

**DAVID S. SCHARFSTEIN**

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**Education:**

Ph.D., Economics, Massachusetts Institute of Technology, 1986

A.B., *Summa Cum Laude*, Princeton University, Woodrow Wilson School of Public and International Affairs, 1982

**Academic Appointments:**

Harvard Business School, Edmund Cogswell Converse Professor of Finance and Banking, July 2004-present.

Harvard Business School, Senior Associate Dean, Doctoral Programs, September 2017 – present; Faculty Chair, Doctoral Programs, July 2015 – September 2017.

Harvard Business School, Professor of Business Administration, July 2003-June 2004

Massachusetts Institute of Technology Sloan School of Management, Dai-Ichi Kangyo Bank Professor of Management and Professor of Finance, July 1994-June 2003

Massachusetts Institute of Technology Sloan School of Management, Associate Professor of Finance, July 1990-June 1994

Massachusetts Institute of Technology Sloan School of Management, Assistant Professor of Finance, July 1987-June 1990

Harvard Business School, Assistant Professor of Business Administration, July 1986-June 1987.

**Other Appointments:**

Senior Adviser to the Secretary of the U.S. Department of Treasury, September 2009 – May 31, 2010 (and staff of National Economic Council, Executive Office of the President)

**Other Academic Activities:**

Past President and member of Executive Committee of American Finance Association (2018) President (2017); President-Elect (2016); Vice-President (2015).

Research Associate, National Bureau of Economic Research, 1989 – present.

Member, Academic Advisory Board, Housing Finance Policy Center, Urban Institute  
Member, Financial Advisory Roundtable, Federal Reserve Bank of New York, October 2012 – December 2016  
Member, Squam Lake Working Group on Financial Regulation, November 2008 – present.  
Faculty Affiliate, Regulatory Policy Program, Mossavar-Rahmani Center for Business and Government, Harvard Kennedy School, 2012 – present  
Member, Board of Editors, *Journal of Economic Literature*, January 2013 – January 2016  
Associate Editor, *Economic Letters*, 1994 – present  
Director, American Finance Association, 2006 – 2009, 2019  
Associate Editor, *Journal of Financial Services Research*, 2000 - 2005  
Editor, *RAND Journal of Economics*, October 1995-October 1998  
Associate Editor, *Journal of Finance*, July 1990-January 2000  
Associate Editor, *Review of Financial Studies*, July 1990-June 1994

### **Recent Teaching:**

Managing and Innovating in Financial Services, second-year MBA elective on banking at Harvard Business School, 2014 – present (formerly Managing the Financial Firm).  
Finance I, first-year MBA course at Harvard Business School, 2003 – 2007, 2011-2012  
Private Equity Finance, second-year MBA elective at Harvard Business School, 2008 - 2010  
Corporate Finance and Banking, Ph.D. course, joint offering of Harvard Business School and Harvard Economics Department, 2007 – 2009, 2011 - 2016  
Entrepreneurial Finance, second-year MBA elective at MIT Sloan School, 2001 - 2003

### **Consulting and Compensated Outside Activities:**

#### *Post-2018:*

Director, M&T Bank Corporation and M&T Bank, April 2017 – April 2022.

Executive Education at Harvard Business School: Leveraging Fintech Innovation to Compete and Grow, 2019; Egyptian Banking Institute Executive Leadership Program, Co-Chair, 2019.

#### *Pre-2018:*

Expert reports and testimony related to private equity, bankruptcy, banking, financial services, and mergers and acquisitions.

