

Governance, Executive Compensation and Excessive Risk in the Financial Services Industry

Speaker Biographies *In order of agenda*

Chris Mayer is senior vice dean and Paul Milstein Professor of Real Estate at Columbia Business School. He is also the research director of the Paul Milstein Center for Real Estate, visiting scholar at the Federal Reserve Bank of New York, and research associate at the National Bureau of Economic Research. Professor Mayer serves on the Board of Editors of the *Journal of Urban Economics* and is a fellow of the Homer Hoyt Institute. He also serves on the Board of Directors of Oak Hill REIT Management, a REIT hedge fund. Professor Mayer previously held positions at The Wharton School, the University of Michigan and the Federal Reserve Bank of Boston. He holds a BA in Math and Economics from the University of Rochester and a PhD in Economics from MIT.

Professor Mayer's research explores a variety of topics in real estate and financial markets, including real estate cycles, credit markets, debt securitization, house price dynamics, commercial real estate valuations, mortgages, property taxes, and reverse mortgages. He has also written on the economics of airline congestion. Professor Mayer has been active in advising policymakers on the financial crisis, testifying three times before the U.S. House of Representatives and the Senate on the use of TARP funds and how to reduce foreclosures. He has presented research at the Congressional Budget Office, the Federal Reserve and the Financial Crisis Inquiry Commission, and he has written numerous op-ed articles on housing and credit markets.

Bruce Kogut is the Sanford C. Bernstein & Co. Professor of Leadership and Ethics and director of the Sanford C. Bernstein Center for Leadership and Ethics at Columbia Business School. He received his Ph.D. from the MIT Sloan School of Management and holds an honorary doctorate from the Stockholm School of Economics. Previously, he was on the faculties of the Wharton School of the University of Pennsylvania and INSEAD, and he has been a research fellow and visiting professor at the Rand Corporation, École Polytechnique, Social Science Research Center Berlin, Stockholm School of Economics, among others. Kogut was the editor of the *European Management Review* and a member of the editorial boards of several leading academic journals. As an early research innovator on real options, knowledge and innovation, culture and direct investment, and governance, he has won several awards and has been published in leading sociology, management and economic journals. Sponsored by Wharton, INSEAD and the World Economic Forum, his edited book (co-edited by Peter Cornelius, chief economist at AlplInvest) on governance and international capital flows was presented at Davos meetings. He has also written books on comparative management, the Internet and redesigning the business school, and a selection of his articles was published under the title *Knowledge, Options, and Institutions* (Oxford University Press, 2008). He is a member of the board of directors for 3I Infotech, an Indian software company and the advisory board for Journeys for Change, a social entrepreneurial venture headquartered in Mumbai; he has previously served on the board for the International School of Paris, a new business school in Moscow, and several research institutions.

Werner Puschra is the executive director of Friedrich Ebert Stiftung (FES) as well as an economist and political scientist. He joined the FES in 1978 and worked for seven years in the Department of Development Research. His areas of research were labor union development in sub-sahara Africa, regional integration and public enterprises. From 1986 to 1990 he was resident director of the FES in Peru and did work on small enterprise development as well as on stabilization and adjustment programs. Between 1990 and 1994 he was based in South Korea with the FES. He contributed to economic and social reform programs and policy discussions with the Korea Development Institute. In 2000 he was posted to Egypt, where he contributed to the enhancement of Egyptian environmental policy and law. Between 2000 and 2008 he worked in FES Headquarters and served as head of the Africa department. Since 2008 he has been based in the NY office of the FES. The NY office serves as a liaison office to the UN, the World Bank and the IMF. The work of the office is centered around the economic and financial crisis and its impacts, as well as issues of Peace and Security.

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Susan Schmidt Bies is a consultant and speaker. She is a member of the Boards of Directors of Zurich Financial Services and Bank of America and a member of the Senior Advisory Board of Oliver Wyman. In 2007–2008 she was a member of the Securities and Exchange Commission's Advisory Committee on Improvements to Financial Reporting, and chairman of its substantive complexity sub-committee. She was inducted into Financial Executives International's Hall of Fame in 2008.

