

Jan Hanousek

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RESEARCH INTERESTS

Behavioral finance, Corruption, Insider Trading, Political Risk, Corporate Structures, Private Firms

EDUCATION

- 2019-2022 Ph.D., Finance,
The University of South Florida, Kate Tiedemann School of Business and Finance,
Muma College of Business
Committee: Christos Pantzalis, Jung Chul Park (co-chairs), Ninon Sutton, Stephen P.
Ferris
- 2018-2019 M.A. in Applied Economics
CERGE-EI, workplace of Charles University & Academy of Sciences, Prague, Czech Rep.
Under U.S. Accreditation, absolute charter from the New York State Board of Regents
- 2016-2018 B.S. in General Mathematics, with a major in Statistics
Charles University, Department of Mathematics and Physics, Prague, Czech Republic
Thesis: Neighborhood Components Analysis and Machine Learning

AWARDS

- 2020 Second Place in Young Economist Award by the Czech Economic Society for a work
titled “Political Insider Trading: A narrow versus comprehensive approach.”
- 2022 First Place in Young Economist Award by the Czech Economic Society for a work
titled “Social networks and strategic behavior: Case of Political Inside Information.”

MEDIA MENTIONS

- 2021 Epoch Times “WallStreetBets Investor Forum Gave Good ‘Buy’ Advice on Average,
Researchers Say” (https://www.theepochtimes.com/wallstreetbets-investor-forum-gave-good-buy-advice-on-average-researchers-say_3828663.html)
- Bloomberg “Money Stuff: BlackRock Borrows Against Diversity”
(<https://www.bloomberg.com/news/newsletters/2021-04-07/money-stuff-blackrock-borrows-against-diversity>)
- Money.com “New Research Says WallStreetBets Traders May Be Smarter Than We All
Think” (<https://money.com/reddit-wallstreetbets-investing-skill/?xid=moneyrss>)

PUBLICATIONS

[1] Hanousek, J., Jo, H., Pantzalis, C., & Park, J. C. (2022). **A Dilemma of Self-interest vs. Ethical Responsibilities in Political Insider Trading**. *Journal of Business Ethics*, 1-31.

Political insider trading has brought substantial attention to ethical considerations in the academic literature. While the Stop Trading on Congressional Knowledge (STOCK) Act prohibits members of Congress and their staff from leveraging non-public information to make investment decisions, political insider trading still prevails. We discuss political ethics and social contract theory to re-engage the debate on whether political insider trading is unethical and raises the issues of conflict of interest and social distrust. Empirically, using a novel measure of information risk, we find that senator trades are associated with substantially high levels of information asymmetry. Moreover, based on inside political information, senators earn significant market-adjusted returns (4.9% over 3 months). Thus, our results do not support the prediction made by social contract theory and thereby provide a potential resolution to the ongoing debate on banning stock trading for members of Congress.

WORKING PAPERS, JOURNAL SUBMISSION

[2] **Place your bets? The market consequences of investment research on Reddit's Wallstreetbets** with Daniel Bradley, Russell Jame, and Zicheng Xiao, Invited Revise&Resubmit at **Review of Financial Studies**

We examine the market consequences of due diligence (D.D.) reports on Reddit's Wallstreetbets (WSB) platform. Over the 2018-2020 sample, we find that D.D. recommendations are significant predictors of one-month ahead returns, earnings forecast revisions, and earnings surprises. User comments are also incrementally informative. However, these benefits fully reverse in the first half of 2021. During this period, the fraction of reports emphasizing price-pressure strategies (rather than fundamentals) quadruples, and the decline in informativeness is concentrated in "price-pressure" reports. Our findings are consistent with the successful GME short squeeze causing WSB users to place too much emphasis on coordinated trading strategies.

