Sean J. Flynn, Jr.

CONTACT
INFORMATION

Nolan School of Hotel Administration
SC Johnson College of Business
Cornell University

E-mail: sjf236@cornell.edu

Ithaca, NY 14853

https://sites.google.com/site/seanjflynnjr/

ACADEMIC
APPOINTMENTS

SC Johnson College of Business, Cornell University, Ithaca, NY USA

Assistant Professor of Applied Economics and Policy (tenure track), July 2022-present

Freeman School of Business, Tulane University, New Orleans, LA USA

Assistant Professor of Finance (tenure track), July 2020-June 2022

Colorado State University, School of Business, Fort Collins, CO USA

Assistant Professor of Finance (tenure track), July 2017-May 2020

EDUCATION

Arizona State University, Tempe, AZ USA

Ph.D., Finance, May 2017

University of California, Berkeley, Berkeley, CA USA

Visiting Scholar, Haas School of Business, Sept 2015-Jan 2016

University of South Dakota, Vermillion, SD USA

B.A., Economics and Political Science, *Summa cum laude*, May 2008

RESEARCH
INTERESTS

Corporate finance, real estate, financial institutions and intermediation, financial regulation

TEACHING
INTERESTS

Fixed income, real estate, corporate finance, financial institutions

PUBLICATIONS

Does Main Street Benefit from What Benefits Wall Street? With Andra Ghent. ***Journal of Financial and Quantitative Analysis***, published online January 2023.

Abstract: *Yes. We show that aggregate stock returns predict aggregate US employment, despite the industrial composition of publicly traded firms differing markedly from that of all firms, and the representativeness of public firms declining over time. We also show that appropriately reweighted stock returns predict industry and local labor market outcomes. We find the strongest evidence of an alignment of interests between shareholders and workers in the manufacturing sector, despite its declining labor share of output. Our findings suggest that, at quarterly frequencies, product demand shocks are more important drivers of industry- and city-level stock returns than labor automation shocks.*

The impact of credit rating information on disclosure quality. With Yung-Ling Chi. ***Financial Management***, 2022, 51, 73—115.

Abstract: *Do credit ratings affect the information content of corporate disclosure? Using novel data on rating analysts to obtain exogenous variation in rating information, we find that greater uncertainty in credit ratings increases the quality of information disclosed by the firm. This is consistent with the firm attempting to reduce overall uncertainty about value by improving the quality*

of its own disclosure. Our results are consistent with theories in which improvements in one type of information can crowd out other types, and they suggest that policies aimed at improving rating accuracy may in fact reduce the quality of corporate disclosure.

Informational Efficiency in Securitization After Dodd-Frank. With Andra Ghent and Alexei Tchistyi. ***The Review of Financial Studies***, 2020, 33, 5131—5172.

Abstract: *We analyze how Dodd-Frank mandated risk retention affects the information investors extract from issuers' retention choices in the CMBS market. We show that the required retention level is both binding and stringent. Although this implies issuers cannot signal using the level of retention, we provide a model showing that signaling can occur by varying retention structure. The model is consistent with spreads being empirically lower in deals with a purely first-loss retention structure. A stated concern of rulemakers was asymmetric information. However, we show that, post-crisis, the level of asymmetric information in this market is quite low.*

Competition and Credit Ratings After the Fall. With Andra C. Ghent. ***Management Science***, 2018, 64, 1672—1692.

Abstract: *We analyze the entry of new credit rating agencies into structured finance products. Our setting is unique as we study a period in which the incumbents' reputation was extremely poor and the benefit of more fee income from inflating ratings was low. We find entrants issue higher ratings than incumbents, particularly for interest-only tranches. Using measures of market share that are exogenous to incumbent ratings, we provide suggestive evidence that incumbent rating levels become more generous as entrant market share in a product type increases. We also exploit a feature of structured finance that identifies rating shopping and find that incumbent ratings increase in shopping.*

Media coverage: "Inflated bond ratings helped spur the financial crisis. They're back." *Wall Street Journal*, August 7, 2019.

WORKING PAPERS   **The Imitation Game: How Encouraging Renegotiation Makes Good Borrowers Bad**. With Andra Ghent and Alexei Tchistyi. **Revise and Resubmit,** *Review of Financial Studies*

Abstract: *Using a model in which lenders cannot perfectly observe borrowers' quality, we show that high quality borrowers strategically default when renegotiation costs are low. We test the implications of the model by exploiting a 2009 IRS rule change that reduces expected renegotiation costs for CMBS borrowers. We find that borrowers are more likely to default following this regulation, particularly when expected servicer renegotiation capacity is high. Our results suggest substantial asymmetric information between borrowers and lenders, as well as adverse consequences of principal forgiveness.*

Semifinalist for Best Paper in Financial Institutions Award at 2022 FMA Conference.

