

## Gerald S. Martin

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Ph.D.	Texas A&M University	Dec. 2002	Finance
M.S.	Texas A&M University	May 1998	Finance
M.B.A.	Texas A&M University	Aug. 1980	Marketing
B.B.A.	Texas A&M University	Aug. 1979	Marketing

### Professional Academic Experience

- 2009 - Associate Professor, Kogod School of Business, Department of Finance and Real Estate, American University, Washington, DC
- 2007 - 2009 Visiting Assistant Professor, Kogod School of Business, Department of Finance and Real Estate, American University, Washington, DC
- 2003 - 2007 Visiting Assistant Professor, Mays Business School, Department of Finance, Texas A&M University, College Station, TX

### Publications and Research

#### Dissertation:

“Turnaround Specialists and Firm Performance”, D. Scott Lee, chair.

#### Publications:

- “[The Cost to Firms of Cooking the Books](#)” (with Jonathan Karpoff and D. Scott Lee), *Journal of Financial and Quantitative Analysis* 43 (September 2008), 581-612. 2008 William F. Sharpe Award for Scholarship in Financial Research for best paper in JFQA. Best Paper of CRSP Forum 2006. Ranked #3 All Time Hits in SSRN eLibrary [Top 10 Papers for Journal of White Collar Crime](#).
- “[The Cost to Firms of Cooking the Books](#)” (with Jonathan Karpoff and D. Scott Lee), *CFA Digest* 39, 2 (May 2009), 17-18. CFA Digest summary and commentary on JFQA article.
- “[The Consequences to Managers for Financial Misrepresentation](#)” (with Jonathan Karpoff and D. Scott), *Journal of Financial Economics* 88 (May 2008), 193-215. Lead article. Ranked #11 All Time Hits in SSRN eLibrary [Papers for Journal of White Collar Crime](#).
- “[Stock Options and Total Payout](#)” (with Charles Cuny and John Puthenpurackal), *Journal of Financial and Quantitative Analysis* 44 (April 2009), 391-410.

#### Papers Currently Under Submission:

- “[The Legal Penalties for Financial Misrepresentations](#)” (with Jonathan Karpoff and D. Scott Lee), revise and resubmit *Journal of Law and Economics*. Ranked #9 All Time Hits in SSRN eLibrary [Top 10 Papers for Journal of White Collar Crime](#).
- “[Imitation is the Sincerest form of Flattery: Warren Buffett and Berkshire Hathaway](#)” (with John Puthenpurackal) *Review of Financial Studies*. Ranked #101 for total downloads in SSRN; #3 All Time Hits in SSRN eLibrary [TOP 10 Papers for Journal of Banking & Insurance](#); #8 All Time Hits in SSRN eLibrary [TOP 10 Papers for Journal of Capital Markets: Market Efficiency](#); #13 All Time Hits in SSRN eLibrary [Papers for Banking & Financial Institutions Journals](#).

“The Effects of Stock Options on Investment and Total Payout” (with Jonathan Charles Cunny and John Puthenpurackal) *Mathematical Finance*.

### **Books, Chapters in Books, and Other Publications**

*Capital Structure and Corporate Financing Decision*, ed. H. Kent Baker and Gerald S. Martin, Robert W. Kolb Series in Finance, Wiley, April, 2011.

“Capital Structure: An Overview,” with H. Kent Baker, *Robert W. Kolb Series in Finance: Capital Structure and Corporate Financing Decision* ed. H. Kent Baker and Gerald S. Martin, Wiley, April 2011.

### **Working Papers and Work-in-Progress:**

“[The Determinants of Managerial Decisions to Cook the Books](#)” (with Jonathan Karpoff and D. Scott Lee).

“Bribery: Business as Usual?” (with Jonathan Karpoff and D. Scott Lee).

“Turnaround Specialists” (with Ken Ayotte, Steve Byers and D. Scott Lee).

“The Stock Price Reaction to 13F Disclosures of Holding Last Quarter's IPOs” (with Eric Kelley and Ro Gutierrez).

“Stock Option Backdating, Firm Characteristics, and Detection” (with Kyle Tippens).