From 2001 until 2007, Dr. Bies was a member of the Board of Governors of the Federal Reserve System. Between 1996 and 2001, Dr. Bies was a member of the Emerging Issues Task Force of the Financial Accounting Standards Board. She has served in leadership positions in many organizations, including the Financial Executives International's Committee on Corporate Reporting, American Bankers' Association Chief Financial Officer committee, and the Bank Administration Institute's Accounting and Finance committee.

Dr. Bies was an officer of First Tennessee National Corporation in Memphis, Tennessee, from 1979–2001, including executive vice president, chief financial officer, executive vice president of risk management and auditor. She began her career in 1970 as an economist with the Federal Reserve Bank of St. Louis, Missouri. She then became a faculty member at Wayne State University in Detroit, Michigan and then joined Rhodes College in Memphis, Tennessee.

Dr. Bies has a BS degree from the State University College at Buffalo, New York and received an MA and PhD in Economics from Northwestern University in Evanston, Illinois.

Hamid Mehran is assistant vice president in the Research Group of the Federal Reserve Bank of New York and a fellow of the Wharton Financial Institutions Center. He has been on the faculty of the Carroll School of Management at Boston College, the Kellogg Graduate School of Management at Northwestern University and MIT Sloan School of Management. His research interest is in corporate finance. Mehran's research has been published in the *Economic Policy Review*, *Journal of Accounting and Economics*, *Journal of Corporate Finance*, *Journal of Finance*, *Journal of Financial Economics*, *Journal of Financial Intermediation*, *Journal of Financial and Quantitative Analysis*, *Journal of Financial Services Research*, *Financial Management*, *B.E. Advances in Economic Analysis & Policy*, and *Journal of Regulatory Economics*, and the *Review of Financial Studies*. He has written on governance of banks and has edited a volume entitled "Corporate governance: What do we know, and what is different about banks?"

Mehran's work has been cited in the *Chicago Tribune*, *Monthly Labor Review*, *Economist*, *CPA Journal*, *BusinessWeek*, *Wall Street Journal*, *Investor Business Daily*, the *Des Moines Sunday Register*, *Boston Business Journal*, and *WGBH* in Boston. Mehran received his PhD in Business Administration from the University of North Carolina at Chapel Hill.

Charles W. Calomiris is the Henry Kaufman Professor of Financial Institutions at Columbia Business School and a professor at Columbia's School of International and Public Affairs. He is a member of the Shadow Financial Regulatory Committee, the Shadow Open Market Committee and the Financial Economists Roundtable, and he is a research associate of the National Bureau of Economic Research. Professor Calomiris is a member of the Task Force on Property Rights at the Hoover Institution. He was a senior fellow at the Council on Foreign Relations and a member of the Pew Trusts Task Force on Financial Reform, and he codirected the Project on Financial Deregulation at the American Enterprise Institute for a decade. Professor Calomiris served on the International Financial Institution Advisory Commission, a Congressional commission to advise the U.S. government on the reform of the IMF, the World Bank, the regional development banks and the WTO. He received a BA in economics from Yale University in 1979 and a PhD in Economics from Stanford University in 1985.

Tano Santos is the Franklin Pitcher Johnson, Jr. Professor of Finance and Economics at Columbia Business School. He is a member of the National Bureau of Economic Research (NBER) and the Centre for Economic Policy Research (CEPR). Santos's Ph.D. is from the Department of Economics of the University of Chicago.

Professor Santos's research concentrates on the role of financial intermediaries in markets. His recent work focuses on how the public provision of liquidity in financial crises can crowd out private liquidity at great cost in terms of allocative efficiency. Santos has been concerned with building asset pricing models, based both on economic theory as well as psychology, that can help rationalize the observed history of stock prices in the United States. Organizational economics is a recent addition to Professor Santos's research portfolio. Here the emphasis has been on the understanding of the determinants of specialization in the organization of production when firms face standard trade-offs of adaptation versus coordination.