Affiliated Expert, Analysis Group

Executive education for non-financial firms, banks and non-profit organizations

Consulting on finance issues for two large technology companies, a large bank and a hedge fund

**Honors, Awards, and Fellowships:**

Phi Beta Kappa, 1982

Fulbright Fellowship, Nuffield College, Oxford University, 1982-1983

Graduate Fellowship, Massachusetts Institute of Technology Economics Department, 1983-1985

Sloan Foundation Doctoral Dissertation Fellowship, 1985-1986

Olin Fellowship, National Bureau of Economic Research, September 1989-August 1990

Batterymarch Fellowship, July 1990-June 1991

Smith-Breeden Prize for Distinguished Paper in the *Journal of Finance*, 1991, “A Theory of Workouts and the Effects of Reorganization Law”

National Science Foundation Grant, SES-9111069, July 1991-January 1993

National Science Foundation Grant SBR-9414141, August 1994-July 1995

National Science Foundation Grant SES-0079176, August 2000-June 2006

Sloan Foundation Research Fellowship, 1993-1995

National Institute on Aging Grant, “Managed Care, Physician Quality and Health Outcomes,” September 1997-August 1999

Excellence in Teaching Award, MIT Sloan School

**Book:**

*The Squam Lake Report: Fixing the Financial System*, with the Squam Lake Working Group, Princeton: Princeton University Press, 2010.

**Published and Forthcoming Articles:**

“The Stock Market and Bank Risk-Taking,” with Antonio Falato, NBER Working Paper 22689, September 2016, (first draft May 2015; revised August 2023), *Journal of Finance*, forthcoming.

“Social Risk, Fiscal Risk, and the Portfolio of Government Programs,” with Samuel G. Hanson and Adi Sunderam, *Review of Financial Studies*, 2019, Vol. 32, no. 6, pp. 2341-2382.

“Pension Policy and the Financial System” American Finance Association Presidential Address

delivered January 2018, published in *Journal of Finance*, August 2018, Vol. 73, pp. 1463 - 1512.

“Legislative Approaches to Housing Finance Reform,” with Phillip Swagel, in *Principles of Housing Finance Reform*, Susan Wachter and Joseph Tracy, 2016, University of Pennsylvania Press.

“An Evaluation of Money Market Fund Reform Proposals,” with Samuel G. Hanson and Adi Sunderam, *IMF Economic Review*, 2015, Vol 63, 984-1023.

“Dollar Funding and the Lending Behavior of Global Banks” with Victoria Ivashina and Jeremy C. Stein, *Quarterly Journal of Economics*, August 2015, 1241-1281.

“The Growth of Finance,” with Robin Greenwood, *Journal of Economic Perspectives*, Spring 2013, 3-28.

“How to Make Finance Work,” with Robin Greenwood, *Harvard Business Review*, March 2012.

“The Economics of Housing Finance Reform,” with Adi Sunderam, in *The Future of Housing Finance: Restructuring the U.S. Residential Mortgage Market*, edited by Martin Neil Baily, Washington, DC: Brookings Institution Press, 2011.

“Bank Lending During the Financial Crisis of 2008,” with Victoria Ivashina, *Journal of Financial Economics*, September 2010, 319-338.

“Loan Syndication and Credit Cycles,” with Victoria Ivashina, *American Economic Review: Papers and Proceedings*, May 2010, 57-61.

“Performance Persistence in Entrepreneurship,” with Paul Gompers, Anna Kovner, and Josh Lerner, *Journal of Financial Economics*, April 2010, 18-32.

“Evidence on the Dark Side of Internal Capital Markets,” with Oguzhan Ozbas, *Review of Financial Studies*, February 2010, 581-599.

“Lowering the Cost of Bank Recapitalization,” with John C. Coates IV, *Yale Journal on Regulation*, July 2009, 373-389.

“Venture Capital Investment Cycles: The Impact of Public Markets,” with Paul Gompers, Anna Kovner, and Josh Lerner, *Journal of Financial Economics*, January 2008, 1-23.

“Entrepreneurial Spawning: Public Corporations and the Genesis of New Ventures, 1986-1999,” with Paul Gompers and Josh Lerner, *Journal of Finance*, April 2005, 577-614.

“Learning about Internal Capital Markets from Corporate Spinoffs,” with Robert Gertner and Eric Powers, *Journal of Finance*, December 2002, 2479-2506.

