

Lawyer CEOs

ONLINE APPENDIX

TABLE A1
The Effect of Lawyer CEO on Litigation

This table presents Poisson, winsorized, and natural log regression estimates of the relation between CEO legal training and annual firm litigation of a given type. Panel A presents firm litigation measures winsorized at the 1% and 99% level, Panel B presents the natural log of firm litigation measures, calculated as $\text{Log}(1+\text{Litigation})$, and Panel C presents alternate fixed effects including state and industry. Firm litigation is measured by the total number of lawsuit filings per year. Lawyer CEO is an indicator variable for a CEO with legal expertise. All control variables are defined in Appendix A and are lagged by one year. Industry and year fixed effects are included in all regressions. The t -statistics are computed using standard errors corrected for clustering of observations by firm and year and are reported in parentheses below the estimates. ***, **, * indicate statistical significance at the 1%, 5%, and 10% level, respectively.

Panel A. Winsorized

Dependent variable: <i>Number of Lawsuit Filings per Year</i>											
	Antitrust	Civil	Contract	Environ.	Intel. Property	Labor	Personal Injury	Product Liability	Securities	All	All exPL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Lawyer CEO	0.159** (2.24)	-0.039* (-1.87)	-0.009 (-1.01)	-0.094 (-1.20)	-0.116*** (-2.72)	-0.001 (-0.18)	-0.001 (-0.05)	-0.040* (-1.74)	0.013 (0.25)	-0.079 (-0.27)	-0.473*** (-2.59)
<i>Controls, Firm FE, and Year FEs included</i>											
Observations	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027
R-squared	0.22	0.75	0.58	0.32	0.44	0.50	0.71	0.74	0.23	0.77	0.76

Panel B. Natural Logarithm

Dependent variable: <i>Ln (1+Number of Lawsuit Filings per Year)</i>											
	Antitrust	Civil	Contract	Environ.	Intel. Property	Labor	Personal Injury	Product Liability	Securities	All	All exPL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Lawyer CEO	-0.014 (-1.32)	-0.007 (-0.29)	-0.057*** (-2.79)	0.000 (0.06)	0.002 (0.12)	-0.026* (-1.81)	-0.010 (-0.51)	0.069** (2.46)	-0.032* (-1.94)	0.010 (0.28)	-0.058* (-1.81)
<i>Controls, Firm FE, and Year FEs included</i>											
Observations	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027
R-squared	0.26	0.70	0.54	0.36	0.43	0.51	0.69	0.73	0.24	0.73	0.71

Panel C. Alternative to firm fixed effects — State and industry fixed effects

	Dependent variable: <i>Number of Lawsuit Filings per Year</i>										
	Antitrust	Civil	Contract	Environ.	Intel. Property	Labor	Personal Injury	Product Liability	Securities	All	All exPL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Lawyer CEO	-0.061** (-2.29)	-0.388*** (-5.70)	-0.186*** (-5.84)	-0.013* (-1.79)	-0.003 (-0.14)	-0.083*** (-3.29)	-0.372*** (-2.98)	4.068** (1.99)	-0.112** (-2.22)	2.850 (1.38)	-1.203*** (-6.28)
	<i>Controls, State FEs, Industry FEs, and Year FEs included</i>										
Observations	12,132	12,132	12,132	12,132	12,132	12,132	12,132	12,132	12,132	12,132	12,132
R-Squared	0.02	0.30	0.18	0.04	0.17	0.05	0.16	0.05	0.03	0.10	0.23

TABLE A2
The Effect of CEO with Law Degree on Trial Length

This table presents OLS regression estimates of the relation between CEO legal training and annual firm litigation trial length. Firm litigation trial length is measured by the sum of trial days of lawsuits per year. Lawyer CEO is an indicator variable for a CEO with legal expertise. Antitrust lawsuits are excluded entirely for lacking any valid litigation duration data. All control variables are defined in Appendix A and are lagged by one year. Industry fixed effects and year fixed effects are included in all regressions. The *t*-statistics are computed using standard errors corrected for clustering of observations by firm and year and are reported in parentheses below the estimates. ***, **, * indicate statistical significance at the 1%, 5%, and 10% level, respectively.