Harald Hau is associate professor of finance at INSEAD, specializing in international finance, capital markets and microstructure. Following a PhD at Princeton University, he taught at the French business school ESSEC before joining INSEAD in 2000. He is affiliated with the Center for Economic Policy Research (CEPR), London and the Center for Economic Studies (CES), Munich.

He teaches MBA students and business executives at INSEAD while contributing to academic and professional journals. His most recent work on the financial performance of German banks during the crisis won the 2009 best paper award of the Europlace Institute and the 2010 best paper prize of the European Corporate Governance Institute.

Otávio Ribeiro Damaso joined the Board of the Central Bank of Brazil as a senior advisor in June 2009. He was previously the deputy secretary of economic policy for the Ministry of Finance of Brazil from 2003–2008, chairman of the board of Brazilian Reinsurance Company (IRB, State owner company) from 2006–2009, and a member and chairman of the board of Caixa Econômica Federal (State owner commercial bank) from 2006–2009. He holds a baccalaureate in Economics from the University of Brasília (DF / Brazil).

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Stéphane Jacobzone is a senior economist in the Regulatory Policy Division at the Paris-based OECD. He recently analyzed the implications of the global financial crisis in terms of quality of regulation in the financial sector, as well as on the role of regulatory reform for crisis recovery. He has worked on sectoral regulatory frameworks, including the design of regulatory authorities in energy, transport, financial services, water and telecommunications. He has also led a programme to benchmark countries' progress on regulatory reform through OECD surveys in 2005 and 2008. He has coordinated reviews of regulatory reform in Australia, France, Italy, Korea, Mexico, Norway, Sweden, Switzerland and Brazil as well as regulatory reform activities in Mexico and the Balkans, to strengthen institutional frameworks for private sector investment.

Mr. Jacobzone previously worked on the economic implications of ageing and the diffusion of new health technologies. Prior to joining the OECD, he was an economist at the French Treasury, involved in public finance and public sector efficiency, liberalization of public utilities, and the design of public and private health insurance systems. Mr. Jacobzone graduated from the Ecole Polytechnique and the ENSAE. He taught at the Institut d'Etudes Politiques, at ENSAE and is the author of two books, approximately 35 articles and 20 OECD reports.

John C. Coffee, Jr. is the Adolf A. Berle Professor of Law at Columbia University Law School and director of its Center on Corporate Governance. He is a fellow at the American Academy of Arts and Sciences and has been repeatedly listed by the *National Law Journal* as among its "100 Most Influential Lawyers in America."

Professor Coffee has been a member of the Legal Advisory Board to the New York Stock Exchange, the Legal Advisory Board of the NASD, the Market Regulation Committee of the NASD and the Economic Advisory Board to Nasdaq. He served as a reporter to the American Law Institute for its *Principles Of Corporate Governance: Analysis and Recommendations*, was a member of the SEC's Advisory Committee on the Capital Formation and Regulatory Processes, and served as chairperson of the Section on Business Associations of the Association of American Law Schools. In 2005, Canada also appointed Professor Coffee to a twelve member "Task Force on Modernizing Securities Regulation" to recommend changes in Canadian law (he was the only non-Canadian appointed).

Professor Coffee wrote *Gatekeepers: The Professions And Corporate Governance* (Oxford University Press, 2006). He testified repeatedly before Committees of both the Senate and the House during the drafting of Sarbanes-Oxley and assisted the Senate Finance Committee in drafting.

Professor Coffee is the author or editor of several widely used casebooks on corporations, securities regulation, takeovers and business organization and finance, including *Coffee and Seligman, Cases and Materials on Securities Regulation* (9th ed. 2003), *Choper, Coffee and Gilson, Case and Materials on Corporations* (6th ed. 2004), *Klein and Coffee, Business Organization and Finance* (9th ed. 2004), and *Coffee, Lowenstein, and Rose-Ackerman, Knights, Raiders and Targets: The Impact of the Hostile Takeover* (Oxford University Press 1988). He has also been a visiting professor of law at Harvard, Stanford, Michigan and Virginia law schools and at several foreign law schools and began his teaching career at Georgetown University Law Center. According to a recent survey of law review citations, Professor Coffee is the most cited law professor in law reviews in the combined corporate, commercial and business law field. Before entering academia, he practiced corporate law as an associate with the firm of Cravath, Swaine & Moore in New York City. He is a graduate of the Yale Law School and Amherst College.

