

THE CIBC RESEARCH CHAIR ON FINANCIAL INTEGRITY

The 2013 Annual Report

By

Prof. Michel Dion, Chairholder
Faculté d'administration

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Table of contents

Introduction.....	3
I- Research Projects.....	4
II- Supervising Graduate Students.....	12
III- Publications.....	14
IV- Academic Colloquia.....	15
V- Training Sessions and Non-academic Symposium.....	17
VI- Social Involvement.....	18
VII- Collaborators.....	19

Introduction

The Chair has been created as the result of two major donations given during the University of Sherbrooke's Ensemble fund-raising campaign. We would like to thank the Chair's main partner, CIBC, providing \$100,000 a year over 10 years, for a total of \$1M, and Raymond Chabot Grant Thornton (RCGT), providing \$40,000 a year for 5 years. The Faculty of Business Administration provided \$25,000 per year in the first three years and a major in-kind contribution: the major part of the Chairholder's salary, an office for the Research Chair, and administrative support and technical assistance for computers.

Generally speaking, if we look at the academic outcomes from the four research thrusts, we should be very proud of our accomplishments: 1 book and 7 articles. We are still building up two databases: one in the Governance Thrust and the other in the Financial Thrust. Such databases constitute the foundation of our future publications. Finally, it's worth mentioning that one postdoctoral fellow as well as 12 Master's and 5 Doctoral students were trained within the Chair research program.

Prof. Michel Dion, Chairholder
CIBC Research Chair on Financial Integrity
Faculté d'administration, Université de Sherbrooke
2500, boulevard de l'Université, Sherbrooke (Québec) J1K2R1
Tel : 1-819-821-8000, ext. 62913
E-mail : Michel.Dion@USherbrooke.ca

I- RESEARCH PROJECTS

The Chair has the following **strategic objectives**:

- Further knowledge in the field of integrity and financial crime.
- Establish new methods and new prevention mechanisms such as compliance programs, trend watch, and emerging financial crime.
- Help improve the training of future managers in terms of corporate governance, ethical leadership, and ethical decision-making.
- Improve the transfer of knowledge about financial integrity between university researchers, the levels of government, regulatory bodies, and the business community.
- Establish partnerships with research institutes and chairs in Canada and abroad.
- Disseminate the Chair's research as a means of preventing financial crime.

The Chair's research activities fall into four thrusts: governance, finance, legal, and procedural.

Here are the different stages and aspects of research projects we have focused on in the last year.

GOVERNANCE THRUST

This research thrust analyzes governance culture evolution, particularly in Canadian businesses, within the context of the new regulations applicable in each Canadian province.

Database on Canadian business corporations: In 2010-2011, we started building a database on 241 Canadian business corporations (from 2000 to 2012) which constitute the Standard and Poor's/TSX (Toronto Stock Exchange) index. The database includes information about members of boards of directors and their committees: their names, age, gender, expertise, roles, years of service on the board, related/unrelated status, the number of boards (of listed companies) of which they are members, and the number of board/committee meetings they have participated in. Through the database, researchers will have access to information about around 35 000 directors from 2000 to 2012. There is no other database in the whole world providing so much information about directors of listed companies. It will help to delineate the major trends in governance structures, such as the size of the board, the number of committees, the related/unrelated status of directors, their expertise and gender as well as the duration of their term of office. It also includes information about the industries in which such business corporations are evolving as well as financial/non-financial disclosed information. In 2012-2013, work on the database (regarding the corporate governance practices of Canadian government corporations) was continued. Under the supervision of Professor Sylvie Berthelot, Catherine Gagné and Hubert Beaudin-Jobin, undergraduate students in accounting, significantly contributed to expanding the database content to encompass all the governance practices disclosed in the proxy circulars and covered by Regulations 58-101 – Disclosure of Corporate Governance Practices and 58-201 – Effective Corporate Governance, including information about the directors, the composition and operation of the board and its sub-committees, practices for evaluating the board, its sub-

committees and directors, compensation of directors and officers, etc. We also included the accounting and financial data necessary for various analyses of the merits of the governance practices recommended by Canadian Securities Administrators. The database covering the period 2000-2012 will allow comparative studies between boards of directors coming from various Canadian provinces once it is available for research, before summer 2014. It will then be updated every year.

