The Dark Side of Investor Conferences: Evidence of Managerial Opportunism

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Abstract

While the shareholder benefits of investor conferences are well-documented, evidence on whether these conferences facilitate managerial opportunism is scarce. In this paper, we examine whether managers opportunistically exploit heightened attention around the conference to "hype" the stock. Consistent with hype, we find that managers increase the quantity of voluntary disclosure over the ten days prior to the conference, and that these disclosures increase prices to a greater extent than post-conference disclosures. Investigating managers' incentives for pre-conference disclosure, we find that the increase in pre-conference disclosure is more pronounced when insiders sell their shares immediately prior to the conference. In those circumstances where pre-conference disclosures coincide with pre-conference insider selling, we find evidence of a significant return reversal: large positive returns before the conference, and large negative returns after the conference. Collectively, our findings are consistent with some managers hyping the stock prior to the conference and selling their shares at inflated prices.

JEL Classification: G34, J33, K31, M52

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1. Introduction

Investor conferences are an important component of a firm's investor relations efforts. Conferences provide managers with the opportunity for face-to-face interactions with investors and analysts. Managers can use these interactions to increase firm visibility and shape external perceptions of the firm's business operations and strategy. Prior research finds that conferences are important information events that are accompanied by positive price and volume reactions, increases in institutional investor and analyst following, and improvements in liquidity (e.g., Bushee et al. 2011; Green et al. 2014a). While the literature suggests considerable firm and shareholder benefits to investor conferences, it does not examine whether these conferences—or investor relations activities more broadly—facilitate managerial opportunism. In this paper, we examine whether investor conferences are accompanied by one particular form of managerial opportunism: "hyping" the stock to sell shares at inflated prices.

Two aspects of these conferences suggest that they could facilitate managerial opportunism. First, investor conferences are one of the most prevalent venues for interactions between managers and capital market participants (Bushee et al. 2011). The conference is a high-visibility event during which managers take a wide range of questions from current and prospective investors and analysts. Conferences tend to be highly publicized and scheduled well in advance. Thus, in the weeks leading up to the conference, managers have the opportunity to "frame the narrative" and provide voluntary disclosures to favorably skew conference interactions and potential questions from analysts and investors. Given managerial incentives to positively skew market perceptions at high visibility events, pre-conference disclosures have the potential to temporarily inflate stock prices.

Second, in the weeks leading up to the conference, managers know the contents of their planned remarks for the upcoming presentation before investors do; thus, managers are potentially in possession of material non-public information.[1] However, unlike earnings announcements and periodic SEC disclosures, investor conferences are not accompanied by trading blackout windows to prevent corporate insiders from selling their shares prior to the event (Jagolinzer et al. 2011; Kepler et al. 2020). This suggests insiders have the opportunity to benefit from hype by selling their shares prior to the conference. Consistent with investor conferences not triggering trading blackout windows, and in stark contrast to the steep declines in insider trading observed immediately prior to earnings announcements, we find a pronounced *increase* in insider trading prior to presentations at investor conferences (see e.g., Figure 2).

We examine whether some managers exploit the heightened attention around the conferences to hype the stock and sell shares at inflated prices using several distinct sets of tests. In our first set of tests, we use a standard short-window event study to examine managers' disclosure choices prior to the conference. If managers hype the stock prior to the conference, we expect to find (1) an increase in disclosure prior to the conference; (2) pre-conference disclosures, on average, increase stock prices; and (3) pre-conference disclosures increase stock prices to a greater extent than post-conference disclosures. We test these predictions using three types of voluntary disclosure that managers potentially use to frame the narrative prior to the conference: management forecasts, voluntary 8-Ks, and firm-initiated press releases. Consistent with our predictions, we find an increase in all three types of voluntary disclosure during the ten days immediately prior to the conference presentation and a reduction in voluntary disclosure

[1] Prior work finds evidence of changes in share prices, volume, volatility, and liquidity around investor conferences, suggesting that management's discussions at the conferences contains material information (e.g., Bushee et al. 2011; Green et al. 2014a).

immediately after the presentation. We find that the pre-conference disclosures tend to be stock-price increasing (i.e., are "good news") and that the positive market reaction to pre-conference disclosures exceeds that of post-conference disclosures.

