Recoupment Under Dodd-Frank: Punishing Financial Executives and Perpetuating “Too Big To Fail”

In July 2011, the Federal Deposit Insurance Corporation (FDIC) promulgated new rules implementing Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act. These rules define a cause of action to recoup compensation paid to senior executives and directors of failed nonbank financial institutions placed into the FDIC’s “orderly liquidation authority” receivership. An action for recoupment is based on a negligence theory of liability, but it does not require establishing that an executive’s conduct caused the financial institution any harm. The rules presume liability merely for having held executive responsibility prior to the firm entering receivership. The executive may rebut the presumption of negligent conduct, but not causation. Put simply, a senior executive or director can lose two years of pay even if he or she could conclusively establish the total absence of any link between his or her conduct and the firm’s failure.

This Comment argues that disconnecting recoupment from causation leads to overdeterrence and perpetuates the dangerous phenomenon of “too big to fail.” In particular, executives may abstain from taking optimal risks that may be mischaracterized later as negligent should other factors cause the firm’s failure. Such overdeterrence is likely to cause talented executives to gravitate toward financial institutions that have the lowest risk of failure. Recoupment thus imposes a cost concomitant with a firm’s perceived risk of failure, giving large, interconnected institutions an advantage when competing for managerial talent. Indeed, the liquidation of firms perceived as “too big to fail” may be so improbable that they can credibly offer executive compensation with little to no risk of recoupment.

The remedy for this deficient rule is to make causation a rebuttable presumption. Because executives can cheaply show that other factors were responsible for the firm’s failure, they would discount potential recoupment liability chiefly by the likelihood of causing actual harm. This probability
would not vary between firms, promoting healthy competition among financial institutions and reversing the arbitrary advantages conferred by the current regime on “too big to fail” firms. Retaining a presumption of causation would still ease the evidentiary burden of holding financial executives accountable for reckless behavior.

I. TITLE II AND RECOUPING EXECUTIVE COMPENSATION

Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act grants the FDIC the authority to conduct an “orderly liquidation” of “failing financial companies that pose a significant risk to the financial stability of the United States.” Under Title II, the FDIC may “act as the receiver” for a “covered financial company.” A “covered financial company” must meet a series of criteria, including (1) being “in default or in danger of default” (as defined in the statute); (2) posing such a risk that “failure of the financial company and its resolution under otherwise applicable Federal or State law would have serious adverse effects on financial stability in the United States”; and (3) leaving no choice but a public rescue because “no viable private sector alternative is available to prevent the default of the financial company.” As receiver, the FDIC succeeds to the financial company, operates it with the goal

2. Id. § 5384(b).
3. The term “financial company” is defined as a “bank holding company”; a “nonbank financial company supervised by the Board of Governors” of the Federal Reserve; “any company that is predominantly engaged in activities that the Board of Governors has determined are financial in nature or incidental thereto”; and any subsidiary of the foregoing companies “that is predominantly engaged in activities that the board of governors has determined are financial in nature or incidental thereto.” Id. § 5381(a)(11).
4. Id. § 5383(b)(1).
5. Id. § 5383(c)(4) (“[A] financial company shall be considered to be in default or in danger of default if . . . (A) a case has been, or likely will promptly be, commenced with respect to the financial company under the Bankruptcy Code; (B) the financial company has incurred, or is likely to incur, losses that will deplete all or substantially all of its capital, and there is no reasonable prospect for the company to avoid such depletion; (C) the assets of the financial company are, or are likely to be, less than its obligations to creditors and others; or (D) the financial company is, or is likely to be, unable to pay its obligations (other than those subject to a bona fide dispute) in the normal course of business.”).
6. Id. § 5383(b)(2).
7. Id. § 5383(b)(3).
8. Id. § 5390(a)(1)(A).
of maximizing the value of its assets, and ultimately must "liquidate, and wind-up [its] affairs." The statute does not, however, limit the FDIC's powers to operate the failed financial institution. Title II also provides:

The Corporation, as receiver of a covered financial company, may recover from any current or former senior executive or director substantially responsible for the failed condition of the covered financial company any compensation received during the 2-year period preceding the date on which the Corporation was appointed as the receiver of the covered financial company . . . .

On July 15, 2011, the FDIC promulgated rules implementing this recoupment authority. The rules empower the FDIC to "file an action" to recover any compensation paid in the preceding two years as provided in the statute. The rules provide that a "senior executive or director" shall be "substantially responsible" for the financial company's failure if he or she:

(1) Failed to conduct his or her responsibilities with the degree of skill and care an ordinarily prudent person in a like position would exercise under similar circumstances, and

(2) As a result, individually or collectively, caused a loss to the covered financial company that materially contributed to the failure of the covered financial company under the facts and circumstances.

These conditions reflect a negligence theory of liability, which requires establishing failure to act with reasonable care, causation, and injury. But the

9. Id. § 5390(a)(1)(B)(iv).
10. Id. § 5390(a)(1)(D).
11. Id. § 5390(s)(1).
13. Id. § 380.7(a).
14. Id. While this language suggests two independent causation elements—causing loss to the company and such loss materially contributing to its failure—these can be treated conceptually as a single requirement for this analysis because both are conclusively presumed under the rules. See also infra note 18 (discussing conclusive presumption of causation).
15. See Prosser and Keeton on the Law of Torts 164-65 (W. Page Keeton et al. eds., 5th ed. 1984) (defining negligence as consisting of four elements: (1) a "duty . . . requiring the person to conform to a certain standard of conduct, for the protection of others against unreasonable risks"; (2) a "failure on the person's part to conform to the standard required"; (3) a "reasonably close causal connection between the conduct and the resulting
rules establish a presumption that allows for recoupment without proving causation:

It shall be presumed that a senior executive or director is substantially responsible . . . under any of the following circumstances:

(i) The senior executive or director served as the chairman of the board of directors, chief executive officer, president, chief financial officer, or in any other similar role regardless of his or her title if in this role he or she had responsibility for the strategic, policymaking, or company-wide operational decisions of the covered financial company prior to the date that it was placed into receivership under the orderly liquidation authority of the Dodd-Frank Act . . . .

In essence, these executives are presumed liable solely based on title and responsibility. Moreover, this presumption may only "be rebutted by evidence that the senior executive or director conducted his or her responsibilities with the degree of skill and care an ordinarily prudent person in a like position would exercise under similar circumstances." Such language indicates that an executive may disprove only the first element of recoupment—negligent conduct—but not causation. Put simply, a senior executive or director can lose two years of pay even if market forces like tightening credit conditions or injury"; and (4) “[a]ctual loss or damage resulting to the interests of another" (footnotes omitted)).

