

- Test of bias: compare overall post-emergence outcomes

Post-emergence performance: liquidation-averse judges

- Test of bias: compare overall post-emergence outcomes

	Depression Baby		Democratic	
	Refile	ROA (post)	Refile	ROA (post)
Judge characteristic	-0.01 (-1.04)	0.10 (0.46)	0.02 (0.34)	-0.18 (-0.77)
Judge controls	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Court-year FE	Yes	Yes	Yes	Yes
Observations	416	203	236	117
R^2	0.682	0.757	0.636	0.763

Post-emergence performance: liquidation-inclined judges

	Economics-trained		Republican		Home judge	
	Refile	ROA (post)	Refile	ROA (post)	Refile	ROA (post)
Judge characteristic	0.09** (2.51)	0.31 (0.70)	0.05 (0.28)	0.08 (0.68)	0.01 (0.26)	0.16* (1.79)
Judge controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Court-Time FE	Yes	Yes	Yes	Yes	Yes	Yes
Judge FE	No	No	No	No	Yes	Yes
Observations	422	208	236	117	351	178
R ²	0.662	0.729	0.636	0.756	0.551	0.727

- Different liquidation tendency is not linked to different post-emergence outcomes
- The lack of correlation suggests that the effect of judge characteristics may be concentrated in *marginal* cases

Case heterogeneity & placebo test

- Labor channel: stronger effect when no. of employees \uparrow (**Depression-baby**, **Economics-trained** judges) ▶ Result
- Survival likelihood: stronger effect when potential outcome \leftrightarrow liquidation tendency ▶ Result
- Creditor channel: stronger effect when leverage \uparrow (**Republican** judges) ▶ Result
- Local stakeholder channel: stronger effect when employees' & creditors' 'localness' \uparrow (Home judges) ▶ Result
- Placebo test: no effect among cases where judges' role is limited ▶ Result

Summary

- Judges' personal characteristics affect bankruptcy outcomes
- Emergence likelihood: ↑ Depression-baby vs. ↓ Economics-trained, Republican & Home judges

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- Duration varies across judges' liquidation tendency, when split sample by outcome

Summary

- Judges' personal characteristics affect bankruptcy outcomes
- Emergence likelihood: ↑ Depression-baby vs. ↓ Economics-trained, Republican & Home judges
- Duration varies across judges' liquidation tendency, when split sample by outcome
- No evidence that such characteristics are linked to different refiling rate or ROA after emergence
 - The effect of judge characteristics may be concentrated in *marginal* cases

Implications on random assignment policy

- Does not eliminate the possibility that different preferences/beliefs of judges influence marginal cases
- However, such difference is not linked to different post-emergence outcomes

Implications on random assignment policy

- Does not eliminate the possibility that different preferences/beliefs of judges influence marginal cases
- However, such difference is not linked to different post-emergence outcomes
- Alternative system without random assignment:
 - Problems like judge shopping, exacerbating the friction
- Random assignment mitigates the friction from judicial bias

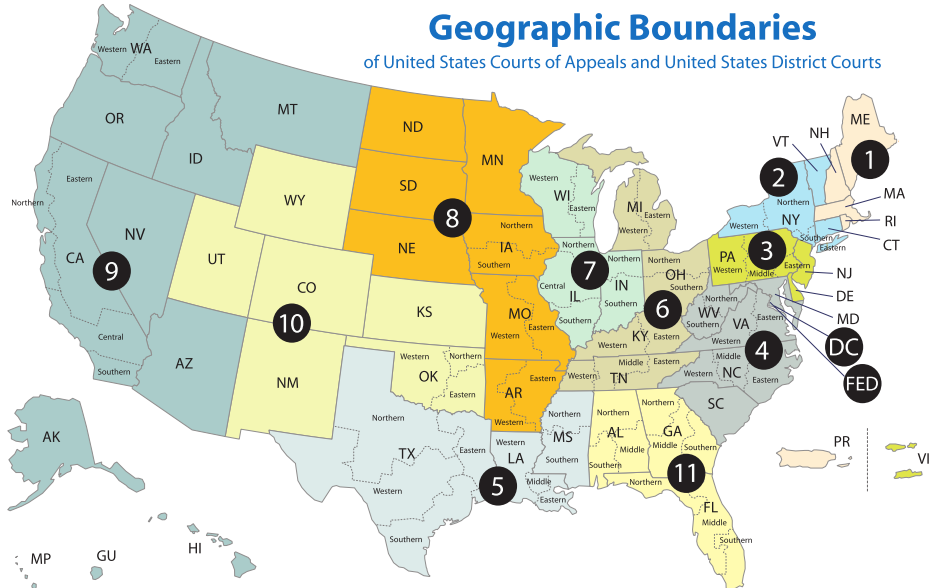
Thank you!

