

Rita Nevada Gunn
Rita.Gunn@owen.vanderbilt.edu
401 21st Avenue South
Nashville, TN 37203
(615) 322-2909

Academic Appointment

Owen Graduate School of Management, Vanderbilt University; Nashville, TN
Assistant Professor of Accounting; 2017 – Present

Education

Kellogg School of Management, Northwestern University; Evanston, IL
Ph.D. in Accounting; 2012 – 2017

North Carolina State University; Raleigh, NC
B.S. in Accounting (Valedictorian); 2009 - 2012
B.A. in Economics

Professional Experience

Federal Deposit Insurance Corporation; Raleigh, NC
Student Career Experience Participant; May – August 2010, 2011
Conducted examinations of ten banks throughout eastern North Carolina; Analyzed capital, other assets and liabilities, management, earnings, liquidity, interest rate sensitivity, and internal controls; Researched current banking regulations

Research

Interests: Mergers and Acquisitions; Earnings Management; Valuation; Taxation; Regulation

Dissertation: *Essays on Earnouts*

Working Papers:

Reaching into the Earn-out Cookie Jar

Using the fair value disclosures related to earn-outs, I investigate and find that earnings management, particularly earnings smoothing, leads to more informative earnings. Accounting Standards Codification (ASC) 805 requires acquirers to fair value the earn-out liability on the date of transaction close and then adjust the accrued liability quarterly for the life of the contingency. This setting allows for a precise measurement of the pre-adjusted earnings and eases concerns regarding other accruals due to the short-term nature of the reserve, low cost to management, and relatively high cost of detection. My results show that, on average, managers create “cookie-jar” reserves by overestimating the fair value of the earn-out at the close of the

transaction. Subsequently, managers use the reserve to smooth earnings by making quarterly adjustments to the earn-out liability. These smoother earnings are more predictive of future cash flows than the unadjusted earnings. In addition, the market values the earn-out adjustments.

The Paradoxical Impact of Corporate Inversions on US Tax Revenue with Thomas Lys

Corporate inversions – reorganizations that result in relocating corporate tax domiciles from the US to a foreign country – are alleged to cost the US Treasury billions of dollars in tax revenue. Contrary to these assertions, we find that that inverting firms pay no less taxes after the inversion than they did before. Moreover, contrary to the common belief, we estimate that the inversions result in US shareholders realizing \$81,415.92 million in capital gains and annual increases in dividends of \$9,959.37 million. Thus, paradoxically, inversions are likely to increase tax collections by the US Treasury.

Do Acquisitions of Private Targets Create Higher Value? The Role of Intangible Assets Acquired with Thomas Lys and Nir Yehuda

Using a novel dataset that includes estimates of the fair value of the targets' purchased tangible and intangible assets, we demonstrate that private targets have significantly more intangible assets than do public targets. We then develop a valuation model that is based on the fair values of the targets' tangible and intangible assets and show that relative to public targets, private targets generate higher synergies in the acquisitions. However, the higher synergies in private target acquisitions are not the result of the target status but are driven by the larger amount of intangible assets acquired in those deals. We also find that the variance of synergies in private targets is much larger than that in acquisitions of public targets. Finally, our results are robust for known effects such as mode of payment and expected growth.

Works in Progress:

Strategic Goodwill Allocation with Colin Shopp

Cost of a Calendar Year-End with Pedro Gomez

All the Best Mergers

Merging in the Past or Present

Workshops and Conferences

Presentations:

The Paradoxical Impact of Corporate Inversions on US Tax Revenue with Thomas Lys

American Accounting Association Annual Meeting (2016)

University of Technology Sydney Emerging Accounting Researcher Consortium (2016)

Reaching into the Earn-out Cookie Jar

Accounting PhD Rookie Recruiting and Research Camp (2016)

University of Notre Dame (2017)

University of California at Los Angeles (2017)

University of Minnesota (2017)

University of Illinois at Urbana-Champaign (2017)

Vanderbilt University (2017)

University of British Columbia (2017)

Discussant:

The Relation between Tax Risk and Firm Value: Evidence from the Luxembourg Tax Leaks by
Wayne Nesbitt, Edmund Outslay, and Anh Young
American Accounting Association Annual Meeting (2016)

Other Conference Attendance:

2016	Journal of Accounting and Economics Conference AAA / Deloitte / J. Michael Cook Doctoral Consortium University of Technology Sydney Summer Accounting Conference University of North Carolina Tax Doctoral Seminar
2015	American Accounting Association Annual Meeting University of Minnesota Empirical Accounting Research Conference Financial Accounting and Reporting Section Midyear Meeting
2014	Kellogg Accounting Research Conference
2013	Kellogg Accounting Research Conference