JIE YANG

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CURRENT APPOINTMENT

Assistant Professor, McDonough School of Business, Georgetown University, 2010 – present
Research Interests: Empirical corporate finance, capital structure, financial constraints, corporate governance, institutional investors

EDUCATION

Ph.D., Business Administration (Finance), Duke University, 2010
Committee Chair/Adviser: Professor John Graham
Dissertation: Essays in Capital Structure

B.S., Economics, Massachusetts Institute of Technology, 2003

HONORS

Semi-finalist for the Best Paper Award in Corporate Finance for "Patent Litigation and Shareholder Value: The Impact of Defendant Cash Holdings" at the FMA Meetings, 2015

Semi-finalist for the Best Paper Award in Corporate Finance for "Options, Risks, and the Value of Financial Flexibility: Implications for Financing Constraints" at the FMA Meetings, 2014

Semi-finalist for the Best Paper Award in Corporate Finance for "Patent Litigation and Cost of Capital" at FMA Meetings, 2013

Nominated for the Brattle Prize in Journal of Finance for "The Cost of Debt", 2010

American Finance Association Student Travel Grant Award, 2008

PUBLICATIONS

Binsbergen, Jules H. van, John R. Graham, and Jie Yang, 2010, "The Cost of Debt," *Journal of Finance*, 65, 2089-2136.
- Featured in the NBER Digest and the Harvard Law School Forum on Corporate Governance
- Nominated for the Brattle Prize (best annual corporate finance paper in JF)

Binsbergen, Jules H. van, John R. Graham, and Jie Yang, 2011, "An Empirical Model of Optimal Capital Structure," *Journal of Applied Corporate Finance*, 23, 4, pp. 44-69.
- Featured in the Harvard Law School Forum on Corporate Governance and Dow Jones Banking Intelligence

Borochin, Paul A., John L. Glascock, Ran Lu-Andrews, and Jie Yang, 2016, "Using Option Market Liquidity to Predict REIT Leverage Changes," *Journal of Real Estate Finance and Economics*, forthcoming.

WORKING PAPERS

"The Effects of Institutional Investor Objectives on Firm Valuation and Governance," with Paul Borochin, revise and resubmit at the *Journal of Financial Economics*

Abstract: We find that ownership by different institutional investor types has distinct implications for future firm overvaluation, misvaluation, and governance characteristics, with firms held by dedicated institutions displaying more favorable characteristics and posting better long-term performance. Dedicated institutional investors decrease future firm misvaluation relative to fundamentals, as well as the magnitude of this misvaluation. In contrast, transient institutional investors have the opposite effect. Using SEC Regulation FD as an exogenous shock to information dissemination, we find evidence consistent with dedicated institutions having advantage in firm-specific analysis. We use characteristic matching to rule out institutional self-selection into misvalued firms. The valuation effects are primarily driven by institutional portfolio concentration while the governance effects are driven by portfolio turnover. These results implies a more nuanced relationship of institutional ownership with firm value and corporate governance.

"Can Financially Constrained Firms Loosen Their Constraints Through Acquisitions?" with Rohan Williamson, under review at *Management Science*

Abstract: The paper examines whether financially constrained firms are able to use acquisitions to ease their constraints. The results show that acquisitions do ease financing constraints for constrained acquirers. Relative to unconstrained acquires, financially constrained firms are more likely to use undervalued equity to fund acquisitions and to target unconstrained and more liquid firms. Using a propensity score matched sample in a difference-in-difference framework, the results show that constrained acquirers become less constrained post-acquisition and relative to matched non-acquiring firms. This improvement is more pronounced for diversifying acquisitions and constrained firms that acquire rather than issue equity and retain the proceeds. Following acquisition, constrained acquirers raise more debt and increase investments, consistent with experiencing reductions in financing constraints relative to matched non-acquirers. These improvements are not seen for unconstrained acquirers. Finally, the familiar diversification discount is non- existent for financially constrained acquirers.

"Options, Equity Risks, and the Value of Capital Structure Adjustments" with Paul Borochin, under review at the *Journal of Financial and Quantitative Analysis*

- Semi-finalist for the Best Paper Award in Corporate Finance at FMA Annual Meeting 2014

Abstract: We use exchange-traded options to identify risks relevant to the ability of firms to change capital structure. Forward-looking risk estimates provide significant explanatory power for net leverage changes in excess of accounting data. Market-based indices from options capture ability to change net leverage. We measure the value of financial flexibility from a long-short trading strategy to be 3.1%-4.5% abnormal return per year. Our measures matter most in expansionary periods and for growth firms. We find evidence for a priced financial inflexibility risk factor only among value firms.