José A. Scheinkman is the Theodore A. Wells '29 Professor of Economics at Princeton University. Professor Scheinkman is a member of the National Academy of Sciences (USA), a fellow of the American Academy of Arts and Sciences, a fellow of the Econometric Society and a research associate of the NBER. He is a recipient of a *docteur honoris causa* from the Université Paris-Dauphine, a Blaise Pascal Research Professorship (France) and a John Simon Guggenheim Memorial Fellowship. Previously, Scheinkman was the Alvin H. Baum Distinguished Service Professor and chairman of the Department of Economics at the University of Chicago, vice president in the Financial Strategies Group of Goldman, Sachs & Co., co-editor of the *Journal of Political Economy* and a visiting professor to Collège de France.

Patrick Bolton is the David Zalaznick Professor of Business at Columbia Business School. He received his PhD from the London School of Economics in 1986 and holds a BA in economics from the University of Cambridge and a BA in political science from the Institut d'Etudes Politiques de Paris. He began his career as an assistant professor at the University of California at Berkeley and then moved to Harvard University, joining the economics department from 1987-1989. He was chargé de recherche at the C.N.R.S. Laboratoire d'Econométrie de L' Ecole Polytechnique from 1989-1991, the Cassel Professor of Money and Banking at the London School of Economics from 1991-1994, chargé de cours associé at the Institut d'Etudes Européennes de l'Université Libre de Bruxelles from 1994-1998, and the John H. Scully '66 Professor of Finance and Economics at Princeton University from 1998-2005. His research and areas of interest are in contract theory and contracting issues in corporate finance and industrial organization. A central focus of his work is on the allocation of control and decision rights to contracting parties when long-term contracts are incomplete. This issue is relevant in many different contracting areas including: the firm's choice of optimal debt structure, corporate governance and the firm's optimal ownership structure, vertical integration, and constitution design. His work in industrial organization focuses on antitrust economics and the potential anticompetitive effects of various contracting practices. He recently published his first book, *Contract Theory*, with Mathias Dewatripont and has coedited a second book with Howard Rosenthal, *Credit Markets for the Poor*.

Brandon Rees is the deputy director of the Office of Investment for the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). He joined the AFL-CIO's Office of Investment in 1997. As deputy director, his responsibilities include corporate governance and executive compensation shareholder initiatives. He received his BA in Economics and JD from U.C. Berkeley where he served as co-Editor in Chief of the *Berkeley Journal of Employment and Labor Law*.

The AFL-CIO is a federation of 56 labor unions who represent 11.5 million members. Union sponsored pension and employee benefit funds hold approximately \$480 billion in assets and are a leading voice for corporate governance reform in the capital markets. The AFL-CIO's Office of Investment promotes the interests of worker-beneficiaries by leading shareholder initiatives, advocating for legislative and regulatory reform, and supporting active ownership strategies by worker funds.

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Henry T. C. Hu is the inaugural director of the Division of Risk, Strategy, and Financial Innovation of the U.S. Securities and Exchange Commission. He holds the Allan Shivers Chair in the Law of Banking and Finance at the University of Texas Law School. Interested in the law and economics of financial innovation and corporate governance, Mr. Hu has written on asset allocation, bank, derivatives, hedge fund, and mutual fund regulation, corporate disclosure and organization, credit default and equity swaps, debt and equity “decoupling,” hedging, model risk, systemic risk and Warren Buffett. The writings have appeared in law reviews, finance and specialist journals, and newspapers. A pioneering *Yale Law Journal* article published in 1993, showing how compensation, cognitive bias, financial “science,” and other factors can cause major financial institutions to take undue risks and make other mistakes as to complex derivatives is receiving renewed attention. His recent “decoupling” research—coining terms such as “empty creditor” and “empty voter”—was featured in a lead front-page story in *The Wall Street Journal* and stories in the *Economist*, the *Financial Times*, and the *New York Times*. He holds a BS in Molecular Biophysics and Biochemistry, an MA in Economics and a J.D., all from Yale.