16. 12 C.F.R. § 380.7(b)(1)(i). This presumption does not apply to senior executives "hired . . . during the two years prior . . . to assist in preventing further deterioration of the financial condition of the covered financial company" or directors “who joined the board of directors . . . under an agreement or resolution to assist in preventing further deterioration of the financial condition of the covered financial company.” Id. § 380.7(b)(3). The rules also establish other presumptions of liability under certain scenarios, id. § 380.7(b)(1)(ii)-(iv), but these are rebuttable as to causation, id. § 380.7(b)(2); see also infra note 18 (discussing conclusive presumption of causation).

17. 12 C.F.R. § 380.7(b)(2).

18. This subsection reproduces word-for-word the first element of liability under 12 C.F.R. § 380.7(a), indicating that negligent conduct alone is rebuttable. Moreover, the rules expressly permit rebutting causation when such a presumption arises in other contexts. See id. § 380.7(b)(1)-(2) (listing other presumptions and stating expressly that they are rebuttable). This discrepancy implies that causation is nonrebuttable here. See also FDIC’s Second Notice of Proposed Rulemaking Under the Orderly Liquidation Authority, DAVIS POLK & WARDWELL LLP 16 (Mar. 28, 2011), http://www.davispolk.com/files/Publication/7b49d031-5cf1-4e65-a066-0obb7a73546f/Presentation/PublicationAttachment/14cf36c-bf66-4c25-93be-2d115e8154d/032411_OLA_prop_rule_sum.pdf (concluding that the proposed version of this subsection, unchanged in the final rules, imposes a conclusive presumption of causation).
employee misconduct like fraud or embezzlement caused the firm to fail. Liability attaches even if the executive can conclusively establish the total absence of any causal link between his or her conduct and the firm's failure.

The FDIC has provided little explanation of the rationale behind the conclusive presumption of causation. It has merely stated that the rule is "aligned with the intent shown in the statutory language." The history of the statutory provision for recoupment indicates that it was driven by a popular backlash against executives of failed firms receiving substantial compensation alongside government support. When introducing the amendment providing for recoupment, Senator Robert Corker stated:

No question, the bonuses and things we saw, after getting taxpayer money to make sure they survived, no doubt that created a backlash. As a matter of fact, the Senator from Virginia and I are working on an amendment that would say, if this ever happens again and we have to take one of these firms through resolution, which is part of the Dodd bill right now, the bonuses and other types of things in recent years would all be clawed back. You cannot make huge sums of money, take your company down the tubes, and do things to America in that way without paying a price.

While liquidation under Title II is not a bailout, Senator Corker's statement suggests that the rule was intended to further a similar populist policy of denying compensation to executives of failed institutions under government-supervised liquidation.

19. See FDIC's Second Notice of Proposed Rulemaking Under the Orderly Liquidation Authority, supra note 18, at 16 (listing examples of failure without causation as "market forces, illegal behavior, fraud by some third party or governmental policies or actions").


23. See 12 U.S.C.A. § 5394(a) (West 2012) ("All financial companies put into receivership under this subchapter shall be liquidated.").
II. INEFFICIENT OVERDETERRENCE OF INDIVIDUAL EXECUTIVES

Liability without causation is dangerous because causation promotes economic efficiency. In A Theory of Negligence, Judge Richard Posner explained why this is so:

If the defendant was negligent but the accident would have occurred anyway, it would be incorrect to view the costs of the accident as the consequence of his negligence since they would not have been avoided by the exercise of due care. . . . Punishment for negligence would close an important safety valve in the negligence system. A standard of care is necessarily a crude approximation to optimality. Allowing enterprises a choice whether to comply or pay the social costs of violation may permit a closer approximation.24

Awarding monetary damages equal to actual injury permits the defendant to internalize the social cost of his or her conduct. This promotes efficiency when the legal standard of reasonable care differs from truly optimal behavior. By divorcing negligence from causation, the FDIC’s new rules inefficiently overdeter individual financial executives.

The new rules exacerbate the crudeness of the “approximation to optimality” that Judge Posner identifies. The rules define a “business judgment” standard to determine whether an executive has acted negligently,25 yet the FDIC has expressly rejected state law business judgment doctrines that insulate directors and officers from the unpredictable effects of ordinary negligence liability.26 The FDIC also emphasized that gross negligence, the

24. Richard A. Posner, A Theory of Negligence, 1 J. LEGAL STUD. 29, 40-41 (1972). For a detailed analysis of causation in tort law, see Guido Calabresi, Concerning Cause and the Law of Torts: An Essay for Harry Kalven, Jr., 43 U. CHI. L. REV. 60 (1975). The importance of the causation requirement as correcting for potential hindsight bias is widely accepted in the economic analysis of law today. E.g., STEVEN SHAVELL, FOUNDATIONS OF ECONOMIC ANALYSIS OF LAW 252 (2004) (“One advantage of the causation requirement is that to the extent that there are errors in the negligence determination, the negligence system takes on aspects of strict liability, so that the problem of overdeterrence . . . would be exacerbated were the scope of liability extended to losses not caused by negligence.”).

25. Certain Orderly Liquidation Authority Provisions Under Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act, 76 Fed. Reg. at 41,631 (“In the event that a covered financial company is liquidated under Title II, the FDIC as receiver will undertake an analysis of whether the individual has breached his or her duty of care, including an assessment of whether the individual exercised his or her business judgment.”).

26. Id. (“State ‘business judgment rules’ and ‘insulating statutes’ will not shift the burden of proof to the FDIC or increase the standard of care under which the FDIC as receiver may
RECOUPMENT UNDER DODD-FRANK

default standard under state law, will not be required. The ambiguity of this FDIC-specific “business judgment rule” could lead to significant uncertainty because courts cannot accurately determine the ex ante optimality of executives’ complex risk-return calculations in hindsight. The potentially crippling chilling effect of judicial second-guessing of directors’ decisions is precisely what motivated the development of the business judgment rule in Delaware corporate law. It is no mystery why Delaware courts defer to directors’ judgment unless the high bar of gross negligence is met: mischaracterizing efficient conduct as negligent would have grave consequences if causation did not serve as a “safety valve” for such error.