	Dependent variable: <i>Litigation Days per Year</i>									
	Civil	Contract	Environ.	Intel. Property	Labor	Personal Injury	Product Liability	Securities	All	All exPL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Lawyer CEO	-0.540** (-2.42)	-0.135** (-2.51)	0.012 (0.81)	0.023 (0.53)	-0.110*** (-2.66)	-0.591** (-2.29)	-7.527 (-0.47)	-0.170** (-1.98)	-9.167 (-0.57)	-1.676*** (-3.14)
	<i>Controls, Firm FEs, and Year FEs included</i>									
Observations	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027
R-Squared	0.77	0.67	0.20	0.46	0.25	0.69	0.20	0.18	0.23	0.75

TABLE A3
The Effect of Executives with Different Education on Litigation

This table presents OLS regression estimates of the relation between CEO legal training and annual firm litigation. Firm litigation is measured by the number of lawsuit filings per year. In Panel A, Executive General Counsel is an indicator variable for a general counsel among the top 5 highest paid executives within a firm. In Panel B, % Law. Dir. is the percentage of directors with legal expertise on a firm's board. In Panel C, Science is an indicator variable for a CEO with education in a STEM field. In Panel D, Ivy is an indicator variable for a CEO with education from an Ivy League institution. All control variables are defined in Appendix A and are lagged by one year. Firm fixed effects and year fixed effects are included in all regressions. The *t*-statistics are computed using standard errors corrected for clustering of observations by firm and year and are reported in parentheses below the estimates. ***, **, * indicate statistical significance at the 1%, 5%, and 10% level, respectively.

Panel A. Executive General Counsel

Dependent variable: <i>Number of Lawsuit Filings per Year</i>											
	Antitrust	Civil	Contract	Environ.	Intel. Property	Labor	Personal Injury	Product Liability	Securities	All	All exPL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Exec. GC	0.023 (0.76)	0.219*** (3.03)	0.027 (0.88)	0.023 (0.38)	-0.005 (-0.34)	0.012 (0.42)	-0.072 (-0.39)	-1.962* (-1.86)	0.034 (0.89)	-1.702 (-1.57)	0.242 (1.02)
<i>Controls, Firm FEs, and Year FEs included</i>											
Observations	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027
R-squared	0.27	0.77	0.67	0.203	0.46	0.25	0.69	0.20	0.18	0.23	0.75

Panel B. Lawyer Director on Board

Dependent variable: <i>Number of Lawsuit Filings per Year</i>											
	Antitrust	Civil	Contract	Environ.	Intel. Property	Labor	Personal Injury	Product Liability	Securities	All	All exPL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Law. Dir.	-0.041 (-1.37)	-0.116 (-1.64)	0.050 (1.41)	-0.068 (-1.18)	-0.019 (-1.15)	0.027 (0.62)	-0.169* (-1.65)	1.634 (1.08)	-0.081 (-1.52)	1.216 (0.80)	-0.331* (-1.82)
<i>Controls, Firm FEs, and Year FEs included</i>											
Observations	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027
R-squared	0.27	0.77	0.67	0.20	0.46	0.25	0.69	0.20	0.18	0.23	0.75

Panel C. CEO with STEM Undergraduate Degree

Dependent variable: <i>Number of Lawsuit Filings per Year</i>											
	Antitrust	Civil	Contract	Environ.	Intel. Property	Labor	Personal Injury	Product Liability	Securities	All	All exPL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Science	-0.025 (-0.69)	-0.241** (-2.57)	-0.080** (-2.41)	0.008 (0.56)	-0.056** (-2.46)	-0.109** (-2.12)	-0.170** (-2.03)	-0.394 (-0.26)	0.036 (0.53)	-1.034 (-0.67)	-0.590*** (-2.97)
<i>Controls, Firm FEs, and Year FEs included</i>											
Observations	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027
R-squared	0.27	0.77	0.67	0.20	0.46	0.25	0.69	0.20	0.18	0.23	0.75

Panel D. CEO with Ivy League Degree

	Dependent variable: <i>Number of Lawsuit Filings per Year</i>										
	Antitrust	Civil	Contract	Environ.	Intel. Property	Labor	Personal Injury	Product Liability	Securities	All	All exPL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Ivy	-0.002 (-0.07)	-0.124 (-1.07)	-0.016 (-0.25)	-0.001 (-0.09)	0.012 (0.63)	0.060 (1.10)	-0.430 (-1.29)	-3.079* (-1.92)	-0.011 (-0.13)	-3.590** (-2.16)	-0.522 (-1.26)
<i>Controls, Firm FEs, and Year FEs included</i>											
Observations	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027
R-squared	0.27	0.771	0.66	0.20	0.46	0.25	0.69	0.20	0.18	0.23	0.75