FINANCIAL THRUST

The financial thrust aims at describing current practices and trends pertaining to financial crime. Given the potential impact on investors and savers, the Chair focuses its efforts on understanding fraudulent stratagems within organizational culture and governance structures that characterize organizations subject to financial crime.

First Phase (2010-2013): Database about financial crimes: Developing our own database became an obvious necessity following the literature review done during the summer of 2010 by Stephanie Buote, a research assistant. In February 2011, student Line Drapeau was hired to build a database about financial crimes. The database will be finalized in 2013. The database will include all types of financial crime as they are disclosed in the *Globe and Mail* (Canada) and in the *Wall Street Journal* (USA) for the first time. Up until now, we have focused on the *Wall Street Journal*.

Progression of Phase I

Our first task was to select appropriate search engines. Our selection was based on the following criteria: daily published newspapers, reliability of financial data and number of readers (i.e. a widely published newspaper). On that foundation, *The Wall Street Journal* in the United States and *The Globe and Mail* in Canada were selected. Some sampling tests have been made with the *Globe and Mail* search engine but most of Line Drapeau's work has been done with the *Wall Street Journal* search engine. *The Wall Street Journal* (WSJ) covered the period from January 1984 to today (and *The Globe and Mail* will cover the period from March 1985 to today). Both newspapers were available at the University of Sherbrooke with similar supplier for the articles, which was a valuable tool since it solved the issue of finding how two different search engines functioned with the same key words. The choice of the main key words (fraud, crime and scandal) emerged from an extensive inquiry. Ms Drapeau examined numerous scientific publications on financial crimes in order to assess which key words authors used in their research and to have a better grasp of the topic. Only one publication revealed its key words (Karpoff and Lott, 1993)¹, which were "fraud" and "crime." Soon after, by searching formal definitions for key words in specialized dictionaries, and by screening what kind of news was found in search engines, researchers confirmed the words "fraud" and "crime" had an intrinsic juridical meaning. In order to include financial irregularities that are not just strictly juridical, the word "scandal" was selected. Another explorative period followed in order to choose specific keywords to refine results within the search engines. For example, specific keywords were selected ("insider trading," "bribery," "misconduct," "irregularity," "price-fixing", "audit failure," "stock

¹ KARPOFF, Jonathan M. and John R., LOTT. «The Reputational Penalty Firms Bear From Committing Criminal Fraud», *Journal of Law and Economics*, Vol.36, no^o2(October 1993), p.757-802.

manipulation,” etc.). With these keywords, Venn diagrams were created to observe how many results were found in the boundaries of the general keyword results. When a large number of results were found, the specific keywords were the subjects of sampling (conversely, when few results were found – for instance, 100 out of 20,000 – no sampling was done). Ms Drapeau read an article for every ten/fifteen/twenty/etc. results and gave them a relevance score. The goal of this procedure was to discover whether our specific key word was relevant (i.e. whether it screened the type of news and articles that we were interested in). This explorative period revealed an important fact: we were quite limited in the number of results found with specific key words. Only “insider trading” identified consistently relevant article results. Accordingly, an American database covering 1984 until now (*Wall Street Journal*) was constructed. The keywords in the WSJ research engine were “fraud” or “crime” and “insider trading.” This research on insider trading identified 606 articles. Following these results, and after many discussions, we opted to explore using general keywords (“fraud”, “crime,” and “scandal”) excluding articles using keywords related to irrelevant articles. For instance, “crime” was related to events that were by no means relevant to our inquiry (rape, murder, terrorism, assault, etc.). Also, the three general keywords identified numerous events in the news that were of no interest to our database (e.g.: Congress, Senate, North Korea, Afghanistan, Iran, etc.). The same procedure was followed (Venn diagrams and sampling) but this time, we used specific key words that excluded most articles². The final database includes i) the article's title, ii) the article's publication date, iii) an abstract, iv) a relevancy score of 1 to 3 (i.e.1: highly relevant article - most often the first article of a major financial fraud; 2: relevant article, broad outlines of a trial (accusations, plea, verdict, etc.); 3: low level of relevancy). By August 2013, the American database (*Wall Street Journal*, 1984 until now) will be finalized. It will then be updated every year.