In our second set of tests, we examine managers' incentives for pre-conference disclosures and any attendant (temporary) increase in stock prices. Managers can directly benefit from an increase in share price by selling their shares at elevated prices. Accordingly, we use a standard short-window event study to examine insiders' stock sales around the conference and how these sales relate to pre-conference disclosures. If some managers exploit pre-conference hype to sell their shares, we expect to observe greater insider selling before the conference and a greater increase in positive pre-conference disclosure when insiders are selling before the conference. The latter prediction is effectively a prediction regarding a difference-in-difference specification: specifically, the increase in positive disclosure before the conference (first difference) is greater in firms with pre-conference insider selling activity than firms without such activity (second difference).

Consistent with these predictions, we find a pronounced increase in insider selling prior to the conference presentation. This finding is inconsistent with liquidity or litigation risk motivations for insider selling, which would predict greater insider selling *after* scheduled corporate events, when the manager has just disclosed any new information. Instead, consistent with opportunistic trading, managers are significantly more likely to trade *before* the presentation. We also find that the increase in positive pre-conference disclosure is concentrated almost entirely among firms where insiders are selling immediately prior to the conference. Among firms where insiders are selling (not selling) ten days prior to the conference presentation, pre-conference disclosures on

average increase prices by 1% (–0.13%). These results are consistent with managers exploiting pre-conference hype to sell their shares at inflated prices.

In our third set of tests, we examine patterns in stock prices pre- and post-conference. If our evidence of both increased pre-conference disclosure and insider selling is indicative of hype, then we also expect to observe a run-up in prices before the conference, and a reversal and decline in prices following the conference. Consistent with this, we find evidence that stock returns reverse following the conference in firms where managers are *both* issuing pre-conference disclosure and selling their shares. In these firms, we find large positive market-adjusted returns prior to the conference and significantly negative returns after the conference (including at the next earnings announcement). Thus, by timing their stock sales to coincide with positive pre-conference disclosures, managers are able to sell their shares at inflated pre-conference prices and avoid the subsequent price correction following the conference.

Finally, we examine how the propensity to hype the stock varies with firm and conference characteristics. Conferences with greater visibility provide greater incentives and opportunities for managers to engage in hyping. Consequently, if the patterns in disclosure and stock trading that we document reflect hyping, we predict they will be more pronounced in high-visibility settings. Consistent with our predictions, we find that the combination of pre-conference disclosure and pre-conference insider selling is more pronounced in large, high-growth firms with a large analyst following and at conferences with a large number of participants, with capital markets organizers, and in money center cities.

Importantly, we show that our results are robust to focusing on *within-firm-quarter* and *within-conference* variation (i.e., including firm-quarter fixed effects and conference fixed effects). These features of our research design provide several advantages. First, focusing on within-firm-

quarter variation should alleviate concerns that our results are attributable to omitted firm-quarter characteristics and/or time trends. To the extent that an omitted variable does not vary within a given firm-quarter (e.g., within Firm A's 2009-Q4), this analysis controls for the omitted variable. This design choice is important because it isolates the intra-quarter timing of the disclosure and insider trades relative to the conference, and controls for many of the determinants of voluntary disclosure documented in prior research (e.g., growth opportunities, financial performance, financial reporting quality, proprietary costs, analyst coverage, etc.). Second, focusing on within-conference variation should alleviate concerns that our results are attributable to general business practices of firms that attend a specific investor conference. In the presence of conference fixed effects, our analysis contrasts the stock return patterns for firms with pre-conference hype to peer firms *at the same conference* (i.e., each conference entails multiple firms). This design feature controls for cross-sectional differences in the type of firm that was invited to attend the conference (e.g., high growth firms).

Collectively, our results are consistent with some managers releasing voluntary disclosure prior to the conference that temporarily inflates share price, selling their shares to take advantage of temporarily inflated prices, and prices reversing over the next six months. These findings provide novel evidence of managerial opportunism and the potential for agency-costs in connection with investor conferences. While prior work focuses on the shareholder benefits to such conferences, our results suggest a more nuanced cost-benefit tradeoff to shareholders associated with investor relations.

