Cambridge University Press 978-1-107-18650-7 — Law and Reputation Roy Shapira Index <u>More Information</u>

Index

access to courts, 71, 180, 181 accountability, 11, 38, 48, 50, 51, 52, 55, 115, 176, 192, 193, 194, 196, 198, 200, 226, 228 administrative litigation, 7, 156, 171, 172, 179, 181 agency theory, 3, 14 fixed appropriation, 141 problems, agency, 29, 62, 150 airplane crashes stock market reaction to, 22, 23 arbitration access-to-courts arguments, 202 Am. Express Co. v. Italian Colors Rest., 202 AT&T Mobility LLC v. Concepcion, 195, 202, 206 class action waivers, 8 cost-saving attributes, of, 196, 202 and effectiveness of media scrutiny, 196 Epic Sys. Corp. v. Lewis, 202, 224 Federal Arbitration Act, 206 and reputational deterrence, 203, 210, 222 mandatory provisions, 3, 9, 119, 202, 206, 224, 227 optimal design, of, 205, 223 of shareholder claims, 203 Armour, John, 19, 65, 234, 235 Arthur Andersen, 44 attribution, 40 errors, in, 25 naïve psychologist phenomenon, 26, 33, 90 Audi, self-accelerating cars incident, 31, 32, 34, 43, 68 Barnett, Mike, 9, 14, 15, 19, 30, 153

Bebchuk, Lucian, xii, 20, 28, 32, 142, 220

belief-shaping (by the law), 13 board independence, 126, 144 bounty (for plaintiffs and their attorneys), 38 breast implants litigation, 169, 170, 177 bureaucratic reputation theory, 158, 161, 163, 164, 169, 171, 176 burglar-alarm approach (to law enforcement), 117 care, duty of, 87, 97 Caremark (litigation), 95, 99, 212 Carnival Cruise Line, 25 case study method constructivist usage, 10 crucial, least likely case sampling, 94 purposive sampling, 10 certification source-credibility effects, 29, 64 Chancellor William Allen, 95, 96, 99 cheap talk, 6, 149, 151, 169 class actions, 58, 61, 99 clergy sexual-abuse litigation, 64, 177, 189, 191, 194, 200, 228, 230 communication science, 117 confidentiality as facilitating party autonomy and secrecy, 190 judicial discretion when sealing documents, 198 unpacking the different doctrines, of, 102 consent decree, 108, 117 conspicuous consumption, 132

Cambridge University Press 978-1-107-18650-7 — Law and Reputation Roy Shapira Index <u>More Information</u>

252

Index

content analysis of media coverage of the Disney-Ovitz debacle, 84 of prizewinning investigative projects, 4, 11, 48, 52-7, 73, 184, 242 of SEC enforcement announcements, 11 contract law personalized contracts, 234 corporate culture, 78, 85, 90, 137 signaling, of, 135, 136 corporate governance, 12, 14, 102, 121, 140, 209, 210, 211, 215, 220, 234 role of the media, in, 14, 211-12 corporate law facilitating nonlegal sanctions, 77, 78 lack of legal sanctions, 77, 78 Nevada, 101, 102 race to top/bottom debate: see: corporate law: regulatory competition regulatory competition, 78, 100, 103, 104 saints-and-sinners approach to, 79, 82, 83, 94, 95, 96, 103, 104 corporate philanthropy agency costs approach to (incl. managerial perk), 124 buying goodwill approach to/profitenhancing approach to, 124, 127-9 as co-opting board independence, 142 as delegated philanthropy, 127, 136, 138 as entrenching management, 143 as reducing labor costs, 129, 136 as a reputational buffer, 152-4 case for disclosure, 148 cash donations, 6, 125, 128, 130, 131, 134, 139 data, on, 125-7 definition, 123 evidence for signaling, in, 139 laws (US), 6, 122, 146, 147 corporate prosociality: see: corporate social responsibility corporate social responsibility, 6, 29, 122, 123, 134, 137, 146, 148, 149, 150, 152, 153, 154 as a buffer, 29 operational CSR versus charitable donations, 144 as window dressing, 151 Corwin v. KKR, 102 court of public opinion, 5, 10, 39, 58, 60, 64, 77, 78, 82, 84, 88, 93, 95, 180, 208, 229 credibility, 4, 35, 41, 42, 44, 54, 55, 61, 64, 120, 131, 136, 138, 232