Phase II

In a *Second phase (2014-2015)*, the database will be completed by adding more information about the way news have been updated since the first announcement of the financial crime. Henceforth, the database will incorporate follow-ups of news referring to the first published news of a financial crime.³ The way such updated information is disclosed should have a significant impact on company value and related-company value (for instance, suppliers, clients). There is an interval between the first announcement of a corporate event and its gradual incorporation in the equilibrium price. A high frequency of newspapers’ articles about a given financial crime should accelerate the movement on securities of « criminal-indicted » companies and amplify the cascade effect on securities which are indirectly linked to companies which have been the object of the first announcement (“criminal-indicted companies”) (students : Line Drapeau ; Marc-André Coulombe).

² The aim of the sampling is to evaluate whether the exclusion of a few relevant articles is worth the exclusion of a lot of non- relevant articles.

³ To our knowledge, no publication reports the impact of updates on the information following the first news. We believe that the circulation of updates must have a significant impact on the enterprise's value and on the related enterprises' values (suppliers, customers, auditors, etc.) This stance is notably based on the largely documented interval between the announcement of news and their gradual incorporation in equilibrium prices. A notable frequency of publications on a financial crime must accelerate the security's movement related directly to the crime and magnify the cascading effect on securities indirectly associated.

The Impact of Financial Crimes and Irregularities on Stock Returns
(Profs. Claudia Champagne, Frank Coggins and Yves Trudel)

This study develops a new methodology for event studies in finance based on conditional models of performance which control for the financial and economic contexts in which the events or announcements take place. We then use the methodology to test the effect of financial frauds on the performance and risk of firms, industries, and capital markets. **This project will use the American database (Wall Street Journal)** which will be finalized by August 2013.
Master's Degree students: Stéphanie Buote, Line Drapeau, Magali Point

Phase III

We propose to analyze the incidence of ESG standards (Environmental, Social, and Sound Governance) on the probability that an enterprise will suffer from an unfavourable event related to its reputation (such as unethical behaviours of employees, fraudulent acts, environmental disasters, etc.). In that regard, we will improve the newspaper database developed during phase I in order to incorporate environmental news, governance problems or other news related to operational risks of enterprises. We will then measure their probability of occurrence (Altman's Z-score) in order to set the probabilities in which enterprises may experience unfavourable events according to the level of ESG criteria. In general, this extended database and the studies that will make use of it will attempt to answer the following question: Does an enterprise with high ESG criteria (i.e. good level of responsible finance) present a significantly lower probability of experiencing an unfavorable event in terms of reputation than an enterprise with low ESG criteria (i.e. low level of responsible finance)?

Other projects under the Financial Thrust

The Impact of ESG (Environmental, Social, and Sound Governance) Criteria on Firm Performance and Risk

(Profs. Claudia Champagne and Frank Coggins, and Roland Gillet, Université Paris I Panthéon-Sorbonne). 2012-

This project studies the impact of significant positive or negative changes in a firm's ESG criteria on performance and risk measures for a sample of North American companies. The results will allow us to answer questions such as: Do ESG criteria add value to portfolio management? Can ESG criteria be used as leading indicators to prevent financial fraud or other types of operational risk?

Master's Degree students: Edith Breault, Maxime Brisebois-Lemelin

Post-doctoral student: Amos Sodjahn

The Relationship Between Negative Reputational Events, ESG (Environmental, Societal and Governance) Criteria and Financial Crimes (Profs. Frank Coggins and Claudia Champagne, UdeS). 2012-

In this project, we wish to analyse the impact of ESG criteria on the probability of occurrence of an unfavorable event which can damage a firm's reputation, such as non-ethical behaviors of executives and/or employees, frauds, environmental catastrophes, etc. Results should allow us to

answer the following question: do firms with high ESG criteria have significantly lower probabilities of experiencing an unfavorable event than lower-ESG-criteria firms?