As Posner points out, any divergence between efficiency and the applicable standard of care matters little when damages equal actual harm. The individual can internalize surplus utility by taking the risk and paying damages equal to the harm. Imposing a fixed penalty of two years of pay could, however, lead to over and underdeterrence. Overdeterrence would result if executives refrain from taking efficient risks that may be improperly characterized as negligent in hindsight. Underdeterrence may also occur if executives take inefficient risks in an attempt to capture the surplus between the risky activity’s utility and the two-year compensation amount. The potential for over and underdeterrence increases as the gap between the expected harm and the amount of the executive’s two-year compensation grows.

recoup compensation.

As Posner points out, any divergence between efficiency and the applicable standard of care matters little when damages equal actual harm. The individual can internalize surplus utility by taking the risk and paying damages equal to the harm. Imposing a fixed penalty of two years of pay could, however, lead to over and underdeterrence. Overdeterrence would result if executives refrain from taking efficient risks that may be improperly characterized as negligent in hindsight. Underdeterrence may also occur if executives take inefficient risks in an attempt to capture the surplus between the risky activity’s utility and the two-year compensation amount. The potential for over and underdeterrence increases as the gap between the expected harm and the amount of the executive’s two-year compensation grows.

recoup compensation.

1. | Page dimensions: 506.9x720.0 |
2. | [Image 0x0 to 507x720] |
3. | [57x673]RECOUPMENT UNDER DODD-FRANK |
4. | [56x636]default standard under state law, will not be required. The ambiguity of this FDIC-specific “business judgment rule” could lead to significant uncertainty because courts cannot accurately determine the ex ante optimality of executives’ complex risk-return calculations in hindsight. The potentially crippling chilling effect of judicial second-guessing of directors’ decisions is precisely what motivated the development of the business judgment rule in Delaware corporate law. It is no mystery why Delaware courts defer to directors’ judgment unless the high bar of gross negligence is met: mischaracterizing efficient conduct as negligent would have grave consequences if causation did not serve as a “safety valve” for such error.
5. | As Posner points out, any divergence between efficiency and the applicable standard of care matters little when damages equal actual harm. The individual can internalize surplus utility by taking the risk and paying damages equal to the harm. Imposing a fixed penalty of two years of pay could, however, lead to over and underdeterrence. Overdeterrence would result if executives refrain from taking efficient risks that may be improperly characterized as negligent in hindsight. Underdeterrence may also occur if executives take inefficient risks in an attempt to capture the surplus between the risky activity’s utility and the two-year compensation amount. The potential for over and underdeterrence increases as the gap between the expected harm and the amount of the executive’s two-year compensation grows.

recoup compensation.

1. | Under Delaware law, the business judgment rule establishes a high standard of liability for carelessness. See discussion infra note 28.
3. | See infra Part IV.

30. While certain forms of executive compensation in the financial sector (e.g., stock options) might encourage inefficient risk taking, see Lucian A. Bebchuk & Holger Spamann, Regulating Bankers’ Pay, 98 GEO. L.J. 247, 251 (2010), ordinary negligence liability for any resulting harm would sufficiently counteract these incentives by imposing damages equal to resulting harm. Nonetheless, making causation rebuttable and the recoupment award adjustable to proven damages would ensure efficiency while granting the FDIC the evidentiary advantage of shifting the burden of proof to the executive. See infra Part IV.
Admittedly, the recent financial crisis has shown that there is a general problem of underdeterrence of risky conduct imposing social externalities. However, the proposed rule would lead to inefficient overdeterrence and distort the market for executive talent, rendering the proposed rule less effective than other approaches at reducing systemic risk. Moreover, along with the reform outlined in this Comment, the proposed rule goes a long way toward reducing underdeterrence. If individual executives take reckless risks with an expected utility in excess of two years of pay, the potential for recoupment for actual harm would counteract the incentive to capture such surplus as personal compensation. The FDIC can also pursue state law gross negligence actions in parallel, permitting the recovery of damages in excess of the two-year pay amount and negating residual underdeterrence. The FDIC could rebut the business judgment rule by showing that an extraordinarily reckless decision was uninformed or made in bad faith. Injury to the firm arising from decisions protected by the business judgment rule yet captured by the executive as personal compensation is compensable according to existing negligence law.

31. For a comprehensive discussion of ways to reduce the social externality of systemic risk, see Steven L. Schwarcz, Systemic Risk, 97 GEO. L.J. 193 (2008).

32. While the executive would discount potential recoupment liability by the probability of the firm’s failure, the expected payoff of the activity would likely correlate with this probability of failure because greater reward implies greater risk.

33. See 12 C.F.R. § 380.7(c) (2012).

34. See, e.g., Stone v. Ritter, 911 A.2d 362, 370 (Del. 2006) ("Where directors fail to act in the face of a known duty to act, thereby demonstrating a conscious disregard for their responsibilities, they breach their duty of loyalty by failing to discharge that fiduciary obligation in good faith." (citation omitted)); Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985) ("[T]he party attacking a board decision as uninformed must rebut the presumption that its business judgment was an informed one."); overruled on other grounds by Gantler v. Stephens, 965 A.2d 695 (Del. 2009).

35. The broader question of whether corporate law provides proper liability incentives apart from executive compensation for management to counter inappropriate risk taking is outside the scope of this Comment. Nonetheless, it is worth noting that lowering the general standard for managerial liability for failed firms—for example, by eliminating the business judgment rule—could have crippling consequences. See, e.g., Gagliardi v. TriFoods Int’l, Inc., 683 A.2d 1049, 1052 (Del. Ch. 1996); Bainbridge, supra note 28, at 114-15 ("[T]here is a substantial risk that suing shareholders and reviewing judges will be unable to distinguish between competent and negligent management because bad outcomes will be regarded, ex post, as having been foreseeable and, therefore, preventable ex ante. If liability results from bad outcomes, without regard to the ex ante quality of the decision or the decision-making process, however, managers will be discouraged from taking risks."); Gold, supra note 28, at 443-45 (discussing hindsight bias and instrumental justifications for the business judgment rule).
Finally, some might argue that the status quo without recoupment leads to systemic underdeterrence because an executive’s negligent conduct causes indirect, externalized harms such as a loss of confidence in financial markets. The new recoupment rule, however, imposes liability in the absence of any causation. Even if negligent executives should pay for harms imposed on society, punishing harmless conduct would have significant negative consequences by distorting the market for managerial talent and thereby reducing competition in the financial sector.