crisis management, 45, 46, 60, 61, 62 decoupling tactics, 61 crowding-out problem, 152, 235 Dayton Hudson (donations case), 143, 144 Delaware courts avoiding time lag, 70 judges as reputable experts, 41, 70 depositions, 41, 220 derivative actions, 58, 61, 81, 97, 99, 204, 215, 220 director liability assessed individually or collectively, 99-100 disclosure laws, 6, 37, 38, 124, 145, 146, 147, 149, 150, 151 chilling effect, of, 148, 150 and corporate philanthropy, 146 information overload problem, 150 ratcheting-up effects, of, 148 discovery, 4, 11, 15, 39, 40, 42, 43, 45, 63, 64, 68, 70, 80, 86, 88, 94, 97, 98, 101, 102, 172, 181, 184, 192, 194, 197, 198, 203, 204, 210, 214, 215, 216, 217, 220, 223, 231, 234 internal company documents, 40, 43, 85, 86, 87, 215, 220 internal email communications, 4, 39, 64 Disney litigation, 43, 62, 66, 78, 82, 86, 94, 97, 216 background story, of, 84 Chancellor Chandler's opinion, 83, 88, 93, 97, 98, 100, 106 divergence between public and private incentives, 24, 57 DuPont, C8 (PFOA) debacle, 11, 24, 28, 30, 71, 153, 173, 175, 230 enforcement costs, 46 Enron, 6, 29, 44, 140, 141, 142, 149 Environmental Protection Agency (EPA), 166, 170, 182 executive pay, 28, 32, 141 Exxon Valdez spill (case), 68 fact-finding powers, 39, 42, 101, 174 public and private enforcers, 118, 218 failure-to-warn problem, 8, 189, 200 fake news, 47

financial constraints, 131, 137

financial crisis (2008), 51, 107, 169, 213 finger-wagging (by the law), 13

Cambridge University Press 978-1-107-18650-7 — Law and Reputation Roy Shapira Index <u>More Information</u>

> Food and Drug Administration (FDA), 113, 157, 158, 169, 170, 177, 245 Ford Pinto, debacle, 15, 40 framing, 4, 5, 15, 35, 36, 64, 82, 91, 112, 166, 175, 177, 211 freedom of information laws, 4, 7, 37, 38, 48, 54, 55, 56, 72, 74, 184, 185, 200, 203, 213, 242, 243, 244, 245, 246, 247, 248, 249, 250 exemption for law enforcement records, 200 Gilles, Myriam, 171, 209 Goldman Sachs, 125, 133 good faith doctrine, 70, 96, 97, 98, 101 hard look doctrine, 164, 178, 179, 180 agencies' win-rate, under, 179 information-producing effects, of, 179 hedge funds, 138, 140 information asymmetries in, 24, 43, 57, 69, 130, 137, 140, 147, 162, 164, 222, 224, 230, 232 companies' ability to distort, 4, 60, 67,68 consumer organizations, 191 corporate watchdogs, 26, 27, 45 direct versus indirect sources, 37-9, 212 flows, 5, 10, 39, 67, 68, 78 institutional investors, 26, 69 interest groups, 161 intermediaries, 26-8, 45 law firms, 66, 80 mass media, 3, 4, 14, 26, 86, 95, 105, 161 safety valve, 8 second-level, type of, 24, 40 stock analysts, 26, 28, 69, 81, 191 subsidies, 41, 166 translating into reputation (conditions for), 24 informational public good, 99 inspection rights, 5, 101, 102, 204, 214, 215, 221 interactions between legal and no-legal systems across countries (comparative), 234 conventional wisdom, on, 229, 230 diversified portfolio approach, 36, 59, 68, 120, 230 investigative reporting course syllabi, 4, 36, 47, 48, 50, 51, 70, 73, 237