Master's student: Maxime Brisebois-Lemelin

Post-doctorate: Amos Sodjahin

The Tournament Effect and Risk Management During Bull and Bear Markets

(Profs. Claudia Champagne and Frank Coggins)

The recent financial crisis has underlined some practical issues related to risk management in financial institutions. The managerial and short term incentives based on past performance certainly deserve part of the blame. This research project is interested in certain portfolio managers' behavior in terms of risk management that may not be suitable for the investor. More specifically, we study risk exposure based on the managers' past performance rankings during bull and bear markets. For instance, according to their best interests, do worst performers increase their risk exposure while best performers copy their benchmark portfolio?

Master's Degree students : Stéphanie Buote, Maxime Dépôt, Guillaume Lamoureux-Bélair

The Effect of Pension Fund Freeze on Firm Performance and Risk

(Profs. Claudia Champagne et Frank Coggins)

Pension funds are a major part of the financial sector in most developed countries and, along with social security and personal savings, typically represent one of the pillars of retirement income for the population. However, in the private sector, where the company decides to initiate and sponsor such a fund, firms appear to shirk from the commitment. Specifically, in recent years, defined benefit (DB) plans, which are associated with the most financial commitment and risk for the employer, are either cancelled or frozen by corporations who feel they are too expensive and too risky to maintain (Butrica et al., 2009). We study the impact of pension plan freeze announcements on firm performance, beta and specific risk using a new conditional event study methodology. Preliminary results show that fund freezes decrease specific risk for a significant number of firms, indicating that the market views them as part of a solution to financial problems.

Master's Degree Student : Magali Point.

Conditional Return-Based Style Analysis

(Profs. Frank Coggins and Marc-André Lapointe)

It is acknowledged in the financial literature that investment styles advertised by mutual funds are often incomplete or erroneous. The literature suggests that 40% of mutual fund styles are different from those estimated with observable past returns [Brown and Goetzmann (1997)]. As a consequence, investors rely on this information to apply optimal mutual fund weights based on their risk preferences. In this context, Sharpe (1992) has proposed a *Return-Based Style Analysis* where style measures are estimated from a constrained regression. We propose and apply a conditional framework to the Sharpe (1992) model. The major innovation is that this conditional framework allows for time varying investment style analysis based on new financial information.

Master Degree students : Philippe Ingham, Marc-André Coulombe.

The Estimation and the Forecast of the American and the Canadian Market Risk Premiums

(Profs. Frank Coggins and Claudia Champagne)

Conceptually, forecast models as well as conditional models are based on the asset pricing theory proposed by Merton (1973) with its intertemporal model. There is a debate in the academic literature on the performance of this model or related ones. Our studies on the estimation and the forecast of the risk premium are central to this debate. Our studies also contribute to develop an adequate econometric framework to analyze the effect of financial integrity or financial crime on firm risk and performance. The impacts of financial frauds, pension fund freezes and environment, social and governance events on stock returns are issues that are directly related to the appropriate estimation and forecast of the market risk premium.

Master Degree students : Philippe-Olivier Blanchet, Maxime Lemay-Crilly.

LEGAL THRUST

Given the legal issues related to criminal activities and the methods used to combat them, this thrust is complementary to the financial thrust. The legal thrust plays a critical role in analyzing fraudulent financial operations. Its purpose is to recommend certain bills and regulations and to develop new analysis tools.

Is a pan-canadian criminal law possible for white-collar crimes?

(Prof. Simon Roy). 2013-

This project will study the application of section 322 of the *Canadian criminal code* following the case of *R. c. Alain Rhéaume et Louis Tessier*, REJB 1999-10968 (C.M.), February, 17th, 1999. In this case, an employee took an object of slight value left by a customer in the workplace and was accused of theft. The resolution of this situation mandates the application of the *Quebec Civil code* in order to determine if the taking was lawful or not. Since the applicable private laws vary from one province to the other, this case like put the notion that the criminal law should the same *a mari usque ad mare* in jeopardy.