“Do Firm Boundaries Matter?” with Sendhil Mullainathan, *American Economic Review Papers and Proceedings*, May 2001, 195-199.

“The Dark Side of Internal Capital Markets: Divisional Rent-Seeking and Inefficient Investment,” with Jeremy Stein, *Journal of Finance*, December 2000, 2537-2564.

“Herd Behavior and Investment: Reply,” with Jeremy Stein, *American Economic Review* 90, June 2000, 705-706.

“Managed Care and Provider Volume,” with Sarah Feldman, in *Not-for-Profit Hospitals*, edited by David Cutler, Chicago: University of Chicago and NBER, 2000.

“Corporate Finance, the Theory of the Firm, and Organizations,” with Patrick Bolton, *Journal of Economic Perspectives*, Fall 1998, 95-114.

“Capital Market Imperfections and Countercyclical Markups: Theory and Evidence,” *American Economic Review*, September 1996, 703-725.

“Optimal Debt Structure and the Number of Creditors,” with Patrick Bolton, *Journal of Political Economy*, February 1996, 1-25.

“Liquidity Constraints and the Cyclical Behavior of Markups,” with Judith Chevalier, *American Economic Review Papers and Proceedings*, May 1995, 390-396.

“A Framework for Risk Management,” with Kenneth Froot and Jeremy Stein, *Harvard Business Review*, Nov/Dec 1994, 91-102. Reprinted in *Journal of Applied Corporate Finance*, Fall 1994, 22-32.

“Internal versus External Capital Markets,” with Robert Gertner and Jeremy Stein, *Quarterly Journal of Economics*, November 1994, 1211-1230.

“Anatomy of Financial Distress: An Examination of Junk-Bond Issuers,” with Paul Asquith and Robert Gertner, *Quarterly Journal of Economics*, August 1994, 625-658.

“Risk Management: Coordinating Corporate Investment and Financing Policies,” with Kenneth Froot and Jeremy Stein, *Journal of Finance*, December 1993, 1629-1658.

“Debt Renegotiation,” with Patrick Bolton, *New Plagrave Dictionary in Money and Finance*, 1992.

“Herd on the Street: Informational Inefficiencies in a Market with Short-Term Speculation,” with Kenneth Froot and Jeremy Stein, *Journal of Finance*, September 1992, 1461-1484.

“Japanese Corporate Investment and Bank of Japanese Guidance of Commercial Bank Lending,” with Takeo Hoshi and Kenneth Singleton, in *Japanese Monetary Policy*, edited by Kenneth Singleton. Chicago: University of Chicago and NBER, 1992.

“A Theory of Workouts and the Effects of Reorganization Law,” with Robert Gertner, *Journal of Finance*, September 1991, 1189-1222.

“Corporate Structure, Liquidity, and Investment: Evidence from Japanese Industrial Groups,” with Takeo Hoshi and Anil Kashyap, *Quarterly Journal of Economics*, February 1991, 33-60.

“Shareholder Value Maximization and Product Market Competition,” with Julio Rotemberg, *Review of Financial Studies*, Fall 1990, 367-392.

“The Role of Banks in Reducing the Costs of Financial Distress in Japan,” with Takeo Hoshi and Anil Kashyap, *Journal of Financial Economics*, September 1990, 67-88.

“Herd Behavior and Investment,” with Jeremy Stein, *American Economic Review*, June 1990, 465-479.

“A Theory of Predation Based on Agency Problems in Financial Contracting,” with Patrick Bolton, *American Economic Review*, March 1990, 93-106.

“Bank Monitoring and Investment: Evidence from the Changing Structure of Japanese Corporate Banking Relationships,” with Takeo Hoshi and Anil Kashyap, in *Asymmetric Information, Corporate Finance, and Investment*, edited by R. Glenn Hubbard. Chicago: University of Chicago and NBER, 1990.

“LDC Debt: Forgiveness, Indexation, and Investment Incentives,” with Kenneth Froot and Jeremy Stein, *Journal of Finance*, December 1989, 1335-1350.