Appendix

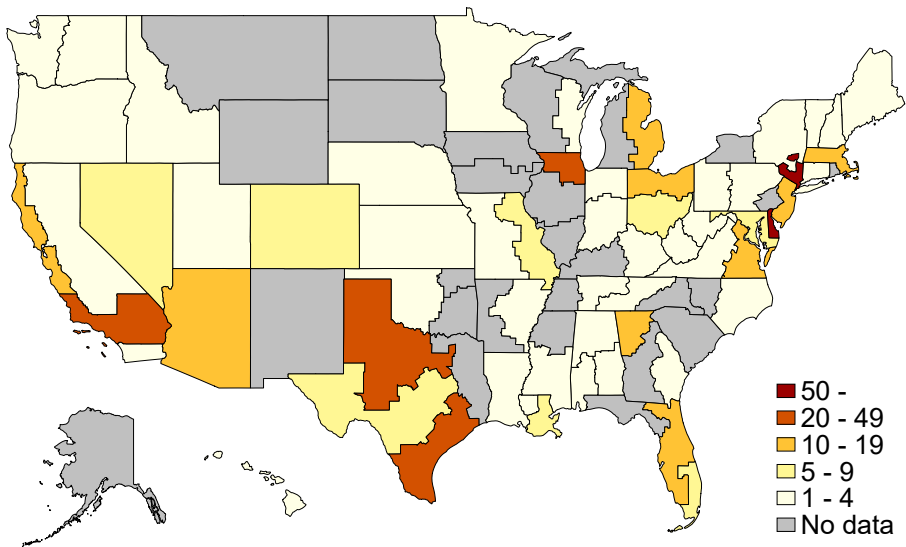
- Depression baby: born between 1920-1939 (Malmendier and Tate, 2005; Malmendier et al., 2011)
- Economics training is defined as meeting any of 2 conditions:
 1. Attend the Manne program, intensive economics course ran btw 1976-99 (Ash et al., 2020)
 2. Graduate after 1970 from law schools with a strong law & economics culture (Cao, 2020)
 - e.g., U Chicago, U Virginia
- Political preferences: Democrats, Republicans, and “nonpartisans”
 - Voter registration record, supplemented with political donation data
- $Home Judge_{ij}$: Indicator = 1 if judge j 's **home state** = firm i 's HQ state
 - **Home state**: birth state + state where judges “grew up” until 18 y.o.

Geographic Boundaries

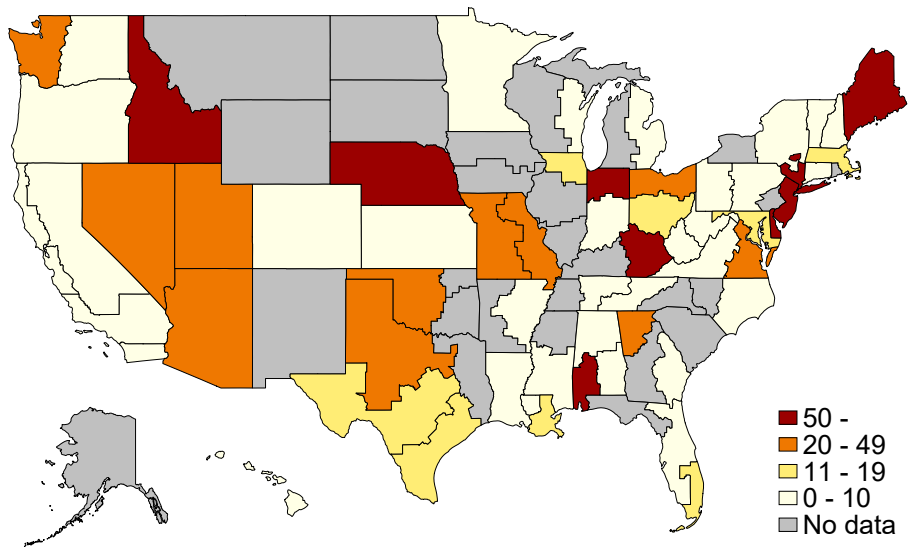
of United States Courts of Appeals and United States District Courts



