

## Xin Fan

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### EDUCATION

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#### University of Pittsburgh, Joseph M. Katz Graduate School of Business

Doctor of Philosophy in Finance 2015 - 2021 (expected)

#### Drexel University, LeBow College of Business

Master of Science in Finance 2012 - 2014

#### Chongqing University, China

Bachelor of Business Administration in Marketing 2008 - 2012

### OTHER AFFILIATION

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Advisory Editor, **Review of Financial Studies**

2020 - present

### RESEARCH INTERESTS

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Empirical Corporate Finance, Financial Distress, Capital Structure

### RESEARCH PAPERS

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#### “Restructurings of Distressed Public Debt and Corporate Investment”

*(Job Market Paper)*

*Presented at: 2020 SFS Cavalcade North America, FMA 2019 Annual Meeting, Purdue University*

*Abstract:* I use two important rulings of *Marblegate Asset Management v. Education Management Corporation (EMC)* to study the effect of distressed public debt restructuring methods on investment. The 2014 ruling limited the ability of firms to use coercive bond exchange offers to facilitate out-of-court restructurings, thereby increasing the likelihood that public debt would be restructured under Chapter 11. The 2017 ruling reversed the 2014 ruling. Following the 2014 ruling, affected distressed firms significantly reduced investment, exhibited a significant increase in volatility, and improved investment efficiency relative to non-distressed firms. Affected firms responded in an opposite manner to the 2017 ruling. I conclude that the method of public debt restructuring in distressed firms affects ex ante investment policies.

#### “Capital Structure and Takeover Threats from Secured Creditors”

*Abstract:* Utilizing a legal ruling that represents an exogenous shock to bankruptcy-related control threats from secured creditors, I study the effect of takeover threats from secured creditors on ex ante debt financing policies. Following a positive shock to such threats, firms with high default probabilities (particularly those with high secured debt ratios) significantly decrease leverage. This effect is larger for firms that have a lower probability of being acquired in a hostile takeover and those with higher pay-performance sensitivity of CEO compensation. I conclude that bankruptcy-related takeover threats from creditors have a meaningful impact on capital structure choice, and that this impact is opposite that of equity-based takeover threats.

## “Consumers as Liquidity Providers in the Retail Industry: An Empirical Analysis”

*Abstract:* Prepaid gift cards represent short-term liabilities because retailers receive up-front cash at the sale of prepaid cards and book revenue at redemption. I show that these liabilities are economically important; the average unredeemed prepaid card balance is 7.0% of total liabilities and 3.4% of total assets. Moreover, using a unique natural experiment, I show that after a positive (negative) shock to the financing (marketing) effect of prepaid cards, retailers with high interest expense ratios increased prepaid card balances by 32.4% of the average level. Retailers in competitive markets reduced prepaid card balances by 44.1% of the average level. Meanwhile, the amount (time-to-maturity) of bank loans decreased (increased) for retailers. In addition, prepaid card balances experience a sharp increase following debt covenant violations. Overall, the study implies that the financing benefit of receiving up-front cash is one of the reasons for retailers to sell prepaid cards. Retailers use prepaid cards to substitute short-term bank loans and trade credits.

## AWARDS

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Dean’s Fifth-Year Research Fellowship 2019

## TEACHING EXPERIENCE

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**University of Pittsburgh, Joseph M. Katz Graduate School of Business**  
*Instructor*, Introduction to Finance (Undergraduate) 2018, 2019  
*Teaching Assistant* for Prof. Andrew Koch, Introduction to Finance (Undergraduate) 2017

## REFERENCES

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David J. Denis (Chair)	Diane K. Denis
Roger S. Ahlbrandt, Sr. Chair	Terrence Laughlin Chair in Finance
Professor of Finance	Professor of Finance
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Andrew Koch	Frederik P. Schlingemann
Associate Professor of Finance	H. R. and Betty Young Faculty Fellow in Finance
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