

# JAEJIN LEE

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University of Illinois at Urbana-Champaign  
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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 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 Poster 2023, 3rd Boca Corporate Finance and Governance Conference, Southwestern Finance Association 2023

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

This paper provides evidence for a causal effect of business ties with portfolio firms via pension business relationship on investment decisions of asset management firms. I use timing of revelation of fraud committed by asset management firms to identify substantial exogenous collapse of reputation or trust. Fraudulent asset management firms increase their equity portfolio weights on 401(k) client stocks following fraud revelation. Such investment decisions are likely to be motivated by a strategic effort to minimize the chance of termination by pension plan sponsors, followed by fraud-driven collapse of trust. I find that client stocks show inferior performance than non-client stocks and indifferent to net selling stocks within the same portfolio, suggesting that asset management firms sacrifice fund returns to keep pension business relationship.

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