“Estimating the Elusive Capture Rate: What We Learned from Option Backdating” (with Jonathan Karpoff, D. Scott Lee and Kyle Tippens).

“Corporate Governance and the Discipline of Bad Managers” (with Jonathan Karpoff and D. Scott Lee).

“The Value of Cooperation in SEC/DOJ Enforcement Actions” (with Rebecca Files and Stephanie Rasmussen).

“Disclosure and Transparency Surrounding Financial Misrepresentation” (with D. Craig Nichols and Holly Yang), no working paper.

“AAERs: Not What You Think They AAER” (with Jonathan Karpoff, D. Scott Lee and Allison Koester), no working paper.

“A Decomposition of Returns from Berkshire Hathaway’s Investment Portfolio” (with Phil English and John Puthenpurackal), no working paper.

“The Determinants of a Turnaround: An Empirical Analysis of Techniques Used by Turnaround Specialists” (with Steve Byers and D. Scott Lee), no working paper.

“Withdrawn Equity Carve-Outs” (with Steve Byers and D. Scott Lee).

### **Papers Accepted for Presentation:**

“Bribery: Business as Usual?” Financial Management Association Annual Meeting, October, 2010.

“Turnaround Specialists,” Financial Management Association Annual Meeting, October, 2010.

“Bribery: Business as Usual?” FMA European Conference, June, 2010.

“Bribery: Business as Usual?” Rutgers University, April, 2010.

“The Determinants of Managerial Decisions to Cook the Books,” Conference on Empirical Legal Studies, November, 2007.

“Stock Options and Total Payout,” Financial Management Association Annual Meeting, October, 2007.

“The Consequences to Managers for Cooking the Books,” Financial Management Association Annual Meeting, October, 2007.

“The Legal Penalties for Financial Misrepresentations,” Western Finance Association Annual Meeting, June, 2007.

- “The Role of Turnaround Specialists in Publicly Held Corporations,” workshop on Private and Public Resolutions of Financial Distress, Vienna Graduate School of Finance and Institute for Advanced Studies, May, 2007.
- “The Cost to Firms of Cooking the Books,” CRSP Forum 2006, October, 2006. Winner of the Best Paper of CRSP Forum 2006.
- “Live or Let Die: An Exploratory Study of Turnaround Specialists, Distress, and Survival,” Hankamer School of Business, Baylor University, March, 2006.
- “The Legal Penalties for Financial Misrepresentations,” Boundaries of SEC Regulation, Claremont McKenna College, February, 2006.
- “Imitation is the Sincerest form of Flattery: Warren Buffett and Berkshire Hathaway,” Financial Management Association Annual Meetings, Chicago, IL, October, 2005.
- “Managerial Compensation and Corporate Payouts,” Financial Management Association Annual Meetings, Denver, CO, October, 2003.
- “Do Accounting Cheats Get Penalized? Enforcement Actions through the Foreign Corrupt Practices Act,” Securities and Exchange Commission, Washington, DC, February, 2003.
- “Turnaround Specialists and Firm Performance,” Financial Management Association Annual Meetings, Toronto, Canada, October, 2001.

#### **Coverage by the Popular Press:**

Over 300 appearances in TV, radio, newspaper, and magazine in 30+ countries including CNBC, Bloomberg TV, National Public Radio, Bloomberg Print, Forbes, BusinessWeek, New York Times, Washington Post, LA Times, Houston Chronicle, Chicago Tribune, International Herald Tribune, The Globe and Mail, The Money Times, and Business Standard.