Our paper contributes to two growing streams of literature. First, our paper contributes to the literature on investor relations. Prior literature documents multiple benefits to firms, brokers, and analysts that participate in investor conferences (Bushee et al. 2011; Green et al. 2014a,b;

Solomon and Soltes 2015). This prior research has focused on benefits of these conference for firms, investors, and analysts; it does not consider the potential for managerial opportunism or agency costs associated with such conferences.[2] We contribute to this literature by showing that some managers personally benefit from the heightened attention around the conference by selling their shares at inflated prices. Thus, while some managers use the conference and pre-conference disclosure to provide valuable information to shareholders, others appear to opportunistically use these disclosures to extract personal benefits. These findings have broad implications for the literature on investor relations activities. Our findings underscore that managers can use investor relations activities either to "hype" or to "inform," whereas existing work focuses exclusively on the latter (e.g., Kirk and Vincent 2014, Chapman 2018; Chapman et al. 2019; Chapman et al. 2020).

Second, our paper contributes to the literature documenting that managers strategically time their disclosures to influence stock prices. For example, Lang and Lundholm (2000) finds that managers use voluntary disclosures to hype stock prices before seasoned equity offerings. Aboody and Kasznik (2000) and Cheng and Lo (2006) find that managers increase the number of bad news disclosures to depress stock prices prior to stock option awards and insider purchases. Dimitrov and Jain (2011) finds that managers alter the timing and content of earnings announcements and management forecasts before annual shareholder meetings. Ge and Lennox (2011) and Ahern and Sosyura (2014) find that managers of acquirer firms are more likely to withhold bad news about future earnings and strategically increase media coverage in order to impact the takeover price. Ertimur et al. (2014) finds that managers in IPO firms tend to withhold

[2] One recent paper that also considers managerial benefits is Zhang (2020). Zhang (2020) posits that managers learn new information from participants during investor conferences, which allows them to make better decisions *after* the conference. Our work differs from Zhang (2020) because we explicitly test for managerial opportunism by examining disclosure and return patterns around the conference and the trades of corporate insiders prior to the conference.

bad news until after IPO lockups expire. We add to this literature by providing evidence that some managers appear to use investor conferences to hype stock prices and sell their shares at inflated prices.

2. Data and Sample Selection

2.1 Sample

We collect data on investor conferences between 2008 and 2016 from Wall Street Horizon. A conference generally has presentations by multiple firms, and a firm generally presents at multiple conferences; thus, our observations are at the presentation level (i.e., the firm-conference pair). For each presentation, we collect data for trading days [–30,+30] around the presentation to form an event-day sample.[3] We collect stock market data from CRSP, financial statement data from Compustat, analyst and management forecast data from IBES, data on press releases from RavenPack, data on 8-K filings from SEC Analytics Suite, and data on the trades of corporate insiders from Thomson-Reuters.[4] We exclude firms with missing data for total assets, book-to-market ratio, earnings surprise, and stock returns. Our final sample consists of 3,744,519 unique firm-days, corresponding to 122,449 unique presentations by 5,390 unique firms.

2.2 Descriptive Statistics

Panel A of Table 1 presents descriptive statistics for our sample of 3,744,519 unique firm-days. Following Guay et al. (2016), we use three variables to measure firms' voluntary disclosure on each day. *Forecast* is an indicator variable equal to one if the firm issues any type of

[3] These windows can overlap when firms present at multiple conferences within a short period. For example, if a firm presents at two conferences 15 days apart, event day +10 for the first presentation will be the same date as event day –5 for the second presentation. Results are robust to forcing non-overlapping windows and retaining only the first presentation.

[4] Consistent with prior work (e.g., Jagolinzer et al. 2011 and Blackburne et al. 2020), we restrict our attention to open market purchases and sales by corporate officers and directors (excluding beneficial owners).

management forecast (e.g., earnings, sales, capex, etc.) that day and zero otherwise. *Voluntary 8-K* is an indicator variable equal to one if the firm issues a "voluntary 8-K" on that day and zero otherwise.[5] *PressRelease* is an indicator variable equal to one if the firm issues any press releases on that day and zero otherwise. Panel A suggests most days around a conference do not contain a voluntary disclosure, with the incidence ranging from 1.4% of days with a management forecast (mean *Forecast* of 0.014) to 5.2% of days with a press release (mean *PressRelease* of 0.052).

