

# JAEJIN LEE

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## EDUCATION

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**University of Illinois at Urbana-Champaign**

*Ph.D. in Finance*

*M.S. in Statistics*

Champaign, IL

2019 - Present

2019

**Korea University**

*B.S. in Business Administration*

Seoul, Korea

2017

## WORKING PAPERS

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### Political Connections and Public Pension Fund Investments: Evidence from Private Equity

This paper investigates the effects of political connections on private equity (PE) investment decisions by public pension funds, using a regression discontinuity design on U.S. state elections. A comparison of PE managers (GPs) donating to winning and losing candidates reveals a twofold increase in the probability of post-election PE investments from pension funds for GPs supporting winners. Pension funds with such connections show underperformance in PE investments. These effects are pronounced among pension board members with connections and in states with high corruption levels. These connected pension funds pay higher PE fees and exhibit more home-state bias, suggesting politicians influence investment decisions for personal gain.

- Presented at University of Illinois at Urbana-Champaign

### Distrust Spillover on Banks: The Impact of Investment Advisory Fraud

I study the existence of distrust spillover in the financial intermediation industry by exploiting the geoI study the transmission of distrust from investment advisory firms to their affiliated banks by exploiting the geographic dispersion of fraudulent investment advisory firms. Local communities exposed to fraudulent advisers withdraw deposits from their affiliated banks, even though these banks play no part in the misconduct. These effects are significant when banks share names with fraudulent advisory firms or are located in areas with high social norms. I establish causality by exploring a quasi-natural experiment in which fraud is likely exogenously revealed. I also find that local communities where fraudulent advisers are located withdrew deposits from their affiliated banks.

- Presented at University of Illinois at Urbana-Champaign, FMA 2022, AFA 2023 (Poster), 3rd Boca Corporate Finance and Governance Conference, Southwestern Finance Association 2023

## Hurting Fund Returns: Business Ties Constraints and Portfolio Misallocation

This paper provides evidence for a causal relationship between business ties with portfolio firms through pension-related relationships and the investment decisions of asset management firms. I employ the timing of the fraud revelations involving asset management firms to identify a significant exogenous collapse in reputation and trust. Following the exposure of fraudulent activities, these asset management firms tend to increase their allocations to 401(k) client stocks within their equity portfolios. This strategic shift aims to mitigate the risk of termination by pension plan sponsors, prompted by the collapse of trust caused by the fraud. I find that client stocks subsequently underperform non-client stocks and show indifference toward net-selling stocks within the same portfolio, suggesting that asset management firms prioritize maintaining pension business relationships over optimizing fund returns.

- Presented at University of Illinois at Urbana-Champaign, World Finance Banking Symposium 2022, New Zealand Finance Meeting 2022, Southwestern Finance Association 2023, FMA 2023

## WORK IN PROGRESS

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The Social Learning of Financial Misconduct

## TEACHING EXPERIENCE

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University of Illinois at Urbana-Champaign

FIN 221 (Corporate Finance)

Fall 2021, Spring 2022

## HONORS, AWARDS, AND FELLOWSHIPS

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Shinhan Bank and KAFA Scholarship	2023
Dr. Bong-Soo Lee Memorial Scholarship	2023
AFA Travel Grant	2023
Robert Ferber Award	2022
Ritchie-Jennings Memorial Scholarship	2022
UIUC Doctoral Fellowship	2019 - Present

## PROFESSIONAL EXPERIENCE

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National Cancer Bigdata Center, Korea

Research Assistant, Summer 2017

## DATA ANALYTIC SKILLS

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**Programming Languages**      Python, Stata, R, SAS, Matlab