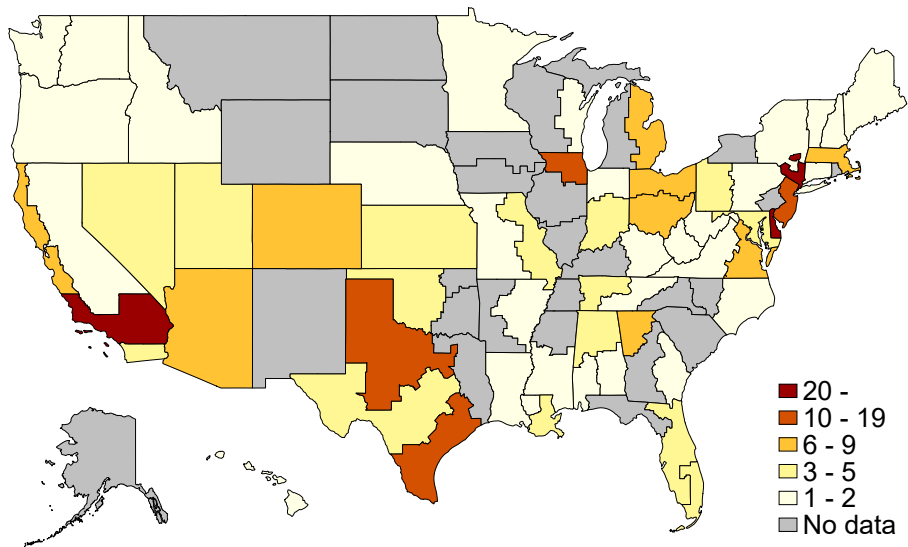
Number of filings by courts

[▶ Back](#)

Percentage share of 'shopping' cases within each court [▶ Back](#)



Number of unique judges by courts

[▶ Back](#)

Random assignment of judges [▶ Back](#)

- Filed to Delaware in 2010, randomly assigned to one of the judges (showing only 4)

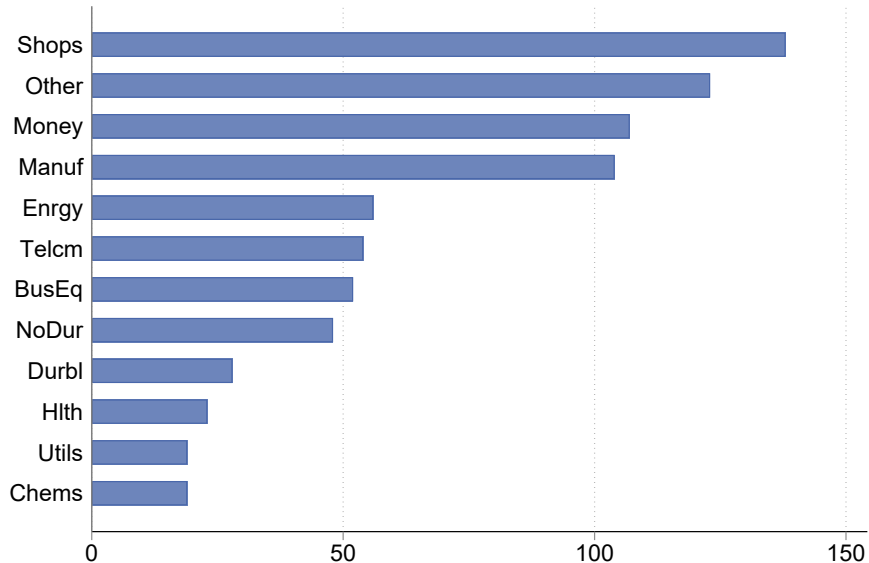


Judge	Peter Walsh	Mary Walrath	Brendan Shannon	Christopher Sontchi
Born	1934	1954	1964	1966
	<i>Depression baby</i>			
JD	Georgetown, '63	Villanova, '79	Col. of William & Mary, '92	U Chicago, '92 <i>Law & econ trained</i>
Political	Democrat	Democrat	Nonpartisan (Independent Party)	Democrat