Following Arif et al. (2020) and Blackburne et al. (2020), we use two variables to measure daily insider selling activity at each firm. *InsiderSell* is an indicator variable equal to one if the number of shares sold by insiders on that day is greater than the number of shares purchased by insiders on that day and zero otherwise. *InsiderBSI* is the buy-sell-imbalance, calculated as the number of shares purchased by insiders on that day less the number of shares sold on that day, scaled by the sum of the purchases and sales. Finally, similar to Jagolinzer et al. (2011), we measure whether a given day is covered by an insider trading blackout window using an indicator variable for whether the day falls within [–46,+1] days of the firm's earnings announcement, *BlackoutPd*. Panel A suggests about 3% of days have insider selling (mean *InsiderSell* of 0.032), the buy-sell imbalance is negative on average (mean *InsiderBSI* of –0.032), and 52.5% of days are within an insider trading blackout window (mean *BlackoutPd* = 0.525).

In addition to daily disclosures and insider trades, we also measure a variety of firm characteristics. *Size* is the natural log of total assets as of the prior fiscal quarter end. *BM* is the book-to-market ratio as of the prior fiscal quarter end. *AbReturn* is the market-adjusted buy-and-hold abnormal return over the prior four quarters, expressed in percent. *Surprise* is the seasonal difference in earnings before extraordinary items for the most recent quarter scaled by total assets.

[5] Following He and Plumlee (2020), we define a "voluntary 8-K" as any 8-K filing containing Items 2.02, 7.01, or 8.01.

Volatility is the standard deviation of daily stock returns over the prior four quarters, expressed in percent.

Panel B of Table 1 presents descriptive statistics for our sample of 122,449 unique firm-conferences. For each observation, we use the variable *Hype* to measure whether managers are both issuing pre-conference disclosure and selling the stock. Specifically, *Hype* is an indicator variable equal to one if, in the [–10,0] window before the presentation, the firm both issues voluntary disclosure (e.g., a management forecast, voluntary 8-K, or press release) *and* insiders are selling, and zero otherwise. Panel B suggest that 16% of presentations feature both pre-conference disclosures and pre-conference insider sales over the ten days prior to the conference.

For each conference, we also measure returns prior to the conference and returns following the conference. *EventRet[–30,0]* measures the market-adjusted buy-and-hold return over the [–30,0] window relative to the conference, *EventRet[+1,+180]* measures the market-adjusted buy-and-hold return over the 180-days after the conference, and *FutureEARet* is the market-adjusted buy-and-hold return over the [–3,+3] window around the subsequent earnings announcement following the presentation. Panel B suggests that the average presentation has a market-adjusted return of 0.8% over the 30 days before the conference (mean *EventRet[–30,0]* of 0.008); a market-adjusted return of 0.3% over the 180 days after the conference (mean *EventRet[+1,+180]* of 0.003); and the subsequent earnings announcement tends to be bad news (mean *FutureEARet* of –0.002).

Panel B also presents descriptive statistics for several conference characteristics used in prior research (e.g., Bushee et al. 2011). Conference characteristics include an indicator variable for whether the number of industries represented at the conference is above the median (*High # Industries*); an indicator variable for whether the number of presenters at the conference is above

the median (*High # Presenters*); an indicator variable for whether the conference was sponsored by a top brokerage (e.g., JP Morgan and Goldman Sachs) (*Top Brokerage*); an indicator variable for whether the conference was sponsored by other capital market participants (e.g., smaller brokerage firms, analyst societies, and IR firms) (*Other Capital Market*); an indicator variable for whether the conference was hosted in a "money center" city (e.g., New York, Boston, San Francisco, Chicago) (*Money Center*); an indicator variable for whether the conference was hosted in a "destination" location (e.g., Palm Beach, FL; Scottsdale, AZ, Park City UT) (*Destination*); and an indicator variable for all other US locations (*Other U.S.*). Panel B suggests the descriptive statistics for the conference characteristics are generally consistent with Bushee et al. (2011): the majority of conferences are located in money center cities, and are sponsored by capital market participants (*Top Brokerage* and *Other Capital Market*) rather than product-market participants.

3. Empirical Tests and Results

3.1 Voluntary disclosure around conferences

In our first set of tests, we use a standard short-window event study to examine managers' disclosure choices prior to the conference. If managers hype the stock prior to the conference, we expect to see (1) greater pre-conference disclosure; (2) pre-conference disclosures that, on average, increase stock prices; and (3) pre-conference disclosures that tend to increase stock prices to a greater extent than post-conference disclosures.

