Propositions belonging to the doctoral dissertation

# Financing and Regulatory Frictions in Mergers and Acquisitions

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1. Distressed firms acquire unrelated targets in order to diversify bankruptcy risk (*Chapter 2, this dissertation*).
2. Diversifying acquisitions reduce asset risk for financially distressed firms (*Chapter 2, this dissertation*).
3. Politically connected banks are more likely to win the government auctions selling failed banks during the Great Recession (*Chapter 3, this dissertation*).
4. Politically connected banks pay lower prices for acquiring failed banks and perform worse after acquisitions (*Chapter 3, this dissertation*).
5. Regulatory uncertainties pose substantial costs for non-financial firms' mergers and acquisitions. Merging firms strategically lobby the government to facilitate deal completion (*Chapter 4, this dissertation*).
6. Selfish managers may act in accordance with creditors' objective function at the costs of shareholders'.
7. It may be socially optimal to force distressed firms to go bankrupt, even when the deadweight cost in bankruptcy is high.
8. Regulations restrict the completeness of financial markets but allow better market efficiency for certain types of transactions or securities.
9. It is impossible to eliminate corruption and favoritism in the government. The second-best outcome may be achieved by promoting transparency.
10. Most empirical financial research can be performed by machine learning methods.
11. The constant void enables one to observe the true essence. The constant being enables one to see the outward manifestations (*Tao Te Ching*).