# Paul Connell

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## Academic Appointments

**The University of Wisconsin Law School**, Madison, WI
- Assistant Professor, 2025-present
- *Courses*: Business Organizations II (Spring 2026); Torts (Spring 2026)

## Education

**Columbia University**, New York, NY
- Ph.D., Economics (2025)
- *Dissertation*: Essays in Computational Law and Economics
- *Committee*: W. Bentley MacLeod (Chair), Ian Ayres, Suresh Naidu, Bernard Salanie, Joseph E. Stiglitz

**Yale Law School**, New Haven, CT
- J.D. (2014)
- *Awards*: Edward D. Robbins Memorial Prize
- *Activities*: Yale Journal on Regulation, Board Member and Online Director

**The University of Chicago**, Chicago, IL
- B.A., Economics, Russian Literature (2011)
- *Honors*: Phi Beta Kappa, College Honors and Special Honors in the Humanities

## Publications

- *An Empirical Analysis of CFIUS: Examining Foreign Investment Regulation in the United States*, Yale J. of Int'l L. (2014) (with Tian Huang)

## Submitted Manuscripts

- *Better Court Structure, Better Judgments: Exploring the Impact of Term Limits, Court Specialization and Rule Clarity with a Diagnostic Model of Judging in Securities Class Action Litigation*
  Journal of Law, Economics, & Organization, revise and resubmit
  CELS 2025 Theodore Eisenberg Poster Prize (poster version)

  Court structure can influence the quality of judicial decision making, and a combination of term limits and subject matter specialization in the federal bench could avoid hundreds of millions of dollars in settlements of non-meritorious securities class action litigation

matters every year. Using a variety of data related to securities class action lawsuits, I employ a structural model of expert decision making to estimate federal judges' skill in appropriately identifying and dismissing non-meritorious strike suits and to examine how this skill increases with relevant experience and decreases with advanced age. In addition, I find that rule clarity plays a significant role in heightening the accuracy and predictability of judges' decisions. Finally, I model counterfactual scenarios to derive the optimal length of judicial term limits and caseload for specialized subject-matter courts. I estimate that, if enacted concurrently with the Private Securities Litigation Reform Act in 1995, by 2023 court structure interventions at these optimal levels could have avoided over $17.2 billion in non-meritorious settlements and returned $4.5 billion to shareholders in suits that were erroneously dismissed.

## Works in Progress

- *Investor Adverse Selection and Corporate Governance*

  This paper examines how adverse selection of investors into a company's shareholder base affects executive compensation and corporate governance. By embedding the Holmstrom-Milgrom contracting model into a market where investors receive noisy signals about CEO productivity, I show that shareholders who buy into a company's stock may systematically overvalue CEO ability---a ``winner's curse'' phenomenon---despite all participants acting rationally given their information sets. This overvaluation leads to excessive incentive pay that induces inefficiently high CEO effort levels. While firm output increases under these aggressive contracts, the gains fail to offset the additional compensation costs, thereby reducing firm profits. These theoretical results raise questions as to the efficacy of shareholder-based governance mechanisms, such as the revised DGCL Section 144 cleansing rules for controlling shareholder transactions, in informationally frictive environments. Turning to data on executive compensation and firm performance from 2000-2025, I conduct a structural estimation of the degree to which investor misperception influences firm outcomes through CEO incentive pay. I find a modest but highly skewed effect of average losses around $5.4 million per firm per year, though median losses per firm remain below $100,000 in all years (both amounts in 2024 dollars). For context, the average loss as a percent of market cap is 0.011%. However, an empirical asset pricing test reveals that a long-short portfolio of low (high) misperceived CEOs achieves a negative and statistically significant abnormal return across standard Fama--French specifications. These findings suggest that the optimism tax is worth paying.

- *Deceleration by Taxation* (with Jonathan Choi)

  Rapid advances in artificial intelligence (AI) have raised concerns that AI will displace humans in the workforce. Commentators have suggested pauses on AI development or outright bans in certain areas—for example, prohibitions on AI practicing certain

professions. To investigate the desirability of these interventions, we employ an economic model in which automation generates a negative externality through labor market frictions—that is, firms that replace human labor with robots do not internalize the transition costs their ex-workers incur in finding new jobs. The result is that firms adopt automation technologies too quickly, leading to economic inefficiency in addition to distributional consequences. Using quantitative simulations, we demonstrate that taxation is strictly superior to outright bans on AI as a means for regulating this market failure and that within the model taxation of AI to slow job displacement is typically superior to laissez-faire. We provide practical recommendations for policymakers to mitigate job displacement from AI using taxation.