III. THE CONSEQUENCES OF OVERDETERRENCE: REDUCING COMPETITION IN THE FINANCIAL SECTOR AND PERPETUATING “TOO BIG TO FAIL”

The overdeterrence resulting from imposing liability in the absence of causation is likely to cause talented executives to gravitate toward well-capitalized financial institutions that have the lowest risk of failure. At first glance, this might seem beneficial, but as smaller firms lose highly skilled managers who refuse to put two years of compensation at risk for engaging in harmless behavior, recoupment will lead to greater market concentration in the financial services industry. This market concentration will further perpetuate the dangerous phenomenon of “too big to fail.”

Firms compete for managerial talent based on an executive’s opportunity cost or “reservation value.” As scholars have noted, “An executive’s reservation value is in part a function of her appetite for risk. A firm that requires a risk-averse executive to accept risky elements of compensation will have to provide more total compensation on an expected value basis to offset risk-bearing costs.” The uncertainty surrounding the standard of care under the new rules and the charged political atmosphere accompanying the failure of financial institutions would likely lead executives to assume a high probability of recoupment liability under FDIC receivership. Thus, for any individual subject to recoupment, his or her expected compensation is discounted by a factor approaching two times the probability of the firm’s failure. For example, if the firm has a ten percent chance of failure in a given year, the expected value

of the executive’s annual pay might be reduced by as much as twenty percent.  

This discount can impose a substantial competitive burden on firms that are perceived as relatively more likely to fail. 

Management theory holds that all else being equal, firms with more human capital that is rare and valuable will have a competitive advantage in the marketplace.  

As empirical studies and intuition suggest, competent senior executives and directors of financial institutions are both rare and valuable. The human capital advantage that would inure to the most capitalized firms perceived as having the lowest chances of failure would tilt the competitive landscape in their favor, trapping relatively less-capitalized firms in a vicious cycle of increasing likelihood of failure and departure of even more talent because of the resulting lower expected value of compensation. Moreover, while insurance might reduce the absolute cost imposed by the recoupment regime, riskier firms will still face a substantial disadvantage relative to competitors perceived as having a lower probability of failure. Loss shifting

38. The “in default or in danger of default” criterion for recoupment, see 12 U.S.C.A. § 5383(e)(4) (West 2012), implies that private sector alternatives have been exhausted. Executives might assign some probability to the outcome that the firm is not declared systemically important but rather enters ordinary bankruptcy proceedings instead of FDIC receivership. However, the uncertainty inherent in the systemic risk determination would likely render this probability very small. See infra notes 46-52 and accompanying text.


41. Interestingly, in April 2011 one insurer announced an “FDIC Receivership Endorsement” as an add-on to its directors and officers policy. Press Release, Marsh, Marsh Launches First-of-Its Kind Dodd-Frank/FDIC Receivership Endorsement (Apr. 21, 2011), http://www.businesswire.com/news/home/20110421005208/en/Marsh-Launches-First-of-its-Kind-Dodd-FrankFDIC-Receivership-Endorsement. However, as no recoupment claims have been filed yet, the economic viability of insuring against a risk of harmful negligence remains untested and uncertain. Moreover, the enforceability of such indemnification is unclear because it undermines the personal liability at the heart of the recoupment regime. Cf. Cohen v. Viray, 622 F.3d 188 (2d Cir. 2010) (invalidating corporate indemnification of CEO and CFO from clawback liability under section 304 of the Sarbanes-Oxley Act). While Cohen concerned indemnification, clawback insurance would have a similar effect of undermining personal liability. Indeed, in May 2012, Representative Barney Frank introduced H.R. 5860, which would expressly prohibit “insur[ing] . . . hedg[ing] against, or otherwise transfer[ring] the risks” of recoupment liability. H.R. 5860, 112th Cong. (2012); see also Alexandra Alper & Ben Berkowitz, Representative Frank Offers Bill To Bar Insurance on Claw-backs, REUTERS, May 30, 2012, http://www.reuters.com/article/2012/05/30/us-usa-congress-clawbacks-idUSBRE84T15720120530?irpc=932 (suggesting that Representative Frank introduced this bill in response to the “FDIC Receivership
may improve the efficiency of the recoupment regime, but each firm's premium would still reflect its idiosyncratic risk of recoupment. Insuring a riskier firm would naturally command a higher premium, imposing a greater cost on firms perceived as more likely to fail relative to their competitors.

The anticompetitive effects of recoupment will perpetuate the dangerous phenomenon of "too big to fail" financial firms. Title II was intended to end "too big to fail" by ensuring that failed nonbank financial institutions undergo orderly liquidations rather than chaotic bankruptcies (e.g., Lehman Brothers) or ad hoc bailouts (e.g., Bear Stearns). Yet the higher cost imposed by recoupment on firms perceived as riskier will promote market concentration and encourage the emergence of a small number of large, stable institutions. Indeed, the high cost of compliance with Dodd-Frank is already serving as an impetus for mergers and acquisitions in the financial sector. The heavy burden imposed by recoupment on firms perceived as more likely to fail will facilitate such market concentration even further. Moreover, as the Federal Reserve Bank of Dallas recently emphasized, the largest financial institutions "often follow parallel business strategies and hold similar assets," making it likely that they will fail simultaneously. The failure of several large institutions at once—"too many to fail"—would likely be too catastrophic to permit liquidation under Title II. Firms that reach the requisite size and correlated risk of failure could credibly offer executive compensation with little to no recoupment potential, further obtaining a competitive advantage in the market for managerial talent.

Some would argue that these anticompetitive effects are exaggerated because relatively few nonbank financial institutions are systemically

Endorsement" offered by Marsh). Furthermore, the insurance premium would be tied to the firm's likelihood of failure, imposing a cost analogous to compensating the executive directly for the increased recoupment risk. While an insurer might bear this risk more cheaply than a financial institution, riskier firms would still face a competitive disadvantage from these increased costs.

42. See, e.g., 12 U.S.C.A. § 5384(a) ("It is the purpose of this subchapter to provide the necessary authority to liquidate failing financial companies that pose a significant risk to the financial stability of the United States in a manner that mitigates such risk and minimizes moral hazard."); id. § 5394(a) ("All financial companies put into receivership under this subchapter shall be liquidated.").