3.1.1 Likelihood of voluntary disclosure

Figure 1 plots the average daily likelihood of voluntary disclosure in the [–30,+30] window around the conference, in excess of the sample average. Panel A presents results for management forecasts, Panel B for voluntary 8-Ks, and Panel C for press releases. Panels A and B show that the daily likelihoods of a management forecast and of a voluntary 8-K in the pre-conference period

are above the average, reach a peak on the presentation date, and then fall to below-average levels after the presentation. In contrast, Panel C shows the likelihood of a firm-initiated press release peaks before the conference, on event day –5 rather than on event day 0, and falls to below-average levels on the presentation date. We present univariate statistical tests of differences between the pre- and post-conference levels of disclosure in Panel A of Table 2. For all three voluntary disclosure measures, the average likelihood of voluntary disclosure is significantly higher in the pre-conference window than in the post-conference window.

To test whether these differences are robust to controlling for various firm characteristics known to be associated with voluntary disclosure, we estimate the following regression, pooling across all firm-days in the [–30,+30] window around the presentation:

$$VolDisc = \beta_1 EventDay[-10,-1] + \beta_2 EventDay[0] + \beta_3 EventDay[+1,+10] + \theta Controls + \varepsilon, \quad (1)$$

where *VolDisc* is one of our three measures of voluntary disclosure (*Forecast*, *Voluntary 8-K*, and *PressRelease*) and $EventDay[t_1,t_2]$ is an indicator variable equal to one if the day falls within the $[t_1,t_2]$ window around the presentation and zero otherwise, where the presentation day is day $t = 0$. *Controls* is a vector of control variables including *BlackoutPd*, *Size*, *BM*, *Surprise*, *AbReturn*, and *Volatility*. All variables are defined in Table 1. The coefficients of interest in Eq. (1) are β_1 and β_3. If managers hype the stock prior to the conference, we predict $\beta_1 > 0$ and $\beta_1 - \beta_3 > 0$.

We estimate two version of Eq. (1). We estimate the first version using pooled regressions, and the second version after including firm-quarter fixed effects. The latter specification focuses exclusively on within-firm-quarter variation in the timing of voluntary disclosure. The firm-quarter fixed effects subsume any variables that do not vary over time within the firm-quarter (e.g., within Firm A's 2009-Q4). These fixed effects subsume all variables that are measured at either an annual

or quarterly frequency. Throughout our analyses, we estimate regressions using linear models and calculate standard errors clustered by firm and date, which allows for arbitrary correlation across time within a given firm as well as arbitrary correlation across firms within a given date.[6]

Panel B of Table 2 presents results. Across all specifications and measures of voluntary disclosure, we find a significant increase in disclosure over the ten days prior to the conference (*EventDay[–10,–1]*, *t*-stats range from 19.48 to 35.43) and a significant decrease in disclosure over the ten days after the conference (*EventDay[+1,+10]*, *t*-stats range from –6.84 to –22.92). These results suggest that, on average, managers increase (decrease) voluntary disclosure during the pre-conference (post-conference) window.

3.1.2 Market reaction to voluntary disclosure

If managers use pre-conference disclosures to hype the stock, we predict that pre-conference disclosures increase stock prices, and that they increase stock prices to a greater extent than post conference disclosures. Table 3 reports results from testing for differences in market reactions to voluntary disclosure pre- and post-conference. We use two measures of the market reaction to voluntary disclosure. *DiscRet[–3,+3]* is the market-adjusted buy-and-hold return over the [–3,+3] window around the disclosure and *GoodNews* is an indicator variable that equals one if the market reaction is positive (i.e., *DiscRet[–3,+3]* > 0) and zero otherwise.

Panel A of Table 3 shows that the market reaction is positive and significant, on average, for pre-conference forecasts and press releases (avg. *DiscRet[–3,+3]* of 0.246 and 0.244, *t*-stats of 4.16 and 6.49, respectively), and positive and insignificant for voluntary 8-Ks (avg. *DiscRet[–3,+3]* of 0.063, *t*-stat of 1.18). For all three measures of voluntary disclosure, the average market

[6] We estimate regressions using linear models because Greene (2004) and Arellano and Han (2007) raise concerns about bias and consistency of probit and logit models with high-dimensional fixed effects; and our analysis relies on such effects. Nevertheless, in untabulated analyses, results are robust to estimating results using probit and logit models.

reaction to pre-conference voluntary disclosure is significantly greater than the average market reaction to post-conference voluntary disclosure (*p*-values tests of differences <0.01). Panel B shows similar results for *GoodNews*. These results suggest that, on average, pre-conference disclosures increase prices to a greater extent than post-conference disclosures.