	Obs	Mean	SD	P25	Median	P75
<i>Judge characteristics at filing</i>						
Depression baby	757	0.27	0.45	0.00	0.00	1.00
Economics-trained	769	0.05	0.21	0.00	0.00	0.00
Democrat	439	0.78	0.41	1.00	1.00	1.00
Republican	439	0.12	0.32	0.00	0.00	0.00
Home judge	616	0.24	0.42	0.00	0.00	0.00
Months as judge	771	108.63	84.51	41.06	95.05	162.87
<i>Firm characteristics at filing</i>						
Total assets	771	5196.15	35085.32	525.00	933.00	2646.00
Leverage ratio	759	0.97	0.45	0.76	0.90	1.06
ROA	755	-0.05	0.23	-0.07	-0.01	0.04
No. of subsidiaries	771	8.08	20.30	0.00	2.00	8.00
<i>Bankruptcy outcomes</i>						
Emerge	771	0.60	0.49	0.00	1.00	1.00
Months in Ch.11	768	21.11	17.24	10.45	16.42	25.61
Refile	442	0.09	0.28	0.00	0.00	0.00
ROA (post)	216	0.02	0.37	-0.11	0.00	0.13

	Obs	Mean	SD	P25	Median	P75
Depression baby	242	0.24	0.43	0.00	0.00	0.00
Economics-trained	248	0.05	0.22	0.00	0.00	0.00
Democrat	121	0.64	0.48	0.00	1.00	1.00
Republican	121	0.21	0.41	0.00	0.00	0.00
Home judge	182	0.34	0.48	0.00	0.00	1.00
Male	250	0.79	0.41	1.00	1.00	1.00
Military	250	0.27	0.45	0.00	0.00	1.00
Months as judge	250	103.35	80.18	39.06	96.03	149.39

Industry distribution (Fama-French 12)

[► Back to main stats](#)

Cross-sectional variation in employee

	Depression Baby		Economics-trained		Republican		Home judge	
Split by median employee	(1) Low	(2) High	(3) Low	(4) High	(5) Low	(6) High	(7) Low	(8) High
Judge characteristic	0.07 (0.72)	0.14*** (3.60)	-0.05 (-1.15)	-0.20*** (-3.32)	-0.19 (-0.65)	-0.07 (-0.47)	-0.09 (-0.77)	-0.14 (-0.58)
Judge controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Court-Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Judge FE	No	No	No	No	No	No	Yes	Yes
Observations	371	365	374	371	210	220	301	300
R ²	0.660	0.661	0.661	0.673	0.737	0.722	0.658	0.582

- High-employee firms: large costs/benefits of liquidating
- Consistent with labor-based liquidation tendency

Cross-sectional variation in survival likelihood

	Depression Baby		Economics-trained		Republican		Home judge	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Split by median ROA	Low	High	Low	High	Low	High	Low	High
Judge characteristic	0.21* (1.72)	0.06 (0.45)	-0.07 (-1.42)	-0.18*** (-7.42)	-0.13 (-0.94)	-0.14*** (-5.77)	-0.03 (-0.12)	-0.22** (-2.11)
Judge controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Court-Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Judge FE	No	No	No	No	No	No	Yes	Yes
Observations	374	363	376	370	220	211	305	297
R ²	0.664	0.723	0.666	0.725	0.710	0.790	0.548	0.612

- Shows where the influence of judges is concentrated
- When the potential outcome contrasts to judges' liquidation tendency

Cross-sectional variation in debt ratios

	(1)	(2)	(3)
Republican	-0.06 (-1.17)	-0.13*** (-4.13)	-0.27*** (-6.34)
Republican \times Leverage ratio	-0.08** (-2.07)		0.22*** (4.73)
Republican \times Secured debt ratio		-0.17* (-1.80)	-0.40*** (-5.74)
Judge controls	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes
Court-year FE	Yes	Yes	Yes
Observations	431	310	310
R^2	0.615	0.630	0.631

- Higher creditors' stakes amplify Republican judges' liquidation tendency

Why do home judges rule differently?