Master's Degree Student : Catherine Dion-Lafont

Corporate liability for white-collar crimes: a comparative study

(Prof. Simon Roy). 2013-

France and Germany are, like Canada, preoccupied with corporate liability for white-collar crimes commit by their employee. Despite the fact that each of these three legal systems came up with a different approach to this problem, the obstacles and the end results are often similar. This project looks at those different approaches in order to identify a more efficient way to adapt the traditional notions of criminal law to the disincarnated entity that is a corporation.

Is silence enough? Passive complicity of the professional in fraud

(Prof. Simon Roy). 2010-

As a general rule, Canadian criminal law refuses to impose liability on someone who doesn't try to stop a crime even if he has the power to do it. This conclusion seems even more justified if the witness of the crime has a duty of professional secrecy. As logical as it may be, this rule prevents the detection of fraud the most efficient way to detect fraud is the tip from an informer. This project analyzes the possibility of creating, in Canadian law, an offense of non-divulgence of a white-collar crime similar to the one that now exists in French criminal law.

Fraudulent disclosure and ethical criteria for investing. Norms and rights in Canadian Law (Profs. Simon Roy and Catherine Choquette, Fac. of Law, U de S). 2013-

The ethical character of investing could be a decisive factor, when consumers have to make their investment decisions. Having a corporate behavior that is environmentally responsible is an integral part of marketing processes. Individual companies as well as mutual funds and union funds could attract consumers with their ethical/environmental corporate image, whether it is enhanced in their corporate social responsibility/sustainability reports, codes of ethics, or environmental policies. Can we trust that ethical characteristics of given products are indeed applied? If there is any deception about the ethical character of given products, could it be considered a fraud, although there is no financial loss for those who have bought such products? If a mutual fund has given criteria of corporate social responsibility that are applied for selecting companies in its port-folio, would there be any legal impact, if such mutual fund has not applied its ethical criteria but has a better profitability than the average of ethical mutual funds (there is no financial loss) ?

PROCEDURAL THRUST

This research thrust consists in developing compliance plans and control instruments for businesses and financial institutions to protect themselves against criminal activities. The objective is to study internal and internationally standardized compliance and enforcement plans, as well as monitoring instruments for financial institutions. Specifically, operational risk, which is defined as direct or indirect losses due to an inadequacy or failure of the institution's procedures, its employees, its internal systems as well as its external risks, are examined and analyzed. Particular attention is paid to the human aspect of operational risk, i.e. errors, malice and fraud. Studies focus on existing and prospective risk quantification methods and models, on the impact of national and international monitoring standards regarding operational risk and compliance, on the differences and similarities between financial institutions, on the presence of a systemic risk and on the interaction between operational risk and other types of risks. Compliance and management related to other financial risks, such as credit risk and market risk, are also studied. Research emphasizes Canadian and American financial institutions.

Projects overview

The Canadian syndicated loan market and systemic risk
(Claudia Champagne)

The 2008 financial crisis highlighted the dangers of financial contagion and purely microprudential regulation. In this context, syndicated loans can help lenders diversify their loan portfolio or meet regulatory requirements but they also lead to increase connections between financial institutions. Theoretical models have been developed to explain the impact of individual bank diversification on systemic risk (Wagner, 2010; Duport and Goyeay, 2011) but leave out syndicated loans and their unique particularities. Cai et al. (2011) evaluate the impact of American syndicated loans on systemic risk and conclude that the most connected lenders in

the market are also the main contributors of systemic risk. Our project contributes to the literature by focusing on the concentration and homogeneity of loan portfolios for Canadian financial institutions. To that effect, we use a variety of measures such as network analysis, correlations, co-integration and distance measures. This project is still in its early stages. In the past year, a M.Sc. student working on her master's thesis started building the database of Canadian financial institutions. Preliminary statistics have also been generated to obtain a first picture of the Canadian syndicated loan market.