Social Connections and Bank Deposit Funding. With Jing Wang.

Abstract: *We show that social connections transmit shocks that influence banks' deposit funding. We find that counties experience an increase in bank deposits when they are more socially connected to counties affected by natural disasters, consistent with heightened precautionary saving incentives. This effect is not driven by physical distance, large disasters that attract significant media coverage, or other cross-county channels, including credit reallocation by multimarket banks, population migration among counties, and depositors who live close to disaster-affected counties. Banks that collect deposits in highly socially-connected counties experience high deposit volatility, but geographic diversification reduces the volatility associated with depositor social connectedness.*

Risk, Reward, and Ratings: How Firms Use Tax Avoidance to Sustain Inflated Credit

Ratings. With Todd Kravet, Trent Krupa, and Sam Piotrowski.

Abstract: *Inflated credit ratings temporarily reduce the cost of debt and mitigate the impact of the tax avoidance risk premium. Consistent with this, we show that rating inflation is positively related to future tax avoidance, particularly for firms with less intense debtholder monitoring. The relation is stronger when managers have greater career concerns, which suggests firms respond differently when the cost of debt is lower due to upwardly-biased ratings compared to when the cost of debt is lower due to high but accurate ratings. Our results indicate that rating inflation temporarily fools some investors and allows firms to engage in short-term risk-shifting through tax avoidance.*

Determinants of Return to Office Policies. With Andra Ghent and Vasudha Nair.

Abstract: *We study the return to office (RTO) policies of S&P 500 firms. Approximately two-thirds of the firms have a hybrid arrangement that entails a mix of in-person and remote work, and the remaining firms are evenly split between fully in-person and fully remote. We document substantial variation across industry that is consistent with certain industries having a greater share of occupations that can be done remotely. We then present a simple model in which RTO policies are chosen based on industry-, city-, and firm-specific characteristics. Consistent with the model's predictions, we find that firms headquartered in cities with more expensive office real estate choose more remote work, while firms headquartered in cities with more expensive residential space choose more in-person work.*

Credit Rating Inflation and Corporate Innovation. With Bharad Kannan.

Abstract: *We examine the effect of rating inflation on corporate innovation. Using plausibly exogenous variation in rating quality that comes from increased competition among rating agencies, we show that rating inflation adversely affects the quality of innovation. Although firms with inflated ratings issue a greater number of patents, we show that citations per patent drop significantly. This is driven by non-tech industries. The results suggest that firms that do not primarily rely on patents and innovation for value creation issue lower-quality patents. Our results are robust to the use of alternative measures of innovation.*

WORKS IN
PROGRESS

Financial constraints and latent financial distress. With Harry Turtle.

Abstract: *We examine the ability of the Federal Reserve's Senior Loan Officer Opinion Survey (SLOOS) to capture financial constraints in comparison with existing measures of financial constraints. This measure predicts future aggregate defaults and charge-offs for commercial and industrial loans. Next, we confirm that this measure effectively predicts aggregate defaults and financial distress in our Compustat sample with large predictive lead times. In a panel design, we compare our approach with the Whited and Wu (WW, 2006) firm-level financial constraints measure, and find the aggregate SLOOS measure provides comparable adjusted R^2s. Together, the WW and SLOOS measures provide independent and interaction impacts that effectively predict constraints and distress. As expected, capital expenditures are inversely related to SLOOS, but are unexpectedly positively related to WW's measure.*

Green Listings and House Prices. With Waldo Ojeda.

Liquidity and the Default Option: Evidence from Commercial Real Estate. With Crocker Liu and Alexei Tchistyi.

Social Connections and Firm Location Choice. With Alina Arefeva, Morris Davis, and Andra Ghent.

The Differential Impacts of the Remote Work Boom. With Andra Ghent and Anthony Rice.

