

JAEJIN LEE

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University of Illinois at Urbana-Champaign
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EDUCATION

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

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 geographic dispersion of fraudulent investment advisory firms. Local communities exposed to fraudulent advisers withdraw deposits from their affiliated banks, even though banks have no part in the misconduct. These effects are larger when banks share names with fraudulent advisers and are not explained by the price changes of deposit products. Following the exogenous increase in misconduct revelation due to mutual fund scandal in 2003, local communities where fraudulent advisers located withdrew deposits from their affiliated banks. My evidence suggests that distrust shock may be transmitted through financial networks.

- Presented at University of Illinois at Urbana-Champaign, FMA 2022, AFA 2023, 3rd Boca Corporate Finance and Governance Conference, SWFA 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, New Zealand Finance Meeting 2022, SWFA 2023 (scheduled)

WORK IN PROGRESS

The Social Learning of Financial Misconduct

TEACHING EXPERIENCE

University of Illinois at Urbana-Champaign
FIN 221 (Corporate Finance)

Fall 2021, Spring 2022

HONORS, AWARDS, AND FELLOWSHIPS

Robert Ferber Award	2022
Ritchie-Jennings Memorial Scholarship	2022
UIUC Doctoral Fellowship	2019 - Present
Visang Fellowship	2010

PROFESSIONAL EXPERIENCE

National Cancer Bigdata Center, Korea
Research Assistant, Summer 2017

DATA ANALYTIC SKILLS

Programming Languages Python, Stata, R, SAS, Matlab