

August 2011

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**Date of Birth:** June 16, 1960

**Citizenship:** USA

**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, 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 Advisor to the Treasury Secretary, United States Department of the Treasury, September 2009 – June 2010 (and affiliated with the National Economic Council, Executive Office of the President)

**Other Activities:**

Research Associate, National Bureau of Economic Research

Director, American Finance Association (2006-2009)  
Squam Lake Working Group on Financial Regulation  
Associate Editor, *Journal of Financial Services Research*  
Advisory Editor, *Economic Letters*  
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

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

Affiliated Expert, Analysis Group (Expert reports and testimony related to private equity, bankruptcy, and mergers and acquisitions)  
Executive education for companies and non-profit organizations

### **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

**Teaching:**

MBA courses on Corporate Finance, Advanced Corporate Finance, Venture Capital and Private Equity; Ph.D. course on Corporate Finance at MIT Sloan School of Management

MBA courses on Introduction to Finance and Private Equity; Ph.D. course on Corporate Finance (jointly listed with Economics Department) at Harvard Business School.

**Book:**

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

**Articles:**

“The Economics of Housing Finance Reform,” with Adi Sunderam, in Martin Baily (ed.) *The Future of Housing Finance: Restructuring the U.S. Residential Mortgage Market*, forthcoming.

“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.

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

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

“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. Reprinted in Bruno Biais and Marco Pagano (eds.), *New Research in Corporate Finance and Banking*, Oxford University Press, 2002

“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*, 7, Fall 1994, 22-32; Marsh & McLennan Companies' *Viewpoint* 24 Spring 1995, 21-37; and in Gregory W. Brown and Donald H. Chew (eds.), *Corporate Risk: Strategies and Management*, Risk Publications, 1999, 53-65.

“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; also reprinted in Michael J. Brennan (ed.), *The Theory of Corporate Finance*, Edward Elgar Publishing, 1996; and in Christopher Culp and Merton Miller (eds.), *Corporate Hedging in Theory and Practice*, Risk Publications, 1999.

“Debt Renegotiation,” with Patrick Bolton, *New Palgrave 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 Japan Guidance of Commercial Bank Lending,” with Takeo Hoshi and Kenneth Singleton, in Kenneth Singleton (ed.), *Japanese Monetary Policy*, Chicago, IL: 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. Reprinted in Michael J. Brennan (ed.), *The Theory of Corporate Finance*, Cheltenham: Edward Elgar Publishing Ltd., 1996.

“Bank Monitoring and Investment: Evidence from the Changing Structure of Japanese Corporate Banking Relationships,” with Takeo Hoshi and Anil Kashyap, in R. Glenn Hubbard (ed.), *Asymmetric Information, Corporate Finance, and Investment*, 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:**

“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.

### **Selected Other Written Work:**

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

Testimony before the Subcommittee on Financial Institutions and Consumer Credit, House Financial Services Committee. Hearing on TARP Oversight: Is TARP Working for Main Street? United States House of Representatives, March 4, 2009.  
[http://www.house.gov/apps/list/hearing/financialsvcs\\_dem/scharfstein3-4-2008.pdf](http://www.house.gov/apps/list/hearing/financialsvcs_dem/scharfstein3-4-2008.pdf)

“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:**

“Restructuring CIT Group (A) and (B),” with Victoria Ivashina, Harvard Business School Case N9-211-023, October 2010.

“Momentive Performance Materials, Inc.,” with Victoria Ivashina, Harvard Business School Case 9-210-081, Revised August, 2010.

JMH Capital and Cedargrove Cabinets,” with Bo Becker and David Lane, Harvard Business School Case, Revised October 2010.

“Paul Capital Partners: Secondary Limited Partnership Investing,” Harvard Business School Case 9-209-089, Revised October, 2010.

“The Sale of Citigroup’s Leveraged Loan Portfolio,” with Victoria Ivashina, Harvard Business School Case 9-209-080.

“Ben Walter,” with Andre F. Perold, Harvard Business School Case 9-207-070.

“The Howland Long-Term Opportunity Fund,” with Andre F. Perold, Harvard Business School Case 9-207-066.

“Stedman Place: Buy or Rent?,” with Andre F. Perold, Harvard Business School Case, 9-207-063.

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

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

“Calculating Free Cash Flows,” with Robin Greenwood, Harvard Business School Case 9-206-028.

“Regecell, Inc.,” with Gary P. Pisano, Harvard Business School Case, 9-205-124.

“Structuring and Valuing the Summit Pharma Alliance,” Harvard Business School Case 9-205-083.

“The Idenix Deal (A),” with Carin-Isabel Knoop, Harvard Business School Case 9-205-032.