Teaching and Academic Service	**Cornell University** *Instructor* HADM 4200 (Undergrad): Principles of Real Estate. Spring 2023 HADM 3210/2221 (Undergrad): Principles of Hospitality Real Estate. Spring 2024 Overall course evaluation: 5.0/5.0 (median), 4.1/5.0 (mean) **Tulane University** *Instructor* Finance 7650 (Master's): Fixed Income Modeling and Analytics. Fall 2020, Fall 2021 Overall evaluation: 5.0/5.0 (median), 4.6/5.0 (mean) **Colorado State University** *Instructor* Finance 610 (Master's): Debt Securities Analysis. Fall 2017, Fall 2018, Fall 2019 Finance 471 (Undergrad): Enterprise Valuation. Spring 2018, Spring 2019, Spring 2020 Finance 311 (Undergrad): Debt Securities Analysis. Spring 2018, Fall 2018, Spring 2019, Fall 2019, Spring 2020 Overall evaluation: 5.0/5.0 (median), 4.5/5.0 (mean) (Note: there were no evaluations for Spring 2020 due to the COVID-modified semester.) *Service* Finance department chair search committee member, Summer 2019 Tenure-track faculty search committee member, Fall 2018 Special appointment faculty search committee member, Fall 2017 Finance Club faculty advisor, Fall 2018-Spring 2020 **Arizona State University** *Instructor* Finance 300: Fundamentals of Finance, Summer 2016 Evaluation: 7.0/7.0 (median), 6.4/7.0 (mean) *Graduate TA* FIN 525: Investment Strategies (MBA course), Spring 2017 FIN 781: Theory of Asset Pricing (PhD course), Spring 2014 and Fall 2016 *Program Assistant* WP Carey International Business in Prague, Summer 2013 and 2015.
Grants	Real Estate Research Institute Grant, 2020 ($15,000) Real Estate Research Institute Grant, 2018 ($15,000) Real Estate Research Institute Grant, 2014 ($10,000) Graduate Associate Fellowship, Arizona State University, 2012-2016
Presentations (*coauthor presentation)	"The Imitation Game: How Encouraging Renegotiation Makes Good Borrowers Bad:" 2024 FSU-UF Critical Issues in Real Estate Symposium (March 2024 scheduled)*, 2024 Midwest Finance Association (March 2024 scheduled), AsRES-GCREC Hong Kong (July 2023)*, Pre-WFA Summer Real Estate Research Symposium (June 2023)*, 2022 FMA Annual Meeting (Oct 2022), 2022 UNC

Real Estate Research Symposium (Sept 2022)*, National University of Singapore (Sept 2022)*, AREUEA Tokyo 2022 Meeting (Aug 2022), University of Utah (June 2022)*, 2022 AREUEA Virtual Seminar Series (May 2022), Cornell University (Jan 2022), 2022 AREUEA-ASSA Annual Meeting (Jan 2022), RERI 2021 Conference (May 2021), CUNY Baruch (Feb 2021)

"Social Connections and Bank Deposit Funding:" 2024 AFA Annual Meeting (Jan 2024 scheduled), SUNY Binghamton (Jan 2024 planned), Office of the Comptroller of the Currency (Nov 2023), 2023 FMA Annual Meeting (Oct 2023), 2023 Midwest Finance Association (March 2023)*, 2022 Southern Finance Association (Nov 2022), 2022 Eastern Finance Association (April 2022), Tulane (Dec 2021), Missouri (Aug 2021)*

"Risk, Reward, and Ratings: How Firms Use Tax Avoidance to Sustain Inflated Credit Ratings:" 2024 American Taxation Association Midyear Meeting (Feb 2024 scheduled)*, NHH (Nov 2023)*, UConn (July 2023)*, University of Washington (July 2023)*

"Determinants of Return to Office Policies:" Federal Reserve Board (Dec 2023), 2023 North American Urban Economics Association Meeting (Oct 2023), University of Utah (May 2023)*

"Does Main Street Benefit from What Benefits Wall Street?:" 2022 Southern Finance Association (Nov 2022), Federal Reserve Bank of Dallas (Nov 2022)*, UC Irvine (Oct 2022)*, Federal Reserve Board (May 2022)*, 2022 Eastern Finance Association (April 2022), San Francisco Fed (April 2022)*, 2021 FMA (Oct 2021), Purdue (Sept 2021)*, Northeastern (Sept 2021)*, Cleveland Fed (May 2021)*, CUHK (March 2021)*, Tulane University (Feb 2021), UNC Chapel-Hill (Feb 2021)*, Bank of Canada (Nov 2020)*

