

# John K. Paglia

Finance Area  
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**Objective:** To obtain a tenure-track, Assistant Professor position in Finance with a balance of teaching, research, and service responsibilities.

**Interests:** *Research:* Banking, Corporate Finance, and Investments  
*Teaching:* Banking, Corporate Finance, and Investments

**Availability:** Summer of 2000

**Education:**

Ph.D. Finance	University of Kentucky	Lexington, KY	May 2000
M.B.A.	Gannon University	Erie, PA	Dec. 1995
B.S. Finance	Gannon University	Erie, PA	May 1990

**Dissertation:** *"An Empirical Exploration of Covenants in Large Bank Loans"*  
Covenants play an important role in creating an optimal debt contract that balances the costs and benefits of borrowing to the firm. Covenants are diverse contracting devices and are written with the largest level of specificity in the commercial lending markets. Unfortunately, an understanding of the covenant structure and activity in medium-to-large bank loans has been elusive, primarily due to a general lack of data. Using Loan Pricing Corporation's TearSheets from 238 large bank loans, we constructed an original and comprehensive database of affirmative, negative, and financial covenants from paper. One chapter is largely descriptive and explores the 91 types of covenants in large bank loans and compares the same to those identified in private placements and public debt issues. Another chapter relates the presence of covenants and their scope to agency problems, information asymmetries and financial distress. In our results, we find that financial covenant use and "tightness" is affected by potential agency problems, information asymmetries, and growth opportunities. High-investment-opportunity firms are more likely to contract with banks in a manner that preserves the flexibility of the firm, supporting Berlin and Mester (1992). We also find evidence of increased covenant activity and restrictiveness within a syndicate, supporting Rajan and Winton's (1995) theory that covenants are used to mitigate agency problems within a set of creditors. Consistent with previous research, collateral signals higher risk and is associated with more covenants. Finally, we report on the other factors affecting covenant tightness.

- *Committee members: Dr. Donald J. Mullineaux, Dissertation Chair; Dr. Bradford D. Jordan; Dr. Susan D. Jordan; Dr. Paul D. Childs; Dr. Arnold J. Stromberg.*
- *Selected for 1999 FMA Nasdaq-Amex Doctoral Student Seminar.*
- *Estimated defense date: February 26, 2000.*

**Teaching:** **Georgetown College, Georgetown, KY: Adjunct Faculty Member, Fall 1999**

- BUA 335: *Principles of Finance*
- BUA 340: *Corporate Finance*
- Additional responsibilities include career advisement and internship supervision.
- *Technical Advisor* for student investment team. Portfolio approximately \$100,000.

**University of Kentucky, Lexington, KY: Instructor, Fall 1996 to Fall 1999**

- Fin 300: *Corporation Finance Lab* (12 sections) Evaluation Average **3.6/4.0**
- Fin 300: *Corporation Finance* (2 sections) Evaluation Average **3.7/4.0**
- Fin 350: *Fundamentals of Investing* (4 sections) Evaluation Average **3.7/4.0**

**AVERAGE 3.7/4.0**  
UK Finance Area Average 3.3/4.0

- Teaching (con't):
- Selected as 1999 Finance area representative for **Outstanding Teaching Assistant of the Year Award**. Honored as a finalist at 1999 Beta Gamma Sigma banquet.
  - **New Teaching Assistant workshop leader**. One of three representatives from Gatton College of Business and Economics selected to lead 1999 TA workshop.
  - Created **class web pages** for FIN 300, FIN 350, BUA 335, and BUA 340.
  - Teaching Assistant for *Dr. Susan D. Jordan* (Fall 1998 – Spring 1999).
  - Teaching Assistant for *Dr. Donald J. Mullineaux* (Fall 1998).
  - Teaching Assistant for *Dr. Dennis T. Officer* (Fall 1996 – Fall 1997).

Presentations: SFA (1999), “*An Empirical Exploration of Financial Covenants in Large Bank Loans*”

Working papers: “*An Empirical Exploration of Financial Covenants in Large Bank Loans*,” with Donald J. Mullineaux, University of Kentucky, 1999.

“*The Structure of Affirmative, Negative, and Financial Covenants in Large Bank Loans*,” with Donald J. Mullineaux, University of Kentucky, 1999.

Textbook

Development: ***Fundamentals of Corporate Finance***, 5<sup>th</sup> ed., Irwin/McGraw-Hill (2000), S.A. Ross, R.W. Westerfield, and B.D. Jordan.  
*Technical Proofreader:* Proofed end-of-chapter problems and updated solutions manual.

***Essentials of Corporate Finance***, 2<sup>nd</sup> ed., Richard D. Irwin (1998), S.A. Ross, R.W. Westerfield, and B.D. Jordan.

*Technical Proofreader:* Proofread text and verified/corrected answers to problems.

***Principles of Investments***, 1<sup>st</sup> ed., Irwin/McGraw-Hill (2000), C.J. Corrado and B.D. Jordan.

*Technical Proofreader:* Proofread text, solutions manual, test bank, and Powerpoint.

Professional

Experience:

***Operations Analyst/Bidding Specialist, Leech Carbide***, Meadville, PA (1992–1996).  
 Performed profitability/operational analysis and job quotations (from blueprint) for specialty-order, tungsten-carbide manufacturer/tool shop. Scheduled/expedited orders. Managed OSHA compliance team. Initiated and chaired safety committee. Wrote press releases and acted as company “spokesperson.” Initiated internal reporting system focusing on inefficiencies of “scrapped”/reworked jobs, labor allocation, and late orders.

***Financial Analyst, National Credit Union Administration***, Chicago, IL (1991–1992).  
 Analyzed financial and operational performance of federally chartered and insured credit unions in Ohio, West Virginia, and Michigan. Examined and rated the areas of capital, asset quality, management, earnings, and liquidity. Performed comprehensive loan and investment reviews. Identified violations of laws, by-laws, policies, and sound business practices. Presented recommendations for improvement to the boards of directors.

Professional

Activities:

- Alpha Kappa Psi (Professional Business Fraternity) *Chapter Advisor* at UK
- Gatton Doctoral Student Association: *Finance Area Senator/Representative*
- Discussant: FMA (1999), “Board Monitoring and Closed-End Funds Expenses.”
- Discussant: MFA (1999), “Bank Quality and Borrower Returns.”
- Memberships: AFA, FMA, SFA, SWFA, MFA

References:

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