#### **Research Consultant and Expert Testimony:**

- LCA Holding, Inc. et al. vs. Gregory Karzhevsky et al., Supreme Court of the State of New York, County of New York, No. 08 NY 601242, 2010.
- Marc S. Kirschner, as Trustee of the Refco Litigation Trust Plaintiff, against Thomas H. Lee Partners, L.P.; Thomas H. Lee Advisors, Llc; Thl Managers V, Llc; Thl Equity Advisors V, L.P.; Thomas H. Lee Parallel Fund V, L.P.; Thomas H. Lee Equity (Cayman) Fund V, L.P.; Thomas H. Lee Investors Limited Partnership; 1997 Thomas H. Lee Nominee Trust; Thomas H. Lee; David V. Harkins; Scott L. Jaeckel; And Scott A. Schoen, Defendants, No. 07 CIV 7074, 2009-2010.
- Wade Tucker, et. al., Plaintiffs vs. Richard M. Scrusby, et. al., Defendants, HealthSouth Corporation 2002 Derivative Litigation, Circuit Court of Jefferson County, Alabama, Case No. CV-02-521, 2008-2010.
- Goldman Sachs & Co., Global Investment Research, 2010.
- D. E. Shaw & Co., 2007.
- In re Peregrine Systems, Inc. Securities Litigation, Southern District of California, Case No. 02-CV-00870, 2005.
- Ohio University, 2003 – 2004.
- “Stock Price Effects of Changes in the S&P MidCap 400 and S&P SmallCap 600 Indices,” Charles Cuny and Jonathan Breazeale, 2002.
- Balyeat, Brian and Jayaram Muthuswamy, “A Decomposition of Conditional Correlations in U.S. Equities,” 2001.

## **Editorial Activities**

Ad Hoc Referee: Journal of Finance, Journal of Financial Economics, Journal of Financial and Quantitative Analysis, Financial Management, Society for Empirical Legal Studies, Journal of Business Finance and Accounting, Review of Finance and Economics.

Discussant: American Finance Association, Financial Management Association, Financial Management Association Europe, Society for Empirical Legal Studies.

Ad Hoc Editorial Consultant: MIT Press.

## **Grants, Fellowships and Other Honors**

Kogod Faculty Research Award 2010, \$2,000

William F. Sharpe Award for Scholarship in Financial Research, best paper in JFQA 2008, \$5,000

Kogod Faculty Award for Outstanding Temporary Faculty 2008, \$1,500

Best Paper of CRSP Forum 2006, \$2,000

Shell Foundation Research Grant, 2002, \$10,000

Regents Endowed Fellowship, 1999 – 2001, \$9,000

Awarded Merit-based Summer Research Award by Mays Business School, 2001, \$1,500

Awarded Merit-based Summer Research Award by Finance Department, 2000, \$1,500

Center for International Business Studies Grant, 2000, \$500

Honors Program 1997 – 1998

Beta Gamma Sigma, 1998

Land-Grant Sea-Grant College Program Assistantship, 1980

Sigma Iota Epsilon, 1978

Athletic Scholarship Texas A&M University Golf Team, 1977 – 1979

## **Teaching**

### **Courses Taught in Degree Programs at American University:**

FIN-686, Quantitative Analysis I/II

In these courses students gain an understanding of applied econometric models typically used in finance to become familiar with techniques for analyzing real-world financial and economic research. (graduate elective, MSF required).

FIN-596, Student Managed Investment Fund

Students learn how to evaluate, select, manage, and promote a \$250M blended portfolio of value and growth stocks created as part of the University's endowment. Students utilize Bloomberg and Thomson Reuters trading platforms and other data sources in a state-of-the-art Financial Services Lab. (undergraduate and graduate elective, competitive selection).

FIN-468, Intermediate Corporate Finance

Financial analysis, investment, capital structure, governance, and dividend-policy decisions of the financial manager. Case studies and problems are some of the tools used to enable the student to make and see the effects of financial decisions (elective business).

FIN-365, Business Finance (honors)

Introduction to business finance, including global aspects, overview of money, and capital markets; financial analysis and time value of money; corporate securities, stock and bond pricing; acquisition and use of funds and cost of capital; capital budgeting. Also includes an introduction to portfolio diversification and asset pricing models (required business core).