“Simultaneous Signaling to the Capital and Product Markets,” with Robert Gertner and Robert Gibbons, *RAND Journal of Economics*, Summer 1988, 173-190.

“The Disciplinary Role of Takeovers,” *Review of Economic Studies*, April 1988, 185-200.

“Product Market Competition and Managerial Slack,” *RAND Journal of Economics*, Spring 1988, 147-155.

“Testing in Models of Asymmetric Information,” with Barry Nalebuff, *Review of Economic Studies*, April 1987, 265-277.

“A Policy to Prevent Rational Test-Market Predation,” *RAND Journal of Economics*, Summer 1984, 229-243.

### **Working Papers:**

“Applications or Approvals: What Drives Racial Disparities in the Paycheck Protection Program?” with Sergey Chernenko, Nathan Kaplan and Asani Sarkar, National Bureau of Economic Research Working Paper No. 31172, May 2023.

“The Limits of Algorithmic Measures of Race in Studies of Outcome Disparities,” with Sergey Chernenko, SSRN, April 2023.

“Racial Disparities in the Paycheck Protection Program,” with Sergey Chernenko, National Bureau of Economic Research Working Paper No. 29748, February 2022, revise and resubmit, *Journal of Financial Economics*.

“Bank Risk-Taking and the Real Economy: Evidence from the Housing Boom and its Aftermath,” with Antonio Falato and Giovanni Favara, May 2017, revise and resubmit, *Review of Financial Studies*.

“Market Power in Mortgage Lending and the Transmission of Monetary Policy,” with Adi

Sunderam, September 2014, formerly “Concentration in Mortgage Lending, Refinancing Activity and Mortgage Rates,” NBER Working Paper 19156, June 2013.

“Entrepreneurship in Equilibrium,” with Denis Gromb, NBER Working Paper Series No. 9001, 2002.

“The Dark Side of Internal Capital Markets II: Evidence from Diversified Conglomerates,” NBER Working Paper Series No. 6352, 1998.

“The Choice Between Public and Private Debt: An Examination of Post-Deregulation Corporate Financing in Japan,” with Takeo Hoshi and Anil Kashyap, NBER Working Paper Series No. 4421, 1993.

“Japanese Corporate Finance and Governance: Implications for the Privatization of Eastern European Economies,” 1991.

“The High Price of Land and the Low Cost of Capital: Theory and Evidence from Japan,” with Anil Kashyap and David Weil, 1990.

### **Congressional Testimony and Opinion Pieces:**

Testimony before the U.S. Senate Committee on Banking, Housing and Urban Affairs, Hearing on “Perspectives on Money Market Mutual Fund Reform,” June 21, 2012.

Testimony before the U.S. House of Representatives Subcommittee on Financial Institutions and Consumer Credit, House Financial Services Committee. Hearing on “TARP Oversight: Is TARP Working for Main Street?,” March 4, 2009.

“Basel Needs a Firm Hand and Fewer Delays,” *The Financial Times*, September 13, 2010.

“The Bailout is Robbing the Banks,” with John C. Coates, *The New York Times*, February 17, 2009.

“This Bailout Doesn’t Pay Dividends,” with Jeremy C. Stein, *The New York Times*, October 20, 2008

### **Cases:**

“Melio: Modernizing Payments for Small Business,” with Dean Xu and Danielle Golan, Harvard Business School Case 9-222-076, April 2022

“Next Insurance: Considering New Markets,” with Ishita Sen and Dean Xu, Harvard Business School Case 9-221-090, April 2022

“Leader Bank in 2020 and Beyond,” Harvard Business School Case N9-220-059, February 2021

“True Link Financial,” with Shawn O’Brien, Harvard Business School Case 9-219-104, March 2022

“Live Oak Bank,” with Emily Williams and Shawn O’Brien, Harvard Business School Case, 9-219-103, April 2019

“On Deck Capital, Inc.” with Juliane Begenau, Harvard Business School Case, 9-219-100, September 2019.