Master Degree students : Nokan Konan Hagouagn'Rin and Line Drapeau

Financial innovation, risk management and regulation

(Claudia Champagne)

In a complex environment, the financial industry relies more and more on financial innovation to ensure their competitiveness as well as their satisfaction of customers and investors' needs. Financial innovation, while permitting an institution to better manage its risks and offer other financing alternatives, contribute to financial security. However, it can also entail instability by creating new risks. The objective of this project is to study the relationship between risk management, governance and conformity through financial innovation. Specifically, we focus on national and international regulatory measures surrounding risk management via securitization and analyse the impact of this regulation on operational risk. We are particularly interested in the Canadian market, which may have proven more sound and stable during and after the financial crisis but in which securitization still play an important role in the diversification of portfolios, the mortgage market and the efficiency of capital markets. A DBA student is working on this project as part of her doctoral thesis. In the past year, she has completed her literature review and started developing the theoretical framework underlying the research hypotheses to be tested.

DBA student : Nébiha Zouari

II- SUPERVISING GRADUATE STUDENTS (Master and DBA degrees)

Listed here are graduate students involved in the CIBC Research Chair program. They have received financial support as research assistants under the supervision of a member of the Research Chair (the names of the students are underlined). Their contributions are described in section I (literature reviews; databases). We are providing here the title of the research project, the degree (DBA, Master degree) and the name of their supervisor. Papers which have been presented by graduate students in academic colloquia are identified in section III.

GOVERNANCE THRUST

DBA

Pierre Pawliw, « L'engagement des gestionnaires face au programme d'éthique » (Michel Dion, dir.; Paul Prévost, co-dir.). September 2004-

Caroline Talbot : « Gouvernance et transparence lors des appels publics à l'épargne ». (Sylvie Berthelot, dir.). September 2011-

Master Degree

Nadeau, Maxime (report, 9 credits), « L'étalonnage de la rémunération des chefs de la direction d'entreprises publiques canadiennes : les impacts du choix d'un centile quelconque sur les variations salariales » (December 2012-) (Sylvie Berthelot, dir.). Master in Administration (accounting)

FINANCIAL THRUST

Post-doctoral student, Amos Sodjahn (Ph.D. Paris Dauphine), « L'utilisation des méthodes conditionnelles dans les études événementielles en finance », (Frank Coggins and Claudia Champagne, dir.). November 2011-

Master Degree

Maxime Dépôt, « L'effet de tournoi en gestion de portefeuille » (Frank Coggins and Claudia Champagne, dir.). September 2010-December 2012.

Stéphanie Buote, « L'effet de tournoi en gestion de portefeuille : une évaluation ex-ante des mesures de risque et des primes de marché » (Frank Coggins and Claudia Champagne, dir.). September 2010-August 2012.

Maxime Brisebois-Lemelin, « Les effets ESG sur la probabilité d'occurrence d'événement néfaste pour la réputation de l'entreprise » (Frank Coggins and Claudia Champagne, dir.). September 2011-

Guillaume Lamoureux-Bélair, « L'effet des classements des gestionnaires sur leur gestion de risque » (Frank Coggins and Claudia Champagne, dir.). September 2012-

LEGAL THRUST

Ph.D. in Law

Mélanie Robert, « Le secret bancaire et la lutte contre la criminalité financière » (Simon Roy, dir. ; Marie-Pierre Robert, co-dir.). Summer 2011- Summer 2012

Master Degree in Law

Catherine Dion-Lafont « L'accusé qui se défend seul en matière de crimes économiques de faible envergure » (dir.) (September 2012-)

PROCEDURAL THRUST

Post-doctoral student, Amos Sodjahn (Ph.D. Paris Dauphine), « L'utilisation des méthodes conditionnelles dans les études événementielles en finance », (Frank Coggins and Claudia Champagne, dir.). November 2011-

DBA

Nébiha Zouari, « Risque, réglementation et innovation financière ». (Claudia Champagne and Marc-André Lapointe, dir.). September 2010-
Moussa Fall, « Operational risk and Basel III », (supervisors: Claudia Champagne and Frank Coggins). September 2012-