- Baseline results: home judges are **pro-creditor**
- Remaining questions:
 - Economic channel?
 - Judges still care about hometown employees?
 - Ideal measure: intensity of hometown stakeholders' interests
 - $Localness \times \text{stakeholders' interests} \approx \text{local stakeholders' interests}$
 - *Localness*: degree of geographic concentration of firm around the headquarter state
 - Frequency of headquarter state mentions from annual reports (García and Norli, 2012)

Cross-sectional variation in stakeholders' "localness"

	(1)	(2)	(3)	(4)	(5)	(6)
Home judge	-0.38* (-1.83)	-0.36*** (-2.82)	-1.04** (-2.20)	-0.85** (-2.13)	0.06 (0.07)	-0.65 (-0.66)
Home judge \times Localness	0.59 (1.07)		-0.29 (-1.20)		0.28 (1.36)	-0.31 (-1.56)
Home judge \times Leverage ratio		0.20* (1.91)	0.60** (2.40)			0.54** (2.11)
Home judge \times Localness \times Leverage ratio			-4.02* (-1.99)			-4.79** (-2.18)
Home judge \times Log(No. of employee)				0.09* (1.72)	-0.05 (-0.48)	-0.03 (-0.24)
Home judge \times Localness \times Log(No. of employee)					0.39* (1.74)	0.41 (1.37)
Judge controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE, Court-decade FE, Judge FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	307	602	307	601	306	306
R^2	0.603	0.507	0.613	0.513	0.628	0.644

Cross-sectional variation in stakeholders' "localness"

	(1)	(2)	(3)	(4)	(5)	(6)
Home judge	-0.38* (-1.83)	-0.36*** (-2.82)	-1.04** (-2.20)	-0.85** (-2.13)	0.06 (0.07)	-0.65 (-0.66)
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R^2	0.603	0.507	0.613	0.513	0.628	0.644

	Depression baby		Economics-trained		Republican		Home judge	
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Judge characteristic	0.09 (1.18)	0.11** (2.23)	-0.14** (-2.15)	-0.15*** (-3.36)	-0.13*** (-5.77)	-0.13*** (-4.62)	-0.17* (-2.01)	-0.17* (-1.88)
Male		-0.05 (-0.62)		0.01 (0.13)		-0.03 (-0.32)		
Military		0.03 (0.33)		0.02 (0.31)		-0.04 (-0.61)		
Log(Months as judge)				0.07*** (4.18)		0.06*** (10.85)		0.02 (0.61)
Log(Total assets)	0.04** (2.07)	0.04** (2.05)	0.05** (2.22)	0.04* (2.00)	0.03*** (4.23)	0.03** (2.25)	0.06** (2.66)	0.06** (2.40)
Leverage ratio	0.17*** (3.25)	0.17*** (3.36)	0.17*** (3.58)	0.18*** (4.05)	0.13*** (4.46)	0.13*** (4.63)	0.20*** (3.45)	0.20*** (3.25)
ROA	0.24*** (2.88)	0.24*** (2.78)	0.22** (2.36)	0.23** (2.28)	0.24*** (2.82)	0.25** (2.57)	0.16 (1.37)	0.15 (1.36)
Log(No. of subsidiaries+1)	-0.02* (-1.80)	-0.02* (-1.94)	-0.02* (-1.84)	-0.02 (-1.49)	-0.04*** (-6.02)	-0.04*** (-5.61)	-0.01 (-0.49)	-0.01 (-0.47)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Court-Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Judge FE	No	No	No	No	No	No	Yes	Yes
Observations	735	735	746	746	431	431	601	601
R ²	0.561	0.561	0.559	0.571	0.606	0.615	0.501	0.502