"Defendant Cash Holdings in Patent Litigation: The Impact on Shareholder Value," with David Tan

- Semi-finalist for the Best Paper Award in Corporate Finance at FMA Annual Meeting 2015

Abstract: We explore the importance of cash for shaping rivalry outside the product domain by studying its implications for firms defending against patent litigation by rivals. War chests of cash can make firms more formidable targets, reducing rivals' expected gains from litigation. However, cash holdings have agency costs and carry the risk of allowing value-destroying litigation spending. We find that while defendant cash holdings reduce plaintiffs' abnormal returns from litigation, they also reduce defendants' own abnormal returns and result in greater joint loss of shareholder value for both sides. In addition, we find that defendant cash holdings are associated with cases progressing to later and more expensive stages of litigation.

"Equity and Debt Financing Constraints"

Abstract: I construct a structural model in which firms maximize value conditional on being restricted from issuing equity and unsecured debt. Using GMM estimation, I find that a model with both equity and debt constraints fits better than models without constraints or with only one constraint. The estimated financing constraint measures are consistent with financing behavior and firm characteristics believed of constrained firms, with debt being the limiting constraint. Furthermore, equity constrained firms decrease R&D expenses over the next period while debt constrained firms decrease capital expenditure. Finally, I find a positive but insignificant risk premium for debt constraints amounting to 3.0% over one year that does not exist for equity constraints.

"Changes in Institutional Investors: Liquidity, Activism, and Firm Performance," with Wady Haddaji

Abstract: We document a negative (positive) relationship between firm performance and changes in the ownership of large (small) institutional investors. Small investors "exit" while blockholders increase their holdings following poor performance. We find evidence that large investors increase ownership following poor performance to protect the value of initial holdings and to benefit from undertaking value-enhancing interventions. Furthermore, we find no evidence that firms with active investors recover faster than firms with passive investors following poor performance.

"Network Centrality of Customers and Suppliers," with Rongrong Zhang

Abstract: We construct network centrality measures for customer and supplier industries in the U.S. economy. Consistent with Ahern, et al. (2014), we find central suppliers have higher levels of systematic risk than central customers and therefore more exposed to sectoral shocks. We posit that central suppliers have incentives to channel funds to their customers. Our empirical results are consistent with such a view. We find that the cash to cashflow sensitivity and value of cash is significantly higher for central suppliers than non-central firms, even among those financially unconstrained. In contrast, central customers have no cash to cash flow sensitivity, consistent with supplier trade credit redistribution helping to relieve customers' financial constraints. Using the 2008 financial crisis as an exogenous shock, we document that central suppliers with high pre-crisis liquidity decrease their investment, while only customers without central suppliers are sensitive to the crisis. Similarly, only customers without central suppliers are sensitive in their payable days to the crisis.

"Patent Litigation and Cost of Capital," with David Tan

- Semi-finalist for the Best Paper Award in Corporate Finance at FMA Annual Meeting 2013

Abstract: Involvement in patent litigation creates substantial direct and indirect costs for firms. We present evidence that pairs of firms involved in patent litigation are more evenly-matched in financial profiles than pairs of firms not involved in litigation. We take advantage of a novel, hand-collected data set that combines data on observed instances of patent litigation with product-level data to form dyadic plaintiffs-defendant pairs at risk of litigation in the semiconductor industry from 1984 to 2000. Product-level data for more than 200,000 semiconductor devices coupled with firm patent data allows us to construct fine-grained controls for risk of litigation between pairs of potential litigants. We consider several variables associated with a firm's cost of capital: 1) the Whited and Wu (2006) index for financing constraints, 2) analyst coverage, and 3) institutional ownership concentration. We find evidence that, controlling for technological and product overlap, pairs of firms involved in litigation are more similar in terms of financing constraint, analyst coverage, and institutional ownership concentration than pairs of firms not involved in litigation.