TABLE A4
The Effect of CEO with Law Degree on Litigation surrounding SOX

This table presents OLS regression estimates of the relation between CEO legal training and annual firm litigation surrounding the passage of the Sarbanes-Oxley Act. Firm litigation is measured by the number of lawsuit filings per year. Lawyer CEO is an indicator variable for a CEO with legal expertise. All control variables are defined in Appendix A and are lagged by one year. Firm fixed effects and year fixed effects are included in all regressions. The *t*-statistics are computed using standard errors corrected for clustering of observations by firm and year and are reported in parentheses below the estimates. ***, **, * indicate statistical significance at the 1%, 5%, and 10% level, respectively.

	Dependent variable: <i>Number of Lawsuit Filings per Year</i>										
	Antitrust	Civil	Contract	Environ.	Intel. Property	Labor	Personal Injury	Product Liability	Securities	All	All exPL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Lawyer CEO	-0.143 (-1.39)	-0.497*** (-3.00)	-0.143** (-2.46)	-0.006 (-0.30)	0.012 (0.28)	-0.086* (-1.90)	-0.435** (-2.22)	-12.194 (-0.63)	-0.169** (-2.12)	-13.660 (-0.70)	-1.472*** (-3.67)
SOX	0.048 (1.20)	-0.883*** (-5.01)	-0.203* (-1.93)	-0.066 (-0.77)	0.001 (0.02)	-0.204*** (-3.00)	-0.178 (-0.27)	2.477 (0.80)	-0.153 (-0.54)	0.840 (0.26)	-1.572** (-2.01)
SOX × Lawyer	0.031	-0.101	0.019	0.041	0.027	-0.055	-0.362	10.818	-0.002	10.415	-0.471

CEO	(0.41)	(-0.52)	(0.34)	(1.06)	(0.69)	(-1.24)	(-1.45)	(1.25)	(-0.04)	(1.20)	(-1.00)
	<i>Controls, Firm FE, and Year FEs included</i>										
Observations	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027	18,027
R-squared	0.234	0.745	0.271	0.771	0.665	0.203	0.459	0.245	0.686	0.200	0.183

TABLE A5
The Effect of CEO Legal Experience on Litigation

This table presents OLS regression estimates of the relation between CEO legal experience and annual firm litigation of a given type. Firm litigation is measured by the total number of lawsuit filings per year. Law Firm Experience is an indicator variable for a CEO with law firm work experience. Corp. Firm Experience is an indicator variable for a CEO with experience as corporate in-house counsel. Public Law Experience is an indicator variable for a CEO with experience working as counsel for government, publicly-funded, or charitable organizations. Exp. Practicing Law is an indicator variable for a CEO with prior experience working as an attorney or legal counsel. Log(Law Firm Years) is the natural logarithm of the number of years a CEO worked for a law firm. Log(Corp Law Years) is the natural logarithm of the number of years a CEO worked as corporate in-house counsel. Log(Public Law Years) is the natural logarithm of the number of years a CEO worked for a government, publicly-funded, or charitable organization. Log(Years Practicing Law) is the natural logarithm of the number of years a CEO spent working as an attorney or legal counsel. All control variables are defined in Appendix A and are lagged by one year. Industry and year fixed effects are included in all regressions. The *t*-statistics are computed using standard errors corrected for clustering of observations by firm and year and are reported in parentheses below the estimates. ***, **, * indicate statistical significance at the 1%, 5%, and 10% level, respectively.

	All	All w/o Prod. Liab.
(1) Law Firm Experience	-0.531 (-0.36)	-0.534* (-1.81)
(2) Corp. Law Experience	0.117 (0.05)	0.271 (0.73)
(3) Public Law Experience	0.534 (0.34)	0.278 (0.73)
(4) Exp. Practicing Law	-0.330 (-0.16)	-0.063 (-0.16)
(5) Log(Law Firm Years)	-0.157 (-0.26)	-0.167 (-1.33)
(6) Log (Corp Law Years)	0.084 (0.10)	0.142 (1.08)
(7) Log(Public Law Years)	0.381 (0.50)	0.202 (0.86)
(8) Log(Years Practicing Law)	-0.072 (-0.10)	0.004 (0.03)