

Sepehr Roudini

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EDUCATION

University of Iowa, Tippie College of Business Ph.D. in Finance (Minor in Statistics)	<i>Expected 2024</i>
University of Iowa, College of Engineering M.Sc. in Chemical Engineering	2019
University of Tehran, College of Engineering B.Sc. in Chemical Engineering	2016

RESEARCH INTERESTS

Empirical Corporate Finance: Regulations and Finance, Political Economy of Finance, Corporate Innovation

WORKING PAPERS

- "**Policy Enforcement, Partisanship, and Corporate Performance**" with Dain Donelson and Jon Garfinkel (Job Market Paper)
 - Presented at: FMA Meeting 2023 (scheduled), AFA Meeting 2024 (scheduled), University of Iowa Research Seminar
 - FMA Meeting 2023 Semi-Finalist for Best Corporate Finance Paper Award
 - Best Paper Award, Department of Finance, Tippie College of Business, University of Iowa
- "**Political Partisanship, Analyst Career, and Financial Transparency: Evidence from Political Misalignment Between Analysts and the Firms They Follow**" with Noor Hashim

WORK IN PROGRESS

- "**Patent Challenges and Financial Performance: Evidence from PTAB**" with Mosab Hammoudeh (paper draft preparation)
 - Presented at: University of Iowa Brownbag Seminar 2023
- "**The Revolving Door for FDA: Evidence from Drug/Device Approvals and Enforcement Outcomes**" Solo-authored (paper draft preparation)
- "**Human Capital and Firm Performance**" with Jon Garfinkel (preliminary results)
- "**Regulatory Capture in Action: Assessing Political Affiliation's Impact on Auto Insurance Rate Approval Processes**" with Siegfried Anyomi (data preparation)

HONORS & AWARDS

2023	Graduate College Summer Fellowship, University of Iowa
2023	AFA Travel Grant
2022	Graduate College Post-Comprehensive Research Award, University of Iowa
2022	Graduate College Summer Fellowship, University of Iowa
2021	Best Ph.D. Research Paper Award, University of Iowa Department of Finance
2021	Hugh Vollrath Ross Scholarship, University of Iowa Graduate College
2012	Full Scholarship Award During Undergraduate Studies in the University of Tehran
2012	Ranked 610 th (Top 0.6%) among more than 300,000 Students in Physics and Mathematics Universities Entrance Exam for Undergraduate Studies

PUBLICATIONS (IN OTHER FIELDS)

1. " **Development of A Nighttime Shortwave Radiative Transfer Model for Remote Sensing of Nocturnal Aerosols and Fires from VIIRS**" with Jun Wang, Meng Zhou, Xiaoguang Xu, Stanley P. Sander, Thomas J. Pongetti, Steven D. Mille, Jeffrey S Reid, Edward J. Hyer, and Robert Spurr, Remote Sensing of Environment 2020
2. " **Detecting Nighttime Fire Combustion Phase by Hybrid Application of Visible and Infrared Radiation from Suomi NPP VIIRS**" with Jun Wang, Edward J. Hyer, Xiaoguang Xu, Meng Zhou, Lorena Castro Garcia, Jeffrey S Reid, David Peterson, and Arlindo M Da Silva, Remote Sensing of Environment 2019

TEACHING EXPERIENCE

Primary Instructor

FIN:3000 Introductory Financial Management (Undergraduate) (Online) Spring 2022, Fall 2020, Summer 2020

Most Recent Student Evaluation: 5.8/6.0

Teaching Assistant

FIN:3300 Corporate Finance (Undergraduate) Spring 2021, Fall 2019

FIN:3000 Introductory Financial Management (Undergraduate) Spring 2020

FIN:4220 Fixed Income Securities (Master in Finance) Fall 2019

Workshops

Empirical Research Software **Workshop** (PhD) Summer 2020

- Organized and taught a workshop for software used in finance research, including Stata, SAS, and Python.

SKILLS

Languages: English (fluent) and Farsi (native)

Programming: Linux, Python, R, Stata, and SAS, Big Data, Parallel Computing, High Performing Cluster Computing

PROFESSIONAL EXPERIENCE

Research and Teaching Assistant Fellow at the University of Iowa (2016-Present)

Committee member of the Persian Student Organization (PSO) at the University of Iowa (2017- 2019)

Served as a Peer Mentor to the Incoming Class of Graduate Students at the University of Iowa (2017)

Internship in "Shahid Bahonar Copper Industries Company (CSP) (Summer 2015)

Trader in Tehran Stock Market (2014 - 2016)

OTHER

Civil Status: Married

Hobbies: Group strategy games (e.g., Mafia), Chess, Hiking, Swimming, Canoeing, Fly fishing

REFERENCES

Jon Garfinkel (Chair)

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PAPER ABSTRACTS

1. **"Policy Enforcement, Partisanship, and Corporate Performance"** with Dain Donelson and Jon Garfinkel (Job Market Paper)

