

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

I study how the disclosure of misconduct practices by investment advisory firms affects the deposits of their affiliated banks using the unique data sets of company-level operational affiliation links and comprehensive records of enforcement actions against investment advisory firms. Using branch level data, on average, the exposed bank experience decreases in deposits after the revelation, despite full deposit insurance by government (FDIC) for average US households and no change in the price (rates) of deposit products. To establish causality, I use a difference-in-difference strategy that exploits exogenous variation in fraud revelation from mutual fund scandal in 2003. Furthermore, I find evidence that the results only hold for the banks sharing name with their affiliated investment advisory firms. Overall, my evidence implies the existence of spillover of distrust shocks on banking institutions and identifies an important source of operational risk in banking sector.

- Presented at University of Illinois at Urbana-Champaign, FMA 2022 Annual meeting, AFA 2023 Annual meeting (PhD Poster), 3rd Boca Corporate Finance and Governance Conference, SWFA Annual meeting 2023 (scheduled)

### **Portfolio Allocation and Business Connections: Evidence from Mutual Fund Misconduct**

I investigate whether mutual fund advisory misconduct influence fund families investment portfolio allocation on their portfolio firms with 401(k) business ties using a comprehensive data set. I find that mutual fund families significantly increase investment portfolio weights on their pension clients after mutual fund advisory misconduct is revealed to public. Increasing portfolio weights on pension client stocks is likely to be motivated by a strategic effort to minimize the probability of pension business termination induced by fraud-driven trust collapse. I find that client stocks are performing worse than non-client stocks in the same portfolio and indifferent with net selling non-client stocks. Overall, my results suggest that fund families sacrifice fund returns to keep pension clients for their private benefits and it implies the identification of systematic fiduciary-violating investment decisions after fraud revelation.

- Presented at University of Illinois at Urbana-Champaign, World Finance Banking Symposium 2022 Annual meeting, 2022 New Zealand Finance Meeting, SWFA Annual Meeting 2023 (scheduled)

## 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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AFA Travel Grant	2023
Robert Ferber Award	2022
Ritchie-Jennings Memorial Scholarship	2022
UIUC Doctoral Fellowship	2019 - Present
Visang Fellowship	2010

## 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