“The Financial Crisis: Timothy Geithner and the Stress Tests,” with Samuel G. Hanson, Robin Greenwood, and Adi Sunderam, Harvard Business School Case 9-219-038, January 2019

“The Financial Crisis: Hank Paulson in 2008,” with Robin Greenwood, Samuel Hanson and Adi Sunderam, 9-219-037, January 2019.

“GE Capital After the Crisis,” with John Coates and John Dionne, Harvard Business School Case, N9-217-071, April 2017.

“ABRY Partners and NSM Insurance Group,” Harvard Business School Case N9-217-066, April 2017.

“Bidding for Finansbank,” with Esel Cekin, Harvard Business School Case 9-216-040

“The Proposed Merger of M&T Bank and Hudson City Bancorp (A) and (B), Harvard Business School Case, N9-216-046, January 2016.

“Novantas and Deposit Funding at First Regional Bank,” Harvard Business School Case 216-013, August 2015.

“Sankaty Advisors: Race Point IV, CLO,” with Kristin Mugford, Harvard Business School Case 9-215-055, February 2016

“Fair Play at Huntington Bancshares,” Harvard Business School Case 215-024, October 2014.

“Leader Bank, N.A.,” with Adi Sunderam and Hafiz Chagani, Harvard Business School Case 214-076, January 2014.

“The Case of the Unidentified Financial Firms,” Harvard Business School Case 214-072, Revised January 2015.

“Lending Club: Time to Join?” with Adi Sunderam, John Ference and Philip Roane, Harvard Business School Case 214-046, Revised November 2014.

“Blackstone and the Sale of Citigroup’s Loan Portfolio,” with Victoria Ivashina, Harvard Business School Case 214-037, Revised November 2013.

“Oaktree and the Restructuring of CIT Group (B),” with Victoria Ivashina, Harvard Business School Case 214-036, October 2013.

“Oaktree and the Restructuring of CIT Group (A),” with Victoria Ivashina, Harvard Business School Case 214-035, October 2013.

“Lin TV Corp,” with Erik Stafford and Joel Halperin, Harvard Business School, Case 213-065,



October 2012.

“Momentive Performance Materials, Inc.,” with Victoria Ivashina, Harvard Business School Case 210-081, Revised November 2013.

“Paul Capital Partners: Secondary Limited Partnership Investing,” Harvard Business School Case 209-089, Revised October 2010.

“Ben Walter,” with Andre F. Perold, Harvard Business School Case 207-070, Revised April 2008.

“The Howland Long-Term Opportunity Fund,” with Andre F. Perold, Harvard Business School Case 207-066, Revised April 2008.

“Stedman Place: Buy or Rent?,” with Andre F. Perold, Harvard Business School Case, 207-063, September 2006.

“The Pilgrim Assurance Building,” with Robin Greenwood and Arthur I. Segel, Harvard Business School Case 206-078, Revised April 2007.

“Massachusetts General Hospital and the Enbrel Royalty,” with Darren Smart, Harvard Business School Case 206-075, Revised November 2005.

“Calculating Free Cash Flows,” with Robin Greenwood, Harvard Business School Case 206-028, Revised February 2010.

“Regecell, Inc.,” with Gary P. Pisano, Harvard Business School Case, 205-124.

“Structuring and Valuing the Summit Pharma Alliance,” Harvard Business School Case 205-083.

“The Idenix Deal (A),” with Carin-Isabel Knoop, Harvard Business School Case 205-032.

### **Teaching Notes:**

“Oaktree and the Restructuring of CIT Group (A) and (B),” with Victoria Ivashina, Harvard Business School Teaching Note 214-058, October 2013.

“Momentive Performance Materials,” with Victoria Ivashina, Harvard Business School Teaching Note 214-057, November 2013.

“Blackstone and the Sale of Citigroup’s Loan Portfolio,” with Victoria Ivashina, Harvard Business School Teaching Note 214-040, Revised November 2013.