3.2 Insider trading around conferences

In our second set of tests, we examine how managers might personally benefit from their pre-conference disclosures and any attendant increase in stock prices. Specifically, we use a standard short-window event study to examine insiders' stock sales around the conference and how these sales relate to pre-conference disclosures. If managers exploit pre-conference hype we expect to observe: (1) greater insider selling before the conference (relative to after the conference); (2) a greater increase in pre-conference disclosure for firms where insiders are selling before the conference; and (3) a greater increase in the positive market reaction to pre-conference disclosure for firms where insiders are selling before the conference.

3.2.1 Insider selling

Panel A of Figure 2 plots the average daily likelihood of insider stock sales in the [–30,+30] window around the conference. For comparison to other scheduled corporate events, Panel B presents results for earnings announcements. Panel A shows a pronounced increased in insider selling leading up to the conference. Indeed, insider selling activity reaches a peak two days prior to the conference (i.e., on day –2), when the probability of insider selling is 4.1%, about 28% higher than the average of 3.2% over the entire period. This pattern is in sharp contrast to insider trading around other scheduled disclosure events. For example, Panel B presents results from a similar analysis of insider selling over the [–30,+30] window around the earnings announcement. Consistent with trading blackout windows preventing trade before earnings announcements, Panel

B shows a steep decline in insider selling prior to the earnings announcement, with a spike in such activity on day +2 *after* the earnings announcement. The contrast between Panel A and B highlights the potential for opportunistic trading around investor conferences, which are events without trading blackout windows.

To test whether the increase in insider trading activity around investor conferences is robust to controlling for various firm characteristics known to be associated with insider trading, we estimate the following regression, pooling across all firm-days in the [–30,+30] window around the conference:

$$\textit{InsiderSell} \text{ or } \textit{InsiderBSI} = \beta_1 \textit{EventDay}[-10,-1] + \beta_2 \textit{EventDay}[0] + \beta_3 \textit{EventDay}[+1,+10] + \theta \textit{Controls} + \varepsilon, \quad (2)$$

where *Controls* is a vector of control variables including *BlackoutPd*, *Size*, *BM*, *Surprise*, *AbReturn*, and *Volatility*. All variables are defined in Table 1. The coefficients of interest in Eq. (2) are β_1 and β_3. If managers hype the stock prior to the conference in order to sell their shares, we predict $\beta_1 > 0$ and $\beta_1 - \beta_3 > 0$ when the dependent variable is *InsiderSell*, and $\beta_1 < 0$ and $\beta_1 - \beta_3 < 0$ when the dependent variable is *InsiderBSI*. We estimate two versions of Eq. (2). We estimate the first version using pooled regressions, and the second version after including firm-quarter fixed effects.

Table 4 presents results. Across all specifications, we find a significant increase in insider selling over the ten days prior to the conference (*t*-stats of 10.41, 8.49, –10.39, and –8.46, respectively), and that the selling activity ten days prior to the conference is significantly larger than selling activity ten days after the conference (*p*-values tests of differences <0.01). Overall, results in Figure 2 and Table 4 provide consistent evidence of heightened insider selling activity immediately before and during the conference presentation that generally drops after the

presentation. This finding is inconsistent with liquidity or litigation risk motivations for insider selling, which would predict greater insider selling *after* the scheduled corporate event when the manager has just disclosed any new information and the firm experiences a post-announcement increase in liquidity, as in the case of earnings announcements. Instead, consistent with opportunistic trading, managers are significantly more likely to trade *before* the presentation.

3.2.2 Pre-conference disclosure and pre-conference insider selling

If some managers are strategically hyping the stock prior to the conference and selling their shares at inflated prices, we expect to find that the increase in positive pre-conference disclosure is greater among those firms where insiders are selling prior to the conference. In this regard, our predictions amount to a difference-in-differences test. In particular, we predict that the increase in pre-conference disclosure (first difference) is greater in firms with pre-conference insider selling activity (second difference).