Case outcome	Depression baby		Economics-trained		Republican		Democrat	
	(1) Liquidate	(2) Emerge	(3) Liquidate	(4) Emerge	(5) Liquidate	(6) Emerge	(7) Liquidate	(8) Emerge
Judge characteristic	-0.19 (-1.54)	0.03 (0.43)	-0.36** (-2.52)	0.29** (2.29)	-0.55** (-2.15)	0.25*** (3.00)	0.43** (2.47)	-0.11 (-0.73)
Male	0.01 (0.08)	-0.27*** (-3.50)	-0.02 (-0.13)	-0.25*** (-6.32)	-0.05 (-0.29)	0.01 (0.13)	-0.19 (-1.00)	0.02 (0.14)
Military	0.20 (0.75)	0.10 (0.75)	0.14 (0.66)	0.10 (0.85)	-0.05 (-0.30)	-0.03 (-0.63)	-0.06 (-0.24)	-0.04 (-0.84)
Log(Months as judge)			-0.16 (-1.64)	0.00 (0.05)	-0.27** (-2.29)	0.01 (0.25)	-0.29*** (-3.11)	0.02 (0.31)
Log(Total assets)	0.09 (1.21)	0.23*** (3.29)	0.09 (0.98)	0.24*** (3.02)	0.02 (0.20)	0.17*** (3.86)	0.02 (0.19)	0.17*** (3.95)
Leverage ratio	0.29** (2.30)	0.19** (2.26)	-0.04 (-0.41)	0.20** (2.07)	-0.06 (-0.26)	0.16 (1.59)	-0.08 (-0.28)	0.17* (1.76)
ROA	0.23 (0.75)	-0.01 (-0.08)	0.04 (0.11)	-0.01 (-0.09)	0.21* (1.74)	0.03 (0.20)	0.25*** (2.97)	0.06 (0.38)
Log(No. of subsidiaries+1)	-0.06 (-0.72)	-0.01 (-0.42)	-0.07 (-1.00)	0.00 (0.12)	-0.01 (-0.18)	0.03 (1.34)	0.01 (0.18)	0.02 (1.21)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Court-Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	296	436	299	444	180	249	180	249
R ²	0.644	0.709	0.660	0.710	0.642	0.718	0.645	0.715

Post-emergence performance, full table

[▶ Back to main results](#)

	Depression baby		Economics-trained		Republican		Home judge	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Refile	ROA (post)	Refile	ROA (post)	Refile	ROA (post)	Refile	ROA (post)
Judge characteristic	-0.01 (-1.04)	0.10 (0.46)	0.09** (2.51)	0.31 (0.70)	0.05 (0.28)	0.08 (0.68)	0.01 (0.26)	0.16* (1.79)
Male	-0.01 (-0.37)	-0.10 (-0.85)	-0.01 (-0.33)	-0.10 (-1.36)	0.08 (0.86)	-0.07*** (-3.40)		
Military	0.07 (0.49)	0.19* (2.01)	0.07 (0.48)	0.20* (1.87)	-0.01 (-0.87)	0.26*** (6.00)		
Log(Months as judge)			-0.01 (-0.20)	0.01 (0.09)	-0.03 (-0.76)	0.07** (2.83)	-0.04* (-1.71)	0.07*** (2.84)
Log(Total assets)	0.01 (0.22)	0.09*** (3.96)	0.01 (0.25)	0.08*** (3.88)	0.00 (0.20)	0.08** (2.13)	0.01 (0.49)	0.04 (0.75)
Leverage ratio	0.00 (0.30)	0.21 (1.30)	0.00 (0.52)	0.26 (0.97)	0.05*** (4.34)	0.12** (2.17)	0.01 (0.38)	0.05 (0.37)
Return on assets	-0.12 (-0.79)	-0.02 (-0.65)	-0.13 (-0.75)	0.02 (0.21)	-0.12 (-0.56)	-0.08 (-0.46)	-0.40** (-2.03)	0.07 (0.30)
Log(No. of filings)	0.00 (0.09)	-0.05** (-2.05)	-0.00 (-0.03)	-0.04 (-1.51)	0.01 (0.47)	-0.07** (-2.15)	0.02 (1.23)	-0.01 (-0.31)
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Court-time fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Judge fixed effects	No	No	No	No	No	No	Yes	Yes
Observations	416	203	422	208	236	117	351	178
R ²	0.682	0.757	0.662	0.729	0.636	0.756	0.551	0.727

- Limit the sample to cases where judicial discretion is limited (Chang and Schoar, 2013)
- Prepackaged cases: outcome is largely predetermined (toward emergence)

	Depression Baby		Economics-trained		Republican		Home judge	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Judge characteristic	-0.03 (-0.56)	-0.02 (-0.31)	0.01** (2.14)	0.03** (2.50)	0.01 (0.06)	0.03 (0.27)	0.02 (0.16)	0.02 (0.16)
Judge controls	No	Yes	No	Yes	No	Yes	No	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Court-Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Judge FE	No	No	No	No	No	No	Yes	Yes
Observations	376	376	382	382	280	280	315	315
R ²	0.421	0.431	0.414	0.430	0.445	0.477	0.361	0.363

- Similar result for duration