## **Courses Taught in Degree Programs at Texas A&M University:**

### **FIN-629, Corporate Finance**

Graduate course providing students with comprehensive background in the field of decision-making within a corporation by combining financial theory with applications of financial analysis. Covers credit and equity markets, financing and dividend decisions; mechanics of financial analysis. (graduate elective, PPA required)

### **FIN-434, Managerial Finance I**

Senior level course covering managerial problems of financial managers; financial analysis, current asset management, capital budgeting and capital structure. (undergraduate required)

### **FIN-341, Business Finance**

Course for business majors focusing on financial practices and financial management of modern business corporations; cash flow, planning, procurement of funds, management of long-term funds and working capital. (undergraduate required)

### **FIN-309, Principles of Finance**

Finance survey course for non-business majors. Covers financial markets, interest rates, financial intermediaries and the banking system, financial instruments, time value of money concepts, security valuation and selection. (undergraduate Business minor required)

## **Professional Positions**

### **TMI AIRCRAFT FINANCE, LLC/TMI LEASING, LLC, Austin, Texas, 1994 – 1995**

#### **President/CEO**

- Created start-up financial services company with 11 employees to serve aviation industry.
- Oversaw all aspects of design and development of the company from business plan and marketing strategy to personnel selection, training and development.
- Designed and implemented forecasting programs, underwriting guidelines, policy and procedures, computer systems, documentation, contracts, and securitization procedures.
- Acquired exclusive rights to provide financing services with the largest turbine engine manufacturer.
- Negotiated and secured \$50MM warehouse loan facility from Wall Street lender.

### **TEXTRON FINANCIAL CORPORATION, Aerospace Finance Division, Fort Worth, Texas, 1985 – 1994**

#### **Manager of National Programs**

- Developed vendor financing programs for aviation related OEMs, vendors, and suppliers.
- Originated over \$250MM in receivable contracts.
- Provided consulting services to commercial and corporate, fixed and rotary wing aviation firms operating under FAA Part 91, 121 and 135.
- Managed information systems; developed reporting systems and software for marketing, credit, collections and administration.
- Consistently recognized for highest return on equity and fee income generation.

#### **Manager of Textron Programs**

- Produced and managed \$100MM+ portfolio consisting of large commercial turbine engines.
- Created \$20MM Asset Warranty Pool for loaner and short term rental engines to enhance customer service.

- Designed and sold domestic, cross-border and international tax oriented financial transactions through single -investor and leveraged lease structures.
- Financed large-ticket (\$1MM+) commercial transactions in over forty countries.
- Designed financial programs to utilize offset credits generated by foreign trade agreements with Textron manufacturing divisions.

#### Manager of National Accounts

- Responsible for all captive finance programs of Textron's aviation and aerospace segments.
- Increased finance receivables from captive subsidiaries from \$35MM to \$100MM annually.
- Created operating lease for manufacturing subsidiaries to offset predatory pricing from competitors.
- Developed \$25MM sale/leaseback program of demonstrator aircraft.
- Managed information systems.

### BELL HELICOPTER TEXTRON, Fort Worth, Texas, 1980 – 1985

#### Senior Contract Administrator, Commercial Marketing

- Responsible for the manufacture and delivery of \$200MM annual sales of Bell 206B-3/206L-3 light turbine helicopters to commercial customers.
- Worked closely with and coordinated all areas within the organization including engineering, manufacturing, marketing, and finance as well as external vendors, suppliers, and government agencies.
- Sub-contracted \$20MM+ special customization work to licensed facilities.
- Worked closely with government agencies to develop requirements for bid proposals and prepared all bids in response to RFP's.
- Managed data processing activities in all remote division sales offices throughout US and Canada.
- Designed and implemented production IMS "Sales On-Line Data System" resulting in over \$1 million in cost savings.

#### Marketing Planning Specialist

- Directed annual preparation of 5 year strategic plan, market forecasts, and competitive analyses.
- Performed valuation analyses of aviation related acquisition candidates for parent company.
- Developed and programmed widely used and highly proclaimed "Cost of Ownership Analysis" and "Helicopter Procurement Analysis System" sales tools on PC.
- Created "Marketing Decision Support System" in SAS to provide management with vital marketing information and econometric sales forecasts.

#### Marketing Research Analyst

- Provided technical support to sales force.
- Analyzed sales data and created marketing reports.
- Administered sales force compensation plan.

### **Membership in Professional Associations**

Financial Management Association  
 American Finance Association  
 Western Finance Association  
 Society for Empirical Legal Studies

Equipment Leasing and Finance Association  
 National Aircraft Finance Association  
 National Business Aircraft Association  
 Helicopter Association International