Lucian Bebchuk is the William J. Friedman and Alicia Townsend Friedman Professor of Law, Economics, and Finance and director of the Program on Corporate Governance at Harvard Law School. Bebchuk is also a Research Associate of the National Bureau of Economic Research and Inaugural Fellow of the European Corporate Governance Network.

Trained in both law and economics, Bebchuk holds an LL.M. and S.J.D. from Harvard Law School and an MA and a PhD in Economics from the Harvard Economics Department. Bebchuk has published more than 90 academic studies, and his work has appeared in top journals in law, in economics and in finance. Upon electing him to membership in 2000, the American Academy of Arts and Sciences cited him as “[o]ne of the nation’s leading scholars of law and economics,” who “has made major contribution to the study of corporate control, governance, and insolvency.”

A frequent contributor to policy-making and public discourse on corporate governance and financial regulation, Bebchuk testified in Congressional hearings, served as adviser to the Special Master on TARP Executive Compensation, and his columns have been published by, among others, the *New York Times*, the *Wall Street Journal*, and the *Financial Times*. He was included in the list of “100 most influential people in finance” of *Treasury & Risk Management* and the list of “100 most influential players in corporate governance” of *Directorship* magazine.

Bebchuk served as president of the American Law and Economics Association and chair of the Business Association Section of the American Association of Law Teachers, and is now serving as director of the Corporate Governance Network of SSRN and Vice-President of the Western Economic Association.

René M. Stulz is the Everett D. Reese Chair of Banking and Monetary Economics and the director of the Dice Center for Research in Financial Economics at the Ohio State University. In 2004, the magazine *Treasury and Risk Management* named him one of the 100 most influential people in finance. He is a past president of the American Finance Association and former editor of the *Journal of Finance*.

He has published more than 60 papers in finance and economics journals, including the *Journal of Political Economy*, the *Journal of Financial Economics*, the *Journal of Finance* and the *Review of Financial Studies*. His published research deals with topics in corporate finance, financial institutions, risk management, investments and international finance. He is the author of a textbook titled *Risk Management and Derivatives* and has edited several books, including the *Handbook of the Economics of Finance*.

René M. Stulz has consulted for major corporations, law firms, the New York Stock Exchange, the IMF and the World Bank. He is a director of several companies, the president of the Gamma Foundation and a trustee of the Global Association of Risk Professionals.

Wayne R. Guay is the Yageo Professor of Accounting at The Wharton School of the University of Pennsylvania. He received an undergraduate degree in Engineering and Management from Clarkson University, an MBA from Northeastern University and a PhD in Accounting from the Simon School of Business at the University of Rochester.

Dr. Guay has published many articles in leading accounting, finance, law and economics journals on topics such as design of executive compensation contracts, stock-based incentives, corporate governance, employee stock option accounting and valuation, financial accounting quality, risk management, firm valuation, and earnings management. He has lectured and presented his research at more than one hundred universities and conferences around the world. Dr. Guay’s research on stock option accounting and valuation was selected by the Financial Executive Research Foundation as the 2002 Article of the Year in *The Accounting Review*. He currently serves on editorial boards of the *Journal of Accounting & Economics* and *Journal of Accounting Research*.

Dr. Guay has consulted extensively for public and private organizations, and has provided expert testimony in a variety of high-profile litigation matters. His consulting focuses on design of executive compensation and incentives, equity-based compensation, employment contracting, insider trading and valuation.

Peter Bofinger studied economics at the University of the Saarland where he also received his PhD and its Habilitation. He worked as an economist for the German Council of Economic Experts, the University of Saarland and the Deutsche Bundesbank. Since 1992 he is a full professor at the University of Würzburg. In March 2004 he was appointed as a member of the German Council of Economic Experts (“five wise men”). In March 2009 he was reappointed for a second term. His main fields of research are macroeconomic policy, monetary and international economics and the reform of the international financial system.