45. Id.
important. Admittedly, the Financial Stability Oversight Council (FSOC) has adopted fairly stringent criteria for designating nonbank financial firms as posing systemic risk upon failure, and only eight U.S. financial institutions have been publicly designated as systemically important by the international Financial Stability Board. However, the FSOC's ex ante designation of a firm as systemically important under Title I of the Dodd-Frank Act is entirely independent of the FDIC's ex post determination under Title II, which triggers recoupment. The recent financial crisis has shown that it is not always possible to anticipate in advance which firms will endanger the stability of the financial system. For example, even the failure of a small hedge fund known for holding a popular asset class could precipitate a market-wide panic. The inability to determine in advance which firms would be designated systemically important—as well as the inherent uncertainty in the decision to subject an institution to recoupment—could lead executives of many nonbank firms in

48. 12 U.S.C.A. § 5383(b)(1) (West 2012) makes no mention of the ex ante designation of a nonbank financial institution as systemically important under 12 U.S.C.A. § 5330(a), implying that such a designation is independent of the decision to place an institution into FDIC receivership under Title II.
49. Compare Felix Salmon, How Systemically Important Is Bear Stearns?, SEEKING ALPHA (Mar. 16, 2008), http://seekingalpha.com/article/68640-how-systemically-important-is-bear-stearns (discussing the debate over whether Bear Stearns is systemically important and acknowledging two respected investors' views that it is not), with What Did the Fed Do To Combat the Financial Crisis?, FED. RESERVE BANK OF S.F., http://www.frbsf.org/econanswers/FR_Q1.pdf (last visited Aug. 15, 2012) (stating that Bear Stearns was a systemically important financial institution because its failure "risked a domino effect that would have severely disrupted financial markets").
51. The decision to subject an institution to recoupment is ultimately left in the hands of the Secretary of the Treasury. The Secretary must receive a written recommendation from the Federal Reserve Board of Governors and the FDIC addressing eight factors regarding the financial company and the effect of default. 12 U.S.C.A. § 5383(a)(1)-(2). Even after receiving a written recommendation, the Secretary retains discretion to make the final decision after weighing seven additional factors. Id. § 5383(b)(2). The subjectivity inherent in these multifactor determinations would likely engender significant uncertainty among financial executives.
the financial sector to plan for the worst-case scenario of FDIC receivership and adjust their expected compensation accordingly.  

**IV. A REBUTTABLE PRESUMPTION OF CAUSATION**

Preventing these inefficiencies and anticompetitive effects requires a simple solution: causation should be a rebuttable presumption and the two-year compensation amount merely a default award, adjustable to actual damage upon proof. Admittedly, it is unclear whether the statutory language referring to “any compensation received during the 2-year period” can be construed as merely a presumption rebuttable by showing actual injury. Nonetheless, even if a statutory change is required, this is the right approach. Retaining a presumption of causation would facilitate holding executives of failed financial institutions accountable, as information asymmetries likely place the FDIC at an evidentiary disadvantage when proving causation. It would likely be more costly for the FDIC to obtain the requisite internal accounting information to establish causation than for the executive to show that other factors were responsible for the firm’s failure. Yet permitting executives to disprove this presumption of causation and establish lower damages would also eliminate overdeterrence because damages would more accurately approximate actual harm, if any. For example, an executive could show that any allegedly reckless conduct—e.g., failure to adequately supervise trading—did not causally contribute to the firm’s failure because market forces caused asset values to plummet. Such a decline in asset values would have forced the firm into insolvency even if the executive had not engaged in the allegedly negligent conduct.

As these informational advantages are known ex ante, executives will anticipate that regardless of the probability of failure, it would be relatively inexpensive to disprove the causal link necessary for recoupment liability. This would eliminate the competitive advantage held by the largest firms because executives would discount potential recoupment liability solely by the likelihood of their conduct causing actual harm. As this probability depends on

---

52. The recent availability of an “FDIC Receivership Endorsement” for directors’ and officers’ insurance indicates that this risk is already imposing a cost on firms. See supra note 41.

53. 12 U.S.C.A. § 5390(s).

54. It is possible that rebutting causation may be too expensive (in absolute terms) for even a rebuttable presumption to counteract the ex ante overdeterrence described supra Part II. Yet this is still likely the best possible solution because removing the responsibility-based presumptions at the core of the recoupment regime would contradict the statutory language that recoupment impose liability beyond existing state law negligence theories based on conduct alone.
the nature of the executive's conduct, it would not vary across firms based on perceived risk of failure. This would level the playing field among financial institutions competing for executive talent, promoting healthy competition and reversing the arbitrary advantages conferred by the current regime on large, potentially "too big to fail" firms.

CONCLUSION

In promulgating these rules, the FDIC undoubtedly sought to discourage negligent management of institutions posing a substantial risk to the financial system. Such a goal is laudable. As defined in the new rules, recoupment is particularly appealing because its presumptions enable the FDIC to pursue executives without the burden of affirmatively proving every element of negligence. Yet by penalizing executives who caused the company little or no loss, the FDIC's new rules institute an inefficient liability regime. Such inefficiency would lead to overdeterrence and encourage executives to gravitate to the most stable financial institutions, because riskier firms face a competitive disadvantage with executive compensation as a result of the higher likelihood of recoupment. The anticompetitive effects of recoupment would promote concentration in the financial sector and facilitate the emergence of "too big to fail" institutions.

The solution is simple: causation should be a rebuttable presumption and the two-year compensation amount merely a default award, adjustable to actual damage upon proof. The informational advantages held by executives would permit cheaply disproving the presumption of causation, leading executives to discount potential recoupment liability solely by the likelihood of causing actual harm. This probability would not vary across firms on the basis of size, leveling the playing field among financial institutions competing for executive talent.

JOSHUA MITTS

* I would like to thank Jonathan Macey for providing such detailed and helpful guidance as I wrote this Comment. I am very grateful for Jonathan Meltzer's careful editing and comprehensive feedback throughout the editorial process. I also greatly appreciate the valuable comments and insights given by Benjamin Goldberg, Daniel Hemel, James Kainen, Doug Lieb, Alex Lustig-Elgrably, Shaun Mahaffy, Joshua Meltzer, Tamar Mitts, Eric Robinson, Matthew Smith, and Joanna Zhang. Above all, I am deeply indebted to Ian Ayres, who inspired me to write and provided countless examples of truly masterful scholarship.
RESPONSES. The Yale Law Journal invites short papers responding to scholarship appearing in the Journal within the last year. Responses should be submitted to The Yale Law Journal Online at http://yalelawjournal.org/submissions.html. We cannot guarantee that submitted responses will be published. Those responses that are selected for publication will be edited with the cooperation of the author.