Figure 3 plots the average daily likelihood of voluntary disclosure in the [–30,+30] window around the conference separately for firms with insider selling over the prior ten days (*InsiderSell[–10,0]* = 1) and firms without insider net selling over the prior ten days (*InsiderSell[–10,0]*=0). Panel A presents results for management forecasts, Panel B for voluntary 8-Ks, and Panel C for press releases. Panels A and B show that the daily likelihoods of a management forecast and voluntary 8-K in the pre-conference period are above the average, reach a peak on the presentation date, then fall after the conference to below-average levels. In contrast, Panel C shows the likelihood of a firm-initiated press release peaks before the conference, on event day –5 rather than on event day 0, and falls to below-average levels on the presentation date.

The average daily likelihoods of a management forecast (Panel A), voluntary 8-K (Panel B), and firm-initiated press release (Panel C) prior to the conference are dramatically higher for

firms with pre-conference selling activity (orange bars) than other firms (blue bars). The only exception is that firms where insiders are selling have a slightly lower daily likelihood of voluntary 8-Ks on the day before and day of the presentation. On balance, Figure 3 suggests firms where insiders are selling prior to the conference also tend to be much more likely to provide disclosures prior to the conference.

We confirm these univariate findings using regressions in Table 5. Panel A of Table 5 presents results from repeating the analysis in Table 2, i.e., estimating Eq. (1), separately for firms with and without insider selling activity in the ten days prior to the conference. This provides separate estimates of the increase in pre-conference disclosure for firms with and without insider selling. We then test for a difference in these estimates across the two samples. Across all specifications and measures of voluntary disclosure, Panel A suggests that firms with insider selling activity have significantly higher levels of pre-conference disclosure and significantly lower levels of post-conference disclosure. Firms with pre-conference insider selling increase pre-conference disclosure (and subsequently decrease post-conference disclosure) to a much greater extent than other firms.

Panels B and C of Table 5 present results from repeating the analysis in Table 3, i.e., testing for a difference in market reaction to voluntary disclosure, separately for firms with and without insider selling activity in the ten days prior to the conference. Strikingly, Panel B shows that the market reaction to all three forms of voluntary disclosure measure (*DiscRet[–3,+3]*) is reliably positive and significant in the pre-conference period only among firms with insider selling activity prior to the conference (*t*-stats of 14.18, 12.31, 14.26 for management forecasts, voluntary 8-Ks, and press releases, respectively). The market reaction is often negative for firms without such selling activity (*t*-stats of –1.90 and –3.48 for management forecasts and voluntary 8-Ks). In

addition, across all measures of voluntary disclosure, we find the heightened positive reaction to pre-conference disclosures (relative to post-conference disclosures) is only present among firms where insiders are selling prior to the conference (*p*-values tests of difference of 0.34, 0.55 and 0.69 for the *InsiderSell[–10,0]*=0 sample and <0.01, <0.01, and <0.01 for the *InsiderSell[–10,0]*=1 sample). Panel C presents similar results measuring the market reaction using *GoodNews.* Taken together, the results in Table 5 are consistent with some managers issuing pre-conference disclosures to hype the stock and sell their shares at inflated prices.

3.3 Return reversals

In our third set of tests, we examine patterns in stock prices pre- and post-conference. If the combination of increased pre-conference disclosure and insider selling is indicative of hype, then for firms with this combination of behavior, we expect to observe a run-up in prices before the conference, and a reversal and decline in prices following the conference.

Figure 4 plots the average market-adjusted buy-and-hold returns around conference presentations. Panel A shows market-adjusted buy-and-hold returns over days [–30,0] for firms with *Hype* = 1 (orange line) and firms with *Hype* = 0 (blue line). Returns are positive, on average, for hyping firms before the conference. Panel B shows market-adjusted buy-and-hold returns for days [+1,+180] for firms with *Hype* = 1 (orange line) and firms with *Hype* = 0 (blue line). Returns are negative, on average, for hyping firms after the conference. Hyping firms experience a 30-day abnormal return of a little over 1.5% before the conference, and a 180-day abnormal return of –3.0% after the conference. Thus, by selling their shares prior to the conference, insiders are able to take advantage of inflated pre-conference prices and avoid the subsequent price correction following the conference.