Index

253

reporting on big government versus reporting on big business, 72, 213 tip sheets, 48 Investigative Reporters' Organization (IRE), 48 invisible hand, 33 IRE medal, 52, 53, 55 Johnson & Johnson, Tylenol incident, 31, 32, 34 Judge Rakoff, 108, 113, 114, 117, 180 judgment biases, 24, 25, 43 availability bias, 25 hindsight bias, 43, 89 negativity bias, 33, 82 judicial review abstention doctrines, 178 as a check on regulatory capture, 182 ideological slant, 168 of regulators' behavior, 155 of SEC enforcement actions, 107, 117, 180 judicial scolding, 5, 12, 61, 62, 78, 79, 81–2, 92, 104, 105, 106 Lavin v. West Corp., 102 law and economics, 1 law and finance, 235 law and social norms, 12, 13, 79, 152, 230 law as source, 11, 47, 48, 49, 51, 72, 242 cross-sectional variation, in the study of, 74, 193 law's reputational effects distinction between producing information and affecting reputations, 156, 176 first-opinion effects, 36, 47 by generating new information, 4, 39-41 impact of earlier stages in the process, 86-8 impact of judicial opinions, 88-94 improving disputants' reputation, 5 legal outcomes' imperfect correlation with reputational outcomes, 65 legal outcomes' versus legal process's effects, 13, 66, 68, 80, 230 processing existing information, 4, 39-41 quantity versus the quality of information produced, 110 safety valve effects, 45 second-opinion effects, 45-46; (ex ante), 36, 41, 42, 43, 46 time-lag problem, 57, 58, 168 Loeb Award, 52, 73 loyalty, duty of, 97

Cambridge University Press 978-1-107-18650-7 — Law and Reputation Roy Shapira Index <u>More Information</u>

254

Index

market deterrence: see: reputational deterrence market forces, 1, 123, 132, 201 depending on the strength of the legal system, 1 market overreaction, 2, 31-3, 106 market underreaction, 2, 31-3 media agenda, 7, 155, 161, 164, 177, 181 media coverage, 4, 5, 10, 11, 15, 26, 30, 35, 41, 43, 47, 62, 64, 71, 78, 85, 86, 88, 89, 90, 93, 95, 108, 110, 148, 153, 158, 161, 166, 169, 170, 176, 180, 198, 211, 212, 223, 235, 241 of fiduciary duty litigation, 77 of government behavior, 161 media scrutiny as antidote to regulatory capture, 183 as facilitating market discipline, 201 media slant hidden slant, 161 sources of, 26-7 medical malpractice, 69, 233 methodology, 9-12, 47 case studies, 10 content analysis, 10, 52-4 exploratory approach, 12, 232, 242 intercoder reliability, 54, 242 interviews, 10, 47, 49, 84 mixed-methods approach, 10, 231 triangulation, 4, 9, 36, 47, 237 #MeToo movement, xi, 205, 224, 226, 227 motion to dismiss, 58, 70, 86, 97, 102, 103, 121, 197, 204, 214, 216, 217: see: pleading standards muckraking journalism: see: investigative reporting negligence per se, 174, 175 non-judicial reviews nonlegal systems external moral sanctions, 12, 79 independent of the legal system, 1 interdependent with the legal system, 2 internal moral sanctions, 12, 79 social costs, of, 2 Occidental Petroleum (case), 140, 141 Odwalla, contaminated juice incident, 31, 32, 34, 43, 63, 68, 153 open-ended standards, 5, 98

openness databases of disputes, 199

as facilitating judicial accountability, 190, 194 of legal proceedings, 49 safety-valve, 199 overoptimism, 138 perception gap between reality, and: see: reputational sanctions as noisy process philanthropy warm glow from, 127, 128, 135, 139 plaintiffs' attorneys, 42, 43, 102, 119, 176, 216, 221 pleading standards, 97, 98, 101, 179, 197, 215, 216 affecting information-production, 197 Ashcroft v. Iqbal, 197 Bell Atl. Corp. v. Twombly, 197 heightened, 216 tailored versus trans-substantial, 197 Polinsky, Mitch, 1, 2, 31, 32, 33, 201, 228 positive externalities, 8, 35, 47, 57, 150, 193, 197, 202, 210, 222 preference-shaping (by the law), 13 priming effects, 177 private ordering, 146 product liability, 1, 31, 35, 201, 214, 233 public backlash, 167, 169, 173, 183 public choice theory, 157, 161, 182, 183 public enforcement, 107 Pulitzer-winning investigations 1995 story on disability pension abuse, 166 2002 story on neglect of kids in foster homes, 185, 195 2003 story on abuse of mentally ill, 185 2008 story on faulty regulation of baby products, 173 2015 story on healthcare providers milking Medicare, 184 punitive damages, 175 rates of return (regulation of), 162, 174 rational ignorance, 160, 225 rational irrationality, 160 reason-giving requirements, 156, 164, 165 regulation through litigation, 156, 175, 176 regulators' reputation definition, 157 as noisy process, 164 as trump card against regulatory capture, 159 regulatory behavior

bottom-up monitoring, of, 156, 184 enforcement efforts, 175

Cambridge University Press 978-1-107-18650-7 — Law and Reputation Roy Shapira Index <u>More Information</u>