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Katharina Pistor is the Michael I. Sovern Professor of Law at Columbia Law School. She previously taught at the Kennedy School of Government and has held research positions at the Max Planck Institute for Comparative and International Private Law in Hamburg and at the Harvard Institute for International Development in Cambridge, MA. Pistor's research focuses on comparative law and institutional development with special emphasis on corporate governance and financial market development. She has conducted several studies on the legal framework for the evolving corporate governance regime in transition economies, including field research of privatized firms and financial intermediaries in Russia. Her recent work focuses on Sovereign Wealth Funds and the governance of global finance.

Avinash Persaud's career spans finance, academia and public-policy. He is currently a member of the Network for Sustainable Financial Markets, chairman of Intelligence Capital Limited and an advisor to institutional and sovereign investors. Previously, Persaud was investment director at GAM, managing director at State Street Corporation, global head of currency and commodity research at J. P. Morgan and director of fixed income research at UBS. Persaud placed in the top three of currency analysts in global investor surveys for over a decade and developed a number of well-known analytical tools. According to the *Financial Times*, his work on investors' shifting appetite for risk "has entered the popular lexicon of analysts (1999)."

Persaud was elected, Member of Council, Royal Economic Society (2006-) and is emeritus professor at Gresham College, and visiting fellow at CERF, Judge Institute, Cambridge University. He is governor and member of Council, London School of Economics & Political Science. Persaud has published on issues of risk, liquidity, capital flows, exchange rates, financial regulation and ethics. The *Financial Times* has described his work on the failure of modern risk management as the "Persaud Paradox: the observation of safety creates risk," (2005). Persaud is co-chair, OECD Emerging Markets Network and director of the 65,000-strong Global Association of Risk Professionals (2002-). He is a former visiting scholar, IMF; visiting scholar, ECB; and Distinguished Visitor to the Republic of Singapore.

In 2000, Persaud won the Jacques de Larosiere Prize in Global Finance from the Institute of International Finance in Washington.

Erik Berglöf is chief economist and special adviser to the president at the European Bank for Reconstruction and Development. Prior to joining the EBRD, Berglöf (PhD, Stockholm School of Economics, 1991) was professor at the Stockholm School of Economics and director of SITE. He was previously an assistant professor at the Université Libre de Bruxelles and has held visiting positions at Harvard, Stanford and the Massachusetts Institute of Technology. He is a widely published and internationally respected specialist in the fields of corporate governance and transition economics. Recently his focus has been on policy-related issues in transition economies and he has regularly provided advice to national governments and international institutions including the International Monetary Fund (IMF) and the World Bank.

Berglöf was the founder and president of the Centre for Economic and Financial Research (CEFIR) in Moscow, programme director at the Centre for Economic Policy Research (CEPR) in London, senior fellow at the Brookings Institution in Washington, D.C., fellow of the European Council of Foreign Relations and board member and research fellow of the European Corporate Governance Institute.

Andreas Botsch is special advisor to the European Trade Union Institute / European Trade Union Confederation (ETUI / ETUC). On secondment from DGB, German Confederation of Trade Unions, position held: Head Economics Department, macro- and micro-economic policy on areas including: structural reform, innovation, transport, regional, sustainability, energy and environmental policies, crafts; globalisation [until 2002 member of German Bundestag Study Commission "Globalisation of the World Economy—Challenges and Policy Responses"]; academic teaching. Member of several advisory groups, i.a. Friedrich Ebert Foundation 'Kocheler Kreis.'

From 1998-2000, Counsellor, Employment and Social Affairs, Permanent Rep. of Germany to the EU, Brussels, i.a. preparation and implementation of Cologne European Council decision on EU Macroeconomic Dialogue, institutional responsibility for EESC. From 1989-1998, Senior Policy Advisor, at OECD's Trade Union Advisory Committee (TUAC) in Paris; teaching activities, i.a. at Joint Vienna Institute. Higher Education: politics, economics and administration at Universities of Freiburg, Paris and Konstanz