Master Degree

Line Drapeau, « La contagion des portefeuilles de prêts des banques canadiennes » (Frank Coggins and Claudia Champagne, dir.). September 2011-
Lamiaa Belkad, « Analyse du réseau du marché du capital de risque canadien » (Claudia Champagne, dir.). September 2011-
Nokan Konan Hagouagn'rin, « La structure du réseau des prêteurs syndiqués internationaux (Claudia Champagne and Jennifer Bélanger, dir.). September 2012-August 2012.
Marie Gravel, « Le réseau canadien du capital de risque : une étude exploratoire avec la théorie des graphes », (supervisor : Claudia Champagne). September 2012-
David Lamoureux, « Le contenu informationnel du marché des prêts syndiqués », (supervisors : Claudia Champagne and Frank Coggins). September 2012-December 2012.

III- PUBLICATIONS

The publications of the chairholder and collaborators have contributed to advance our knowledge and understanding of various aspects of financial crime (particularly about corruption and cybercrime), corporate governance and ethical leadership. In that way, they constitute social and academic contributions to the society as well as the academic community. In some publications, researchers were required to pay submission fees, or had to pay translation fees (French-English); but the CIBC Chair funds have not be used to do so.

GOVERNANCE THRUST

Corporate Governance and Ethical Leadership

Book

Dion, Michel, *L'être et le crime*, Québec, Nota bene, 2013.

Articles in Scientific Journals

Berthelot, S., Bilodeau, J. and K. Davignon, (2013), «The impact of directors' tenure on executive compensation and corporate financial performance», *Corporate, Control & Ownership*, vol. 10, no. 2, pp. 164-172.

Berthelot, S., Francoeur, C. and R. Labelle, (2012), «Corporate Governance Mechanisms, Accounting Results and Stock Valuation in Canada », *International Journal of Managerial Finance*, vol. 8, no. 4, pp. 332-343.

Dion, Michel, "Entreprise mythique et leadership éthique", *Éthique et économique* (Canada), vol. 10, no 1, 2013, p. 64-83.

Fortin, A. and S. Berthelot, (2012), «MD&A Risk Disclosures and Nonprofessional Investors' Perceptions and Investment Decisions», *Advances in Accounting Behavioral Research*, vol. 15, pp. 1-28.

Morris, T., Desfleurs, A. and S. Berthelot, «Do investors value information about *in the money/out of the money* stock options differently? », *Advances in Financial Planning and Forecasting*, vol. 5, (2012), pp. 149-170.

Serret, V. and S. Berthelot, (2012), «Shareholder activism in Canada: the emergence of a new tool for improving corporate governance practices», *Corporate Governance: Recent Developments and New Trends*, Eds. Boubaker, S., Nguyen, B.D., Nguyen, D. K., Springer-Verlag Berlin Heidelberg, pp. 89-106.

FINANCIAL THRUST

Working Paper

Champagne, C. et Frank Coggins (2012). « Club deals vs syndications: the cost of the distribution method », Cahier du GReFA, Université de Sherbrooke.

IV- ACADEMIC COLLOQUIA

- The names of students who have been hired as research assistants are underlined.
- In some papers, researchers were required to pay registration fees and trip expenses for participating in academic colloquia; but the CIBC Chair funds have not be used to do so.

GOVERNANCE THRUST

Berthelot, S. Bilodeau, J. et K. Davignon, «The impact of the seniority of directors on their independence», 42th Atlantic Schools of Business Conference, Halifax, Nouvelle-Écosse, (2012).

Coulmont, M., Berthelot, S. et H.O. Bourque Cleary, «Impact de la crise financière de 2008 sur la rémunération des dirigeants canadiens», 42th Atlantic Schools of Business Conference, Halifax, Nouvelle-Écosse, (2012).

FINANCIAL THRUST

Bellemare, G. and Y. Trudel, 2012, « Analyse économique de la malhonnêteté et système d'indemnisation des fraudes financières », Colloque sur la malhonnêteté, Université de Sherbrooke, Campus de Longueuil (Canada).

Champagne, C., F. Coggins, R. Gillet, and A. Sodjahn, 2013, « Réaction des marchés financiers aux variations des performances sociales des firmes », Actes de congrès de l'Association canadienne des sciences de l'administration (ASAC 2013), Calgary (Canada).