"Informational Efficiency in Securitization After Dodd-Frank:" UW-Madison Real Estate (Dec 2018)*, UW-Madison Finance (Jan 2019)*, Arizona State University (Feb 2019)*, Colorado State University (Feb 2019), SEC Conference on Financial Market Regulation (May 2019), Real Estate Research Institute (May 2019)*, Cornell (May 2019)*, Summer Real Estate Research Symposium (June 2019), 2019 FEBSF-UCLA Conference on Housing, Financial Markets, and Monetary Policy (Sept 2019)*, Denver University Summer Finance Conference (Sept 2019), Vietnam Symposium in Banking and Finance (Oct 2019)*, SFS Cavalcade Asia-Pacific (Dec 2019), 2019 Federal Reserve Bank of Atlanta–Georgia State University Real Estate Conference (Dec 2019), Tel Aviv University Finance Conference (Dec 2019)*, Chinese University of Hong Kong (Jan 2020), Office of Financial Research (Jan 2020), Federal Reserve Board (Jan 2020), University of Georgia (Jan 2020), Tulane University (Jan 2020), FSU-UF-UCF Critical Issues in Real Estate Symposium (April 2020 (accepted, conference canceled)), FIRS 2019 Budapest (May 2020 (accepted, conference canceled))

"The impact of credit rating information on disclosure quality:" Colorado State University (Sept 2018), Financial Management Association 2018 Conference (Oct 2018), National Central University (Nov 2018)*, Denver University (March 2019)

"Debt Structure and Future Financing and Investment:" Arizona State University (Sept 2016), Colorado State University (Nov 2016), Peking University HBS (Nov 2016), KAIST (Dec 2016), Financial Management Association 2017 Conference (Oct 2017), Southern Finance Association 2017 Conference (Nov 2017)

"Competition and Credit Ratings After the Fall:" Arizona State University (2015), the Housing Urban Labor Macro conference (2015)*, the National Bureau of Economic Research Summer Institute (2015)*, New York University (2015)*, the Real Estate Research Institute (2015), the SEC (2015)*, the University of California at Davis (2015)*, the University of California at Los Angeles (2015)*, the University of North Carolina Chapel Hill (2015)*, the University of South Carolina/University of North Carolina Charlotte's Fourth Annual Fixed Income Conference (2015)*, the University of New South Wales (2015)*, the University of Southern California (2015)*, the University of Sydney

(2015)*, the University of Texas at Austin's Summer Real Estate Symposium (2015)*, the Weimer School of Advanced Studies in Real Estate and Urban Land Economics (2015)*, and WU (Vienna University of Economics and Business) (2015)*.

"Why Do Issuers Pay? Explaining the Switch in Credit Rating Agency Business Model:" Arizona State University (Dec 2015)

"Leads and Lags in Corporate Credit Ratings among the "Big Three" Credit Rating Agencies:" Arizona State University (Sept 2013)

PROFESSIONAL SERVICE	Ad-hoc referee: *Review of Financial Studies; Review of Finance; Journal of Money, Credit, and Banking; Journal of Financial and Quantitative Analysis; Real Estate Economics; Journal of Corporate Finance; Journal of Banking and Finance; Emerging Markets Review; Review of Financial Economics*

Program committees: 2023 FMA, 2022 SFA, 2022 MFA, 2017 FMA

Conference discussions: 2023 FMA (x4), 2023 UEA, 2023 FIRS, 2022 Southern Finance Association, 2022 FMA (x3), 2022 AREUEA-AsRES Tokyo Meeting, 2022 Eastern Finance Association, 2022 MFA, 2021 FMA, 2021 MFA, 2021 AFA, 2018 European Finance Association, 2017 FMA, 2017 Southern Finance Association

Session chair: 2023 FMA, 2022 FMA; 2022 MFA; 2021 FMA

NON-ACADEMIC EXPERIENCE	**Federal Reserve Board of Governors**, Washington, DC USA	
	Financial Analyst, Division of Banking Supervision and Regulation	**March 2011-May 2012**
	Sr Research Assistant, Division of Research and Statistics	**June 2008-June 2010**
	Financial Crisis Inquiry Commission, Washington, DC USA	
	Research Associate	**June 2010-January 2011**

NON-ACADEMIC WORK	Contributor, "The Financial Crisis Inquiry Report" (January 2011). New York: PublicAffairs
COMPUTER SKILLS	Stata, SAS, Python, Excel VBA, Latex, Linux OS, Bloomberg Terminal