



UNIVERSITÉ D'OTTAWA
UNIVERSITY OF OTTAWA

ÉCOLE DE GESTION
SCHOOL OF MANAGEMENT

**CGA Accounting Research Centre and The AFI Section
DISTINGUISHED SPEAKER SERIES**

ARTYOM (ART) DURNEV
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Profile:

Art Durnev, Ph.D., is Assistant Professor of Finance at the Faculty of Management at McGill University, Montreal, Canada and Research Associate at the Institut de Finance Mathématique de Montréal. Dr. Durnev's research interests are primarily focused on corporate finance, governance, and financial markets development. His work involves empirical investigations of firm governance structures, disclosure policies, insider trading regulation and idiosyncratic volatility. He has published this work in the Journal of Finance, Journal of Accounting Research, Michigan Law Review, and Economics of Transition. His recent work (« To Steal or Not to Steal: Firm Attributes, Legal Environment, and Valuation, » published in the Journal of Finance) focuses on firms' adaptation of better governance and disclosure practices in countries where investor protection laws are weak. Dr. Durnev taught International Finance Markets and Management of International Portfolios MBA classes at the University of Michigan and International Finance undergraduate course at the University of Miami, Florida. Dr. Durnev, a native of Russia, received a M.A. (Economics) from the New Economic School in Moscow and the Pennsylvania State University, and a Ph.D. (Finance) from the University of Michigan Business School in 2003. In his spare time, he enjoys mountain biking, scuba diving, hiking, and collecting paper money.

***Topic: «Erroneous Accounting and the Efficiency of Industry
Investment»***

Abstract:

The accounting and finance literature has shown that restatements of previously published financial statements are associated with a significant decrease in the market value of restating firms' competitors. The present study hypothesizes that competitors experience a decline in their market value because their past investments were affected by the erroneous financial statements of restating firms. Investment decisions based on erroneous information likely are inefficient. The inefficiency of competitors' past investments is revealed at the restatement announcement, when the errors in the re-stating firms' financial statements are exposed. Consistent with this hypothesis, the present study documents that competitors experience more negative abnormal returns at the restatement announcement if they made more inefficient investments in the past. Furthermore, when competitors' past investments were affected to a larger extent by erroneous accounting information, they were more inefficient and competitors' subsequent market value losses at the restatement announcement are larger.

TIME: 1:00 p.m. FRIDAY, March 16, 2007

PLACE: VANIER HALL, Room 137

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