[3] **Business Group Effects in the Creation and Resolution of Financial Distress** with Stephen P. Ferris, Jan Hanousek, and Svatopluk Kapounek, prepared for submission to **Journal of Financial Economics**

This study examines the nature of financial distress within business groups across twenty-five European countries during 2000–2018. We discover that business group membership is positively associated with a greater likelihood of default. Group membership reduces the likelihood of reorganization, with liquidation or acquisition more common. Deeper business groups are less likely to have distressed members, but such firms are most often liquidated or acquired. Lower-level firms within a business group are more likely to be liquidated. Our findings are consistent with agency theory, asset tunneling, and a cash flow-voting rights imbalance.

[4] **CEO personality traits and corporate value implication of acquisitions** with Tom Aabo, Christos Pantzalis, and Jung Chul Park, Invited Revise&Resubmit at **Journal of Empirical Finance**

We investigate how CEO personality traits moderate the shareholder value creation from corporate acquisitions. We find that stock prices react positively (negatively) to acquisitions undertaken by conscientious (agreeable) CEOs. These findings are in line with the view that the stock market favors the detailed and planned approach towards acquisitions of conscientious CEOs but fears the lack of harsh execution willingness of agreeable CEOs. Furthermore, stock prices react positively to acquisitions undertaken by extraverted and overconfident CEOs but only after a good prior corporate performance stretch. Our results illustrate that CEO traits are important for the value implication of corporate acquisitions.

WORK IN PROGRESS

[5] Social networks and strategic behavior: Case of Political Inside Information

The paper uses the trading data for U.S. senators to study the effects of social networks and interactions on the potential dissemination of private information. The various layers of their network are created using several hand-collected data, including committee assignments, political donations, joint fundraising, and seating orders. The results reveal that senators use and share insider information, e.g., the introduction of firm-relevant legislation, and their transactions could predict upcoming important corporate events/news. Furthermore, the results suggest that every time the information is shared, other individuals in the network observe and trade on it, thus disseminating the insider information to the public.

[6] A leopard never changes its spots: Persistency in retail investors' behavior

I analyze investor response after suffering shock to their portfolio value and the persistence of such a response. The results suggest that following the shock, investors tend to change diversification level and the distribution of the asset across the asset types, but those effects are of a short-term nature. After sufficient time passes, the investors will revert to their pre-shock levels, or if the opposite shock evens out the shock. Preliminary results suggest that each investor has a default investment strategy, their personality sets that, and the persistence of investor personality is greater than the shock effect.

[7] Insider trading in the corporate bond market and the market for political information

I analyze corporate bond transactions of senators and congressmen to analyze whether they are informed about upcoming corporate news. Furthermore, I test whether senators share this information with financial institutions by analyzing whether institutions that are connected to the given politician change their holdings following transactions of politicians. Lastly, I want to answer the question whether bond transactions are substitutes to stock transactions or complements to analyze how politicians are informed.

CONFERENCES

2020: 38th International Conference on Mathematical Methods in Economics (presented, [1])

2021: 18th International Conference on Finance and Banking, Karvina, Silesia, (presented, [3])

2022: FARS Midyear Meeting 2022 (presented, [2])

Texas A&M Young Scholars Finance Consortium 2022 (presented, [2])
24th international conference “Economic Competitiveness and Sustainability ECOS”, [3]
Financial Management Association, Lyon, 2022 (presented, [3])
WEIA: World Economic international Association: Portland, June (online, [3])
European Financial Management Association, Rome, 2022 (presented, discussant, [3])
Financial Management Association, Lyon, 2022 (presented, [3])
Florida Finance Conference, Boca Raton, 2022 (presented, [5])
Financial Management Association, Atlanta, 2022 (presented, [2] and [5])

Southern Finance Association, Key West, 2022 (invited to present, [2])

TEACHING EXPERIENCE

University of South Florida

- FIN 4934 (Behavioral Finance), FIN 3403 (Principles of Finance), FIN 4303 (Financial Institutions and Markets)

OTHER SKILLS

Programming: R, Stata, and Python

Data analysis: Statistical analysis using R, Stata, and Matlab

Database experience: Amadeus (pan European firm-level database), ORBIS, Compustat, CRSP, IBES, Zephyr, SDC, TAQ, CBOE Options, PAC donations, Lobbying expenses, Senator and congressmen periodic transactions