Index

make-it-look-like-a-struggle strategy, 103-6, 232 regulatory agenda, 177 standard-setting prowess, 175 regulatory capture, 7, 119, 155, 156, 167, 183 asymmetric monitoring problems, 156, 162, 165 concentrated-benefits, dispersed-costs problem, 166, 183 low-saliency, high-complexity problem, 167, 183 regulatory compliance defense, 156, 174, 175 reputation as alternative to legal system, 1 bad-reputation effects, 232 conventional view, of, 2 definition, 21 individual-level versus organizational-level, 29, 60, 62, 81, 100 as justification for reducing legal intervention, 1, 201 labor market, 182 media coverage as proxy for, 35 spillovers, 232 reputational deterrence, 4, 8, 9, 26, 29, 30, 33, 35, 47, 53, 57, 71, 99, 100, 102, 116, 117, 118, 163, 172, 197, 198, 218, 219, 224 as function of availability of information, 196 of regulators, 157 reputational rewards, 6, 14, 122, 124, 152 conventional wisdom on, 122 reputational sanctions conditions, of 116 for calculated disregard, 78, 90 conventional wisdom view, of, 20 for deep-seated flaws, 22, 44, 70, 111 detection costs, 39, 230 empirical evidence, of, 19, 23 enforcement costs, 230 fuzzy dynamics, in, 9, 47, 81, 237 and honest incompetence, 61, 78, 82, 90 and identifiability of victims, 32, 34, 71 and increased financing costs, 19, 21 and increased operational costs, 19 and indicativeness of future behavior, 22 and lack of integrity, 7, 9, 58, 62, 70, 85, 86.00 and loss of directorship offers, 20 magnitude relative to legal sanctions, 113 and market concentration, 30 media coverage as proxy of, 47

255

as noisy process, 20, 24-30 and size of harm, 32, 34, 71 supracyclical pattern of, 32 Resnik, Judith, 108, 194, 202, 219 revolving-door phenomenon, 155, 157 rumor propagators, 2, 22, 34, 43 saliency, 4, 7, 35, 36, 64, 87, 166, 167, 172, 177, 183, 184, 185, 227 Salomon Brothers, 44, 65 scapegoating, 4, 5, 60, 61, 62, 92, 100 SEC v. Bank of Am. Corp., 110 SEC v. Citigroup Global Mkts., 108, 109, 110, 111, 112, 113, 117 SEC enforcement administrative proceedings, 115 announcements of, 109 biases in, 108, 219 budgetary constraints, 119, 218 incentives of the SEC, 113 neither-admit-nor-deny settlements, 107, 108, 114, 117 no-spin zone requirement, 112 targeting whole industries, 111, 120 tendency to prioritize small targets, 119 trend toward more admissions, 114 secret settlements, 99, 118, 181, 190, 191, 193, 198 failure to warn problem, in, 191 settlements judicial monitoring of, 98 shadow of the law, 4, 6, 231 shaming, 5, 12, 13, 78, 80, 100 shareholder litigation, 204 compensatory effects, 208 deterrent effects, 204, 209 front-loaded nature, of, 215, 216 Shavell, Steven, 1, 2, 31, 32, 33, 99, 190, 192, 201, 228 signaling, 124, 130, 131, 137 backup (multiple) signals, 132 broadcast efficiency, 137 and conspicuous consumption, 132, 137 and dividends, 132 free cash flows, 124, 130, 131, 137, 139 mimicry, in, 130 quality of product, 135 special interest group dynamics, 7, 155, 156, 170, 182, 183 special litigation committees, 101 standing requirements, 180, 186

Cambridge University Press 978-1-107-18650-7 — Law and Reputation Roy Shapira Index <u>More Information</u>

256

Index

strict liability reputational effects of: see: tort law:negligence versus strict liability

Tarbell, Ida, 51, 177 tobacco litigation, 170, 173, 175, 177 tort law and government, 171–2, 181 litigation, 7, 167, 173 negligence versus strict liability, 233 Trump administration, 196, 205, 207

Wagner, Wendy, 64, 166, 170, 176, 192 Wall Street Journal, 23, 56, 67, 94, 184, 243 Watergate, 51, 241 Wells Fargo, 125, 226 whistleblowing, 37, 38, 119, 200, 217, 221, 222 Williamson, Oliver, 24, 40