

G. Austin Starkweather

Owen Graduate School of Management

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ACADEMIC BACKGROUND

Ph.D. in Finance, University of Maryland	2010-2016
B.A. in Economics with East Asian Studies Minor, Princeton University	2000-2004

APPOINTMENTS

Post-Doc Research Fellow, Vanderbilt University	2018-Present
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RESEARCH INTERESTS

Empirical corporate finance, capital structure, M&A, corporate governance

WORKING PAPERS

- **“General Response of Firms to Potential Risk”**

Prior research has been divided regarding how firms respond to bankruptcy risk, largely revolving around two competing forces. On the one hand, asset substitution encourages firm equity holders to increase the riskiness of assets to extract value from creditors. On the other, managers want to minimize bankruptcy risk, either by reducing cash flow risk or through increasing the size of the firm.

I test these two theories using a natural experiment of a chemical used in the production process being identified as carcinogenic, thereby potentially introducing the firm to litigation and future regulations over exposure. I find some evidence that moderately exposed firms decrease their exposure, while highly exposed firms increase their exposure. These findings are consistent with asset substitution theory. Next, I test whether exposure had any effect on international and domestic deal activity and find that moderately exposed firms are more likely to invest abroad, particularly in the same industry and in countries with lower labor regulation standards. This suggests the possibility that firms take into account labor regulations when considering investment and acquisition opportunities.

- **“Financial Distress and Firm Potential Risk”**

This paper analyzes the interaction of financial distress and exposure to a potential future cash flow risk. I use a pseudo-natural experiment of a chemical used in the production process being identified as carcinogenic, thereby potentially introducing the firm to litigation and potential regulations over exposure. I consider a firm’s decision to increase or decrease exposure to carcinogenic chemicals as a measure of how firms manage risk. I find that firms in stronger financial positions are more likely to limit their exposure to carcinogens. On the other hand, not only do firms in weaker financial positions not decrease their exposure, I find that they are more likely to increase their exposure to carcinogens. My work supports the theory of asset substitution, in that firms in perilous financial health are more willing to pursue riskier investments than firms in a better financial position.

WORKS IN PROGRESS

- “What Happens to Young, Quickly-Growing Firms”

Using Inc. magazine’s annual list of young, quickly-growing firms, I am identifying characteristics of firms that pursue IPOs and those that are acquired or simply are not successful. This analysis could potentially provide insights into why the number of IPOs per year has fluctuated over time as well as insights into the development of private financing.

RELEVANT PROFESSIONAL EXPERIENCE

Cornerstone Research, Inc.

2015 - 2018

Associate

- Perform complex economic and financial analysis to issues arising in business litigation
- Review academic literature to inform analysis
- Communicate findings to client (lawyers) as well as experts (typically professors)
- Manage case teams and organize work flow
- Draft expert reports relied upon by courts
- Named to Cornerstone Quality Initiative Focus Group for being one of the top-performing associates in the Washington, D.C. office
- Casework has included assessing damages to participants in a 401(k) plan based upon mutual fund selection and returns, valuing claims by debtholders in one of the largest bankruptcies ever, assessing the impact of a federal regulation upon publicly-traded companies, assessing the impact of allegedly-missing information from the S-1 filings during the IPO process, assessing the value of real estate for insurance purposes, assessing anti-trust issues for a health care merger, valuing derivatives and assessing trading strategy of a bankrupt hedge fund

SHORT-TERM CONSULTING PROJECTS

The World Bank

2013

- Compiled global database to analyze small business development

Broadridge Financial Services

2013

- Developed econometric model to forecast revenue for one of firm’s divisions

HONORS AND AWARDS

CIBER Award for International Research	2013
Graduate Fellowship, University of Maryland	2010-2015
John Glover Wilson Memorial Award for best international social science senior thesis	2004
Editor-in-Chief of The Daily Princetonian	2003-2004

TECHNICAL EXPERIENCE

Statistical Software: Stata, SAS, R, Python
Database Experience: Bloomberg, Capital IQ, Compustat/CRSP, DataStream, SDC Platinum, Morningstar mutual fund database, EMMA municipal bonds database

LANGUAGES

English (Native), Spanish (Conversational), Mandarin (Conversational)

PERSONAL

U.S. Citizen