- *Estimating and Correcting for Misclassification Error in Empirical Textual Research*
(with Jonathan Choi)
Presented at 2024 Conference on Neural Information Processing Systems (NeurIPS) Workshop on Causality and Large Models (CaLM)
Presented at 2024 Conference on Empirical Legal Studies

  We present a framework for quantifying the impact of and correcting for misclassification error in empirical research involving textual data. Misclassification error commonly arises when, for example, large language models (LLMs) or human research assistants are tasked with classifying features in text. For statistics calculated with classification estimates, misclassification error may introduce attenuation bias or, if there is an imbalance of false positives and false negatives, directional bias, or both. We present strategies for statistically quantifying misclassification error and for correcting estimations based on mismeasured data. We demonstrate the effectiveness of these techniques with a Monte Carlo simulation as well as with worked examples involving real data. The examples demonstrate the importance of correcting for misclassification error, particularly when using LLMs with imbalances in their confusion matrix.

- *A 'New View' of America's Original Sin: Induced Innovation and Slavery in the Antebellum United States*

  This paper provides evidence that slavery directed technological progress in the antebellum South toward labor-augmenting innovations. To detect the relative trends in each region's investment in technological development, I utilize a natural language processing analysis of U.S. patents granted between the passing of the Patent Act of 1836 and the end of Reconstruction. Contextualizing these results with Atkinson and Stiglitz's "New View" framework for describing directed technological change, the paper then describes how outsized capital gains on "slave capital" played a pivotal role in altering the overall return to investment in labor-augmenting technologies in the South as compared to the North, thus setting the two regions on different trajectories of industrial development.

## Private Practice

**J.P. Morgan Chase & Co.**, New York, NY
- Assistant Vice President and Senior Counsel, Equity Derivatives Group, 2018–19
- Assisted with structuring and documentation of equity derivatives transactions; negotiated global master confirmation agreements and trade-specific trade confirmations; advised the equity derivatives trading desk on U.S. securities law matters.

**Davis Polk & Wardwell LLP**, New York, NY
- Associate, Capital Markets Department, 2014-18
- Acted as issuer's and underwriters' counsel in numerous equity and debt offerings; advised clients as to Delaware corporate law, U.S. securities law and matters of contractual compliance.

## Prizes, Fellowships and Awards

- Best Poster for "Better Court Structure, Better Judgments," 2025 Conference on Empirical Legal Studies, 2025
- Dissertation Fellowship, Columbia University, 2024-25
- Research Fellow, Columbia University, 2022
- Teaching Fellow, Columbia University, 2020-2021, 2023-2024
- Dean's Fellow, Columbia University, 2019-20
- Edward D. Robbins Memorial Prize for "An Empirical Analysis of CFIUS," Yale Law School, 2014

## Presentations

- "Deceleration by Taxation," Agentic AI Symposium at Harvard Law School (scheduled March 2026, Cambridge, MA)
- "From Policy to Practice: Navigating AI in the Legal Profession," Panelist, University of Detroit Mercy Law Review Symposium at University of Detroit Mercy School of Law (scheduled March 2026, Detroit, MI)
- "Better Court Structure, Better Judgments," Berkeley Law, Economics, and Business Workshop (scheduled February 2026, Berkeley, CA)
- "AI as an Empirical Tool: Applying LLMs to Real-World Research and Industry Challenges," Presentation to the University of Wisconsin e-Business Consortium, AI Special Interest Group (December 2025, Madison, WI)
- "Investor Adverse Selection and Corporate Governance," Association of American Law Schools Annual Meeting, Section on Business Associations' New Voices in Business Law (scheduled January 2026, New Orleans, LA)
- "Better Court Structure, Better Judgments," 2025 Conference on Empirical Legal Studies (October 2025, Washington, DC) [poster, awarded "Best Poster"]

- "A New View of America's Original Sin," Junior Intellectual Property Scholars' Association Summer Workshop (August 2025, Madison, WI)
- "Estimating and Correcting for Misclassification Error in Empirical Textual Research," 2024 Conference on Neural Information Processing Systems (NeurIPS) Workshop on Causality and Large Models (CaLM) (December 2024) [poster]
- "Estimating and Correcting for Misclassification Error in Empirical Textual Research," 2024 Conference on Empirical Legal Studies

## **Bar Admission**

- Admitted to the New York Bar, 2015

## **Academic Service**

- **Outcomes and Assessment Committee**, University of Wisconsin Law School, 2025-26
- **Referee Service:** The Economic Journal; 2025 ACM Conference on Fairness, Accountability, and Transparency (ACM FAccT 2025)