To formally test for a return reversal for hyping firms, similar to Kim and Verrecchia (1997) and Bushee and Goodman (2007), we estimate the relation between hype, pre-conference returns, post-conference returns, and control variables using the following regression:

$$Hype = \beta_1 PastReturn + \beta_2 FutureReturn + \theta Controls$$
$$+ Firm\ Effects + Quarter\ Effects + Conference\ Effects + \varepsilon, \quad (3)$$

where *PastReturn* is *EventRet[–30,0]*, *FutureReturn* is either *EventRet[+1,+180]* or *FutureEARet*, and *Controls* is a vector of control variables including *BlackoutPd*, *Size*, *BM*, *Surprise*, *AbReturn*, and *Volatility*. Note that unlike our prior regression specifications, the unit of analysis in Eq. (3) is the firm-conference, i.e., each presentation is a single observation. Thus, in addition to standard controls, we also include firm, quarter, and conference fixed effects.

This fixed effect structure has two important implications. First, the inclusion of firm fixed effects eliminates cross-sectional variation in *Hype*, and ensures the coefficients are being estimated exclusively based on time-series variation in *Hype* within a given firm. Similarly, the inclusion of conference fixed effects should alleviate concerns that our results are attributable to general business practices of firms that attend a specific investor conference. In the presence of conference fixed effects, our analysis contrasts the stock return patterns for hyping firms to non-hyping firms present *at the same conference* (i.e., each conference entails multiple firms). To the extent that an omitted variable does not vary within a firm, or within the set of firms that attend the conference (e.g., selection on the type of firm that was invited to attend the conference), this analysis controls for that variable.

Table 6 presents results of estimating Eq. (3). Regardless of whether future returns are measured over the 180-days after the conferences, as in column (1), or in the seven-days around the next earnings announcement, as in column (2), we find hyping firms have significantly more

positive past returns (*t*-stats of 15.02 and 15.41) and significantly more negative future returns (*t*-stats of –2.36 and –1.96) compared to non-hyping firms. These results suggest that hyping firms experience a return reversal.

3.4 Determinants of Hyping

In our fourth set of tests, we examine cross-sectional variation in the incentives of managers to inflate the stock price through voluntary disclosure. We expect that two forms of visibility will increase managers' incentives and opportunity to "frame the narrative" during the pre-conference period. First, investors will focus on more visible firms because any news in their presentations is likely to have a bigger impact on firm or industry returns. Such firms generally get their own presentation slots at conferences (instead of having to present concurrently) due to the high investor demand for hearing their presentations (Bushee et al. 2017). Thus, we predict that larger, high-growth firms with greater analyst following will have more incentives to increase disclosure before the conference. Second, when there is greater potential investor interest in the conference, managers will have incentives to manage the pre-conference perceptions of this larger audience through disclosure. Bushee et al. (2011) finds that conference characteristics such as the number of presenters, the conference sponsor, and the location are associated with the degree of investor interest. Thus, we predict that more visible conferences will provide greater incentives to increase pre-conference disclosure and engage in insider selling.

We estimate hyping (*Hype*) as a function of these incentives using the following regression:

$$Hype = \beta_1 \, Firm\ Characteristics + \beta_2 \, Conference\ Characteristics + Firm\ Effects + Quarter\ Effects + \varepsilon, \quad (4)$$

where *Firm Characteristics* is a vector of indicator variables for firm characteristics including *High BM*, *High Analyst Coverage*, and *Large Size*. *Conference Characteristics* is a vector of

indicator variables for characteristics of the conference (*High # Industries*, *High # Presenters*), types of conference sponsors (*Top Brokerage* and *Other Capital Market*), and conference locations (*Money Center* and *Destination*). The unit of analysis in Eq. (4) is the firm-conference, i.e., each presentation is a single observation. Thus, in addition to standard controls, we also include firm and quarter fixed effects. We do not include conference effects in these regressions because, as discussed above, the incentives for hype vary with conference characteristics.

Table 7 presents results of estimating our measures of hyping (*Hype*) as a function of these incentives. Consistent with our predictions, results in Table 7 suggest managers of firms with high book-to-market ratios (*High BM*) are less likely to engage in hype, and managers of large firms with high analyst coverage (*High Analyst Coverage* and *Large Size*) are more likely to engage in hype. In addition, we find managers are more likely to hype the stock at conferences that feature a large number of industries (*High