Chrétien, S., F. Coggins and F. D'Amours, 2013, « The Performance of Market Timing Measures in a Simulated Environment », 16TH CONFERENCE OF THE SWISS SOCIETY FOR FINANCIAL MARKET RESEARCH (SGF 2013), Zurich (Suisse). The same paper was presented at the PRISM research seminar (LA SORBONNE), Paris (France).

LEGAL THRUST

Simon Roy « La responsabilité pénale des personnes morales au Canada » conférence présentée dans le cadre du colloque international *Responsabilité pénale des personnes morales. Droits étrangers et comparé* organisé par l'Institut de sciences criminelles et justice de l'Université Bordeaux-IV (Bordeaux). May 24th, 2013.

PROCEDURAL THRUST

Champagne, C., « The international syndicated loan market: an “unholy trinity”? » - The Macrotheme Conference on International Business and Policy Issues, Paris, France, February

2013 ; the same paper was presented at the Finance and Banking Conference (FIBA), Bucharest, Roumania, March 2013.

Champagne, C., « Relationship banking in the syndicated loan market : what about borrower loyalty? » - Advances in Business-Related Scientific Research Conference (ABSRC), Venice, Italy, March 2013.

Champagne, C., Stéphane Chrétien and Frank Coggins, « L'effet des gels de caisse de retraite sur la performance et le risque de l'entreprise » - Annual Conference of the Administrative Sciences Association of Canada (ASAC), St-John's, Newfoundland, June 2012.

Champagne, C., Stéphane Chrétien and Frank Coggins, « Interactions between capital markets: the informational content of the loan market » - IFM2's Mathematical Finance days, Montreal, May 2012.

V- TRAINING SESSIONS AND NON-ACADEMIC SYMPOSIUM

LEGAL THRUST

Simon Roy, « L'ABC du régime des produits de la criminalité et des biens infractionnels », Activités de formation permanente du Barreau du Québec (Joliette, St-Hyacinthe, Montréal). April and October 2012 ; March 2013.

Simon Roy, « Le droit criminel économique : jurisprudence nouvelle et changements législatifs récents », Activités de formation permanente du Barreau du Québec (Gatineau, St-Hyacinthe, Montréal). October 2012 ; March 2013.

VI- SOCIAL/ACADEMIC INVOLVEMENT

GOVERNANCE THRUST

2012-2015 : Prof. Sylvie Berthelot has been appointed as General Secretary of the « Association académique internationale de gouvernance » (AAIG), an association of scholars who focus their academic research on governance issues. Members come from Swiss, Belgian, French and Canadian universities.

PROCEDURAL THRUST

Bellemare, G., Champagne, C., Coggins, F., Desrochers, J., Préfontaine, J. et Trudel, Y. (2012). « Consultation AMF sur l'indemnisation de consommateurs de produits et services financiers », Mémoire public dans le cadre d'une Consultation de l'Autorité des Marchés Financiers (AMF).

VII- COLLABORATORS

The collaborators include the regular professors as well as students listed in section II.

Michel Dion, Chairholder

(The Chairholder is mainly involved in the governance thrust, although he also participates in the other research thrusts of the Chair).

GOVERNANCE THRUST

Sylvie Berthelot, Responsible for the Governance Thrust (Accounting)

Denyse Rémillard (Finance)

Michel Dion (Management)

Michel Fortier (Management) (UQAR)

FINANCIAL THRUST

Frank Coggins, Responsible for the Financial Thrust (Finance)

Yves Trudel (Finance)

Anastassios Gentzoglani (Finance)

Guy Bellemare (Finance)

LEGAL THRUST

Simon Roy, Responsible for the Legal Thrust (Fac. Law)

Marie-Pierre Robert (Fac. Law)

PROCEDURAL THRUST

Claudia Champagne, Responsible for the Procedural Thrust (Finance)

ASSOCIATE COLLABORATORS

Jessica Lévesque (Information systems ; statistics)

Marc-André Lapointe (Finance)

Stéphane Chrétien (Finance, Université Laval, Québec)