The Yale Law Journal is published eight times a year (monthly from October through June, excluding February) by The Yale Law Journal Company, Inc. Editorial and general offices are located in the Sterling Law Building at Yale University. POSTMASTER: Send address changes to The Yale Law Journal, P.O. Box 208215, New Haven, Connecticut 06520-8215.

SUBSCRIPTIONS. A year subscription for Volume 122 is $55.00 payable in advance (please see our website for overseas shipping charges). Remittance must be made by U.S. Dollar drafts payable at a U.S. bank. Unfortunately, we are not able to accept payments in cash or by credit card. Subscription requests received after the first issue of a volume has been printed will run for eight consecutive issues unless otherwise indicated by the subscriber. Subscription backstarting is not permitted to include prior volume years. Overseas delivery is not guaranteed.

CLAIMS. Domestic claims for non-receipt of issues should be made within 90 days of the month of publication, overseas claims within 180 days; thereafter, the regular back issue rate will be charged for replacement. All subscriptions will be renewed automatically unless the subscriber provides timely notice of cancellation prior to the start of a new volume year. Address changes must be made at least two months before publication date. Please provide an old mailing label or the entire old address; the new address must include the ZIP code. Address changes or other requests for subscription information should be directed to the Business Manager.

SINGLE AND BACK ISSUES. Each issue of Volume 122 of the Journal can be purchased prepaid from The Yale Law Journal Company, Inc. for $25 (check must accompany order). For Connecticut deliveries, add 6% state sales tax. Remittance must be made by U.S. Dollar drafts payable to a U.S. bank. Unfortunately, we are not able to accept payments in cash or credit card. To purchase back issues from Volumes 1-121, please contact William S. Hein and Company, Inc., 1285 Main Street, Buffalo, New York 14209, (800) 828-7571. Back issues can also be found in electronic format on HeinOnline (http://heinonline.org/).

MANUSCRIPTS. The Journal invites the submission of unsolicited articles, essays, and book reviews. Manuscripts must be submitted online at http://yalelawjournal.org/submissions.html.

COPYRIGHT. Copyright © 2012 by The Yale Law Journal Company, Inc. Requests for copyright permissions should be directed to Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923, (978) 750-8400, http://www.copyright.com/.


OFFICERS OF ADMINISTRATION

Richard Charles Levin, B.A., B.Litt., Ph.D., President of the University
Peter Salovey, A.B., M.A., Ph.D., Provost of the University
Robert C. Post, A.B., J.D., Ph.D., Dean
Douglas Kysar, B.A., J.D., Deputy Dean
Megan A. Barnett, B.A., J.D., Associate Dean
Toni Hahn Davis, B.A., M.S.W., J.D., LL.M., Associate Dean
Brent Dickman, B.B.A., M.B.A., Associate Dean
S. Blair Kauffman, B.S., B.A., J.D., LL.M., M.L.L., Law Librarian and Professor of Law
Mark LaFontaine, B.A., J.D., Associate Dean
Kathleen B. Overly, B.A., J.D., Ed.D., Associate Dean
Asha Angappa, A.B., J.D., Associate Dean
Mike K. Thompson, B.A., M.B.A., J.D., Associate Dean

FACULTY EMERITI

Guido Calabresi, B.S., B.A., LL.B., M.A., Sterling Professor Emeritus of Law and Professorial Lecturer in Law
Dennis E. Curtis, B.S., LL.B., Clinical Professor Emeritus of Law and Professorial Lecturer in Law
Harlon L. Dalton, A.B., J.D., Professor Emeritus of Law
Mirjam R. Damalaka, LL.B., Dr.Jur., Sterling Professor Emeritus of Law and Professorial Lecturer in Law
Drew S. Days, III, B.A., LL.B., Alfred M. Rankin Professor Emeritus of Law and Professorial Lecturer in Law
Jan Ginter Deutsch, B.A., LL.B., Ph.D., M.A., Walter Hale Hamilton Professor Emeritus of Law and Professorial Lecturer in Law
Owen M. Fiss, B.A., B.Phil., LL.B., Sterling Professor Emeritus of Law and Professorial Lecturer in Law
Robert W. Gordon, A.B., J.D., Chancellor Kent Professor Emeritus of Law and Legal History and Professor (Adjunct) of Law
Michael J. Graetz, B.B.A., LL.B., Justus S. Hotchkiss Professor Emeritus of Law and Professorial Lecturer in Law
Quintin Johnstone, A.B., J.D., LL.M., J.S.D., Justus S. Hotchkiss Professor Emeritus of Law and Professorial Lecturer in Law
Carroll L. Lucht, B.A., M.S.W., J.D., Clinical Professor Emeritus of Law, Supervising Attorney, and Professorial Lecturer in Law
Carol M. Rose, B.A., M.A., Ph.D., J.D., Gordon Bradford Tweedy Professor Emeritus of Law and Organization, and Professorial Lecturer in Law
Peter H. Schuck, B.A., J.D., LL.M., M.A., Simeon E. Baldwin Professor Emeritus of Law and Professor (Adjunct) of Law (fall term)
John G. Simon, B.A., LL.B., Augustus E. Lines Professor Emeritus of Law and Professorial Lecturer in Law
Robert A. Solomon, B.A., J.D., Clinical Professor Emeritus of Law
Stephen Wizner, A.B., J.D., William O. Douglas Clinical Professor Emeritus of Law, Supervising Attorney, and Professorial Lecturer in Law