WORK IN PROGRESS

"The Influence of the Board: Evidence from the Hospital Industry" with Sean Huang

"Corporate Structure: Evidence from the Hospital Industry" with Sean Huang

"Does the Source of Cash Matter to Its Value?" with Salman Arif and Matthew Billett

"Network Centrality and the Cost of Debt" with Li Xu and Rongrong Zhang

"Network Centrality and Institutional Investors" with Paul Borochin and Rongrong Zhang

"Leverage and Collateral: Evidence from the Gold Industry" with Ryan Williams and Panos Markou

"Hedging Under Uncertainty" with Paul Borochin and Béla Szemely

PRESENTATIONS AND SEMINARS (includes presentations by co-authors)

"Network Centrality of Customers and Suppliers"

- 2016: Financial Management Association Meeting (scheduled), Midwest Finance Association Meeting

"The Effects of Institutional Investor Objectives on Firm Valuation and Governance"

- 2016: Financial Management Association Meeting (scheduled), European Financial Management Association Meeting (scheduled)
- 2015: Georgetown University, University of Massachusetts Lowell, Office of Comptroller of the Currency

"Options, Equity Risks, and the Value of Capital Structure Adjustments"

- 2015: Financial Intermediation Research Society Conference, Eastern Finance Association Meeting
- 2014: Financial Management Association Meeting, OptionMetrics Research Conference
- 2013: Georgetown University, University of Connecticut

"Defendant Cash Holdings in Patent Litigation: The Impact on Shareholder Value"
- 2016: Securities and Exchange Commission
- 2015: Financial Management Association Meeting
- 2014: University of Washington, West Coast Research Symposium on Technology Entrepreneurship

"Can Financially Constrained Firms Loosen Their Constraints Through Acquisitions?"
- 2016: George Mason University
- 2015: Federal Reserve Board of Governors, Office of the Comptroller of the Currency, Securities and Exchange Commission
- 2014: University of Connecticut, Financial Management Association Meeting, Financial Management Association Asia Meeting
- 2013: Rutgers University, EUROFIDAI International Paris Finance Meeting
- 2012: Georgetown University

"Patent Litigation and Cost of Capital"
- 2014: University of Washington
- 2013: Financial Management Association Meeting
- 2012: Georgetown University, Canadian Law and Economics Association Meeting

"Changes in Institutional Investors: Liquidity, Activism, and Firm Performance"
- 2013: DePaul University
- 2012: Financial Management Association Meeting
- 2011: Georgetown University

"Equity and Debt Financing Constraints"
- 2014: Federal Reserve Board of Governors
- 2010: Financial Management Association Meeting
- 2009: Duke University, Georgetown University

"The Cost of Debt"
- 2009: Georgetown University
- 2008: University of Chicago, Rice University, Indiana University, Purdue University
- 2007: Duke University, University of Pennsylvania, University of Pittsburgh, New York University, Western Finance Association Meeting, NBER Summer Meetings – Corporate Finance, European Finance Association Meeting

SERVICE

Refereed for Journal of Finance, Journal of Financial Economics, Review of Financial Studies, Management Science, Review of Finance, Journal of Banking and Finance, Global Finance Journal, International Finance, International Tax and Public Finance, Managerial and Decision Economics, Quarterly Review of Economics and Finance

Program Committee of Western Finance Association Meeting (2013-2016), European Finance Association Meeting (2015-2016), Financial Management Association Meeting (2013-2016), Asian Finance Association Meeting (2016), Financial Management Association Asia Meeting (2014-2015), Midwest Finance Association Meeting (2015), Eastern Finance Association Meeting (2015)

Discussant for American Economics Association Meetings (2008, 2011), Conference on Financial Economics & Accounting (2010), Financial Management Association Meeting (2008, 2011-2015, 2016 scheduled), EUROFIDAI International Paris Finance Meeting (2013), Society for Financial Studies Finance Cavalcade (2013)

TEACHING EXPERIENCE

Business Financial Management, McDonough School of Business, Georgetown University, 2009 – pres.
Undergraduates

Faculty Mentor, McDonough School of Business Summer Research Fellowship Program, 2014 – pres.
Undergraduates

ADDITIONAL SKILLS

Computational: STATA, SAS, Matlab, Eviews, Java, HTML, C++

Finance Databases: Compustat, CRSP, SEC Edgar, SDC, Datastream

Language: Native in English, conversant in Mandarin Chinese

PERSONAL INFORMATION

Citizenship: U.S. Gender: Female Year of Birth: 1981