Abstract: Government influence on private industry is thought to be substantial. However, the channels of that influence and even the consistency of an effect, are unclear. Prior studies primarily approach the question of this influence based on legislation or political parties, and this has led to decidedly mixed results. We approach the problem differently. We recognize that until very recently, the literature largely ignored the reality that much political work is done by executive agencies. Moreover, the recent literature that does examine regulatory agencies focuses exclusively on firm responses. In contrast, we build a broad measure of policy enforcement from the regulatory agency perspective. That is, we construct six agency-perspective variables, including actions, budget variables, and regulation-verbiage (from the Code of Federal Regulations). We combine the six measures in exploratory factor analysis to obtain a latent Enforcement Index variable. Applying this measure to firms exposed to four major agencies (EPA, FDA, OSHA and SEC), we find stronger regulatory enforcement is associated with lower firm operating performance. We also (logically) find that greater firm exposure to the agency strengthens the relationship. There is significant cross-agency heterogeneity in enforcement's influence. We document that the channel most likely driving the relationship is a cost channel, as opposed to an asset-(in)efficiency channel. We also highlight the importance of studying six agency variables, by showing heterogeneity across them in the influence on firm performance. Our results are largely orthogonal to recent findings that focus strictly on CFR-related firm-expressed-concerns. At a more granular enforcement level, we also find that firm-specific violations imposed (from Violation Tracker) are associated with weaker firm performance. We conclude that executive-branch enforcement is an important contributor to the cost of regulation, regardless of firm attention to it as expressed through their own disclosures.

2. **"Political Partisanship, Analyst Career and Financial Transparency: Evidence from The Political Misalignment Between Analysts and The Firms They Follow"** with Noor Hashim

Abstract: The US has witnessed increased partisan conflict in the past few decades. Recent research shows that people systematically view others more (less) favorably when they have the same (different) political ideology (Pew Research 2016). Analysts' career depends on their performance in the market and how they are perceived by management and investors. This study explores whether this perception can be affected by political misalignment between analysts and management. Specifically, the paper examines whether partisan misalignment between the equity analysts and the executives of the followed firms affects: a) analysts' job separations (i.e. whether they move up or down the brokerage house hierarchy), b) analysts' stock coverage (i.e. whether they cover large and important stocks within their industry), c) analysts' rewards and promotions, and d) the quality of the company's information. We use data on equity analysts covering US firms between 2002 and 2020 to measure analyst career progression. We also use contributions of analysts and company management to political campaigns from the Federal Election Commission (FEC) to measure political affiliations. The findings of the study highlight an obstacle to analysts' career advancement. We also show that the misaligned analysts are more likely to lose coverage of large and important stocks in their portfolio. Importantly, this effect is not attributed to analyst underperformance but is likely rooted in how their political misalignment and behavior are perceived by management.

3. **"Patent Challenges and Financial Performance: Evidence from PTAB"** with Mosab Hammoudeh

Abstract: In this study, we document the effect of patent litigation on the firm's competitor's financial performance. We use patent litigation cases under America Invents Act (AIA) from the Patent Trial and Appeal Board (PTAB) data to investigate how firms react when their peer's patent is challenged. We show that the patent litigation effect is well recognized by their peers as their stock abnormal returns experience significant changes around the date of litigation announcement. Specifically, we identify two different channels for this effect. The first is the competitive effect, wherein peer firms whose technologies are less intertwined with the contested patent but who vie for market share exhibit positive stock reactions to the litigation news. These rivals' stocks react favorably to the litigation news as their competitor firm is challenged providing potentially more opportunities for their market share. The second channel of effect is called the learning effect where the peers rely on technology (patent space) similar to the challenged firm. The abnormal returns around the litigation announcement date for these firms are significantly negative as the litigation also indicates a potential challenge for their own patents. Once we identified these two channels, we investigate how each of them affects the rival firms' innovation/patenting activities. Our analysis indicates that technology peers tend to shift their innovation focus away from the contested patent domain, a strategic response aimed at sidestepping potential challenges and fostering novel avenues for technological advancement.

4. **"Revolving Door for FDA: Evidence from Drug/Device Approvals and Enforcement Outcomes"** Solo-authored

Abstract: FDA reviewers and directors are often hired by the firms they enforce. In this study, I investigate how this revolving door phenomenon benefits the hiring firm. I find that when pharmaceutical companies hire former FDA employees, the rate of drug approvals increases. Also, I find that when the former revolving door employee held higher-ranked executive positions, the effect is more pronounced. Robustness tests within a subset of larger firms and controlling for variables that could drive the firm drug approval rate like firm R&D, expenditure and performance would not change my results. These robustness tests indicate a likely causal relationship. Additionally, I find no evidence that the drug quality of these revolving firms is affected, as evidenced by FDA recall enforcement data. This suggests that the revolving door effect operates through the channels of knowledge and efficiency, rather than relying on personal favors or compromising drug safety.