FACULTY

Bruce Ackerman, B.A., LL.B., Sterling Professor of Law and Political Science
† Muneez I. Ahmed, A.B., J.D., Clinical Visiting Professor of Law
Anne L. Alstott, A.B., J.D., Jacqueline D. Berman Professor in Taxation
Akhil Reed Amar, B.A., J.D., Sterling Professor of Law
Ian Ayres, B.A., J.D., William K. Townsend Professor of Law
‡ Jack M. Balkin, A.B., J.D., Ph.D., Knight Professor of Constitutional Law and the First Amendment
Aharon Barak, LL.M., Dr.Jur., Visiting Professor of Law and Gruber Global Constitutionalism Fellow (fall term)
Lea Brilmayer, B.A., J.D., LL.M., Howard M. Holtzmann Professor of International Law
Richard Brooks, B.A., M.A., Ph.D., J.D., Leighton Homer Starbeck Professor of Law
Robert A. Burt, B.A., M.A., J.D., Alexander M. Bickel Professor of Law (fall term)
Guido Calabresi, B.S., B.A., LL.B., M.A., Sterling Professor Emeritus of Law and Professorial Lecturer in Law
‡ Stephen L. Carter, B.A., J.D., William Nelson Cromwell Professor of Law
Amy Chua, A.B., J.D., John M. Duff, Jr. Professor of Law
Dennis E. Curtis, B.S., B.B.A., Clinical Professor Emeritus of Law and Professorial Lecturer in Law
Erie S. Damalaka, III, A.B., J.D., Professor Emeritus of Law
Mirjam R. Damalaka, LL.B., Dr.Jur., Sterling Professor Emeritus of Law and Professorial Lecturer in Law
Drew S. Days, III, B.A., LL.B., Alfred M. Rankin Professor Emeritus of Law and Professorial Lecturer in Law
Bruno Defaisse, Ph.D., Visiting Professor of Law (spring term)
Jan Ginter Deutsch, B.A., LL.B., Ph.D., M.A., Walter Hale Hamilton Professor Emeritus of Law and Professorial Lecturer in Law
Fiona Doherty, B.A., J.D., Clinical Associate Professor of Law
Steven B. Duke, B.S., J.D., LL.M., Professor of Law
Robert C. Ellickson, A.B., LL.B., Walter E. Meyer Professor of Property and Urban Law (spring term)
E. Donald Elliott, B.A., J.D., Professor (Adjunct) of Law
† William Eskridge, Jr., B.A., M.A., J.D., John A. Garver Professor of Jurisprudence
* Daniel C. Esty, A.B., M.A., J.D., Hillhouse Professor of Environmental Law and Policy, School of Forestry & Environmental Studies; and Clinical Professor of Environmental Law and Policy, Law School
Jeffrey Fagan, M.E., M.S., Ph.D., Florence Rogatz Visiting Professor of Law (spring term)
Owen M. Fiss, B.A., B.Phil., L.L.B., Sterling Professor Emeritus of Law and Professorial Lecturer in Law
James Forman, Jr., A.B., J.D., Clinical Professor of Law

‡ Heather Gerken, A.B., J.D., J. Skelly Wright Professor of Law
Paul Gewirtz, A.B., J.D., Potter Stewart Professor of Constitutional Law and Director, The China Center
Abbe R. Gluck, B.A., J.D., Associate Professor of Law
Robert W. Gordon, A.B., J.D., Chancellor Kent Professor Emeritus of Law and Legal History and Professor (Adjunct) of Law (fall term)
Michael J. Graetz, B.B.A., L.L.B., Justus S. Hotchkiss Professor Emeritus of Law and Professorial Lecturer in Law (fall term)
David Grewal, B.A., J.D., Ph.D., Associate Professor of Law
Dieter Grimm, LL.M., Visiting Professor of Law and Gruber Global Constitutionalism Fellow (spring term)

† Henry B. Hansmann, A.B., J.D., Ph.D., Oscar M. Ruebhausen Professor of Law
Robert D. Harrison, J.D., Ph.D., Lecturer in Legal Method
Oona A. Hathaway, B.A., J.D., Ph.D., Gerard C. and Bernice Latrobe Smith Professor of International Law
Rodricken M. Hills, Jr., B.A., J.D., Anne O. Krueger Visiting Professor of Law
Edward J. Janer, B.A., J.D., Visiting Professor of Law (fall term)
Quintin Johnstone, B.A., J.D., LL.M., J.S.D., Justus S. Hotchkiss Professor Emeritus of Law
Christine Jolls, B.A., J.D., Ph.D., Gordon Bradford Tweddy Professor of Law and Organization
Dan M. Kahan, B.A., J.D., Elizabeth K. Dollard Professor of Law and Professor of Psychology

‡ Paul W. Kahn, B.A., Ph.D., J.D., Robert W. Winner Professor of Law and the Humanities and Director, Orville H. Schell, Jr. Center for International Human Rights
Amy Kapczynski, A.B., M.Phil., M.A., J.D., Associate Professor of Law
S. Blair Kauffman, B.S., B.A., J.D., LL.M., M.L.L., Law Librarian and Professor of Law
Amalia D. Kessler, A.B., M.A., J.D., Ph.D., Sidney Austin-Robert D. McLean ’70 Visiting Professor of Law (fall term)
Daniel J. Kevelo, B.A., Ph.D., Professor (Adjunct) of Law (fall term)
Alvin K. Klevorick, B.A., M.A., Ph.D., John Thomas Smith Professor of Law and Professor of Economics
Harold Hongji Koh, A.B., A.B., J.D., M.A., Martin R. Flu ’55 Professor of International Law
Anthony T. Kronman, B.A., Ph.D., J.D., Sterling Professor of Law
David Kysar, B.A., J.D., Deputy Dean and Joseph M. Field ’55 Professor of Law

‡ John H. Langbein, A.B., LL.B., Ph.D., Sterling Professor of Law and Legal History
Justin Levitt, B.A., M.P.A., J.D., Visiting Associate Professor of Law (spring term)
James S. Liebman, B.A., J.D., Visiting Professor of Law

† Yair Listokin, A.B., M.A., Ph.D., J.D., Professor of Law
Carroll L. Lucht, B.A., M.S.W., J.D., Clinical Professor Emeritus of Law, Supervising Attorney, and Professorial Lecturer in Law

‡ Jonathan R. Macey, A.B., J.D., Sam Harris Professor of Corporate Law, Corporate Finance, and Securities Law
Miguel Maduro, Dr. Jur., Visiting Professor of Law and Gruber Global Constitutionalism Fellow (fall term)
Chibli Mallat, L.L.B., LL.M., Ph.D., Visiting Professor of Law and Oscar M. Ruebhausen Distinguished Senior Fellow (fall term)
Joseph G. Manning, B.A., A.M., Ph.D., Professor (Adjunct) of Law (fall term)
David Marcus, B.A., J.D., Maurier R. Greenberg Visiting Professor of Law
Daniel Markovits, B.A., M.Sc., B.Phil./D.Phil., J.D., Guido Calabresi Professor of Law
Jerry L. Mashaw, B.A., LL.B., Ph.D., Sterling Professor of Law (fall term)
Braxton McKeel, M.D., Associate Professor (Adjunct) of Law (fall term)

† Tracey L. Meares, B.S., J.D., Walton Hale Hamilton Professor of Law
Noah Messing, B.A., J.D., Lecturer in the Practice of Law and Legal Writing
Jeffrey A. Meyer, B.A., J.D., Visiting Professor of Law
Alice Miller, B.A., J.D., Associate Professor (Adjunct) of Law (spring term)
Nicholas Parrillo, A.B., M.A., J.D., Ph.D., Associate Professor of Law
Jean Koh Peters, B.A., J.D., Sol Goldman Clinical Professor of Law and Supervising Attorney

Thomas Post, Ph.D., Professor (Adjunct) of Law (spring term)
Robert C. Post, A.B., J.D., Ph.D., Dean and Sol & Lillian Goldman Professor of Law
J.L. Postenger, Jr., A.B., J.D., Nahum Baker Clinical Professor of Law and Supervising Attorney
Claire Priest, B.A., J.D., Ph.D., Professor of Law
George L. Priest, B.A., J.D., Edward J. Phelps Professor of Law and Economics and Kauffman Distinguished Research Scholar in Law, Economics, and Entrepreneurship

‡ W. Michael Reisman, LL.B., LL.M., J.S.D., Myres S. McDougal Professor of International Law
Judith Resnik, B.A., J.D., Arthur Liman Professor of Law
Roberta Romano, B.A., M.A., J.D., Sterling Professor of Law and Director, Yale Law School Center for the Study of Corporate Law
Carolyn Rose, B.A., M.A., Ph.D., J.D., Gordon Bradford Tweddy Professor Emeritus of Law and Organization, and Professorial Lecturer in Law

Susan Rose-Ackerman, B.A., M.Phil., Ph.D., Henry R. Luce Professor of Jurisprudence, Law School and Department of Political Science
Jed Rubenfeld, A.B., J.D., Robert R. Slaughter Professor of Law
Jennifer Prah Ruger, B.A., M.A., M.Sc., Ph.D., M.S.L., Associate Professor (Adjunct) of Law (spring term)
William M. Sage, A.B., M.D., J.D., Visiting Professor of Law (spring term)
Peter H. Schuck, B.A., J.D., LL.M., M.A., Simon E. Baldwin Professor Emeritus of Law and Professor (Adjunct) of Law (fall term)
Vicki Schultz, B.A., J.D., Ford Foundation Professor of Law and Social Sciences
Alan Schwartz, B.S., LL.B., Sterling Professor of Law
Ian Shapiro, B.Sc., M.Phil., Ph.D., J.D., Professor (Adjunct) of Law (spring term)
Scott J. Shapiro, B.A., J.D., Ph.D., Charles F. Southmayd Professor of Law and Professor of Philosophy
Robert J. Shiller, B.A., Ph.D., Professor (Adjunct) of Law (spring term)
Reva Siegel, B.A., M.Phil., J.D., Nicholas deB. Katzenbach Professor of Law
Norman I. Silber, B.A., J.D., Ph.D., Visiting Professor of Law
James J. Silk, A.B., M.A., J.D., Simeon E. Baldwin Professor Emeritus of Law and Professor (Adjunct) of Law (fall term)
Kate Stith, A.B., M.P.P., J.D., Lafayette S. Foster Professor of Law
Michael Wishnie, B.A., J.D., William O. Douglas Clinical Professor of Law and Director, Jerome N. Frank Legal Services Organization
John Fabian Witt, B.A., J.D., Ph.D., Allen H. Duffy Class of 1960 Professor of Law
Stephen Wisner, A.B., J.D., William O. Douglas Clinical Professor Emeritus of Law, Supervising Attorney, and Professorial Lecturer in Law
Richard A. Solomon, B.A., J.D., Clinical Professor Emeritus of Law
Richard Squire, B.A., M.B.A., J.D., Florence Rogatz Visiting Professor of Law
Stephanie M. Stern, B.A., J.D., Irving S. Ribicoff Visiting Associate Professor of Law (fall term)
Richard B. Stewart, B.A., M.A., LL.B., Visiting Professor of Law (fall term)
Emily Bazelon, B.A., J.D.
Cynthia Carr, B.A., J.D., LL.M.
Adam S. Cohen, A.B., J.D.
Linda Greenhouse, B.A., M.S.L.
Adam Grogg, B.A., M.Phil., J.D.
Lucas Guttenbrun, A.B., J.D.
Bruce J. Ho, B.A., M.E.M., J.D.
Jamie P. Horsley, B.A., M.A., J.D.
Margot E. Kaminski, B.A., J.D.
Katherine Kennedy, A.B., J.D.
Alex A. Knopp, B.A., J.D.
Annie Lai, B.A., J.D.
John T. Marshall, B.A., M.A., J.D.
Hope R. Metcalf, B.A., J.D.
Christina M. Malligan, B.A., J.D.
James E. Ponet, B.A., M.A., D.D.
Nina Rabin, B.A., J.D.
Sia Sanneh, B.A., M.A., J.D.
Daniel Wade, B.A., M.A., M.Div., M.A., M.S., J.D.

LECTURERS IN LAW

Emily Bazelon, B.A., J.D.
Cynthia Carr, B.A., J.D., LL.M.
Adam S. Cohen, A.B., J.D.
Linda Greenhouse, B.A., M.S.L.
Adam Grogg, B.A., M.Phil., J.D.
Lucas Guttenbrun, A.B., J.D.
Bruce J. Ho, B.A., M.E.M., J.D.
Jamie P. Horsley, B.A., M.A., J.D.
Margot E. Kaminski, B.A., J.D.
Katherine Kennedy, A.B., J.D.
Alex A. Knopp, B.A., J.D.
Annie Lai, B.A., J.D.
John T. Marshall, B.A., M.A., J.D.
Hope R. Metcalf, B.A., J.D.
Christina M. Malligan, B.A., J.D.
James E. Ponet, B.A., M.A., D.D.
Nina Rabin, B.A., J.D.
Sia Sanneh, B.A., M.A., J.D.
Daniel Wade, B.A., M.A., M.Div., M.A., M.S., J.D.

VISITING LECTURERS IN LAW

Josh Abramowitz, B.A., J.D.
Melinda Agsten, A.B., J.D.
Guillermo Aguilar-Alvarez, Lic. en Derecho (J.D.)
Richard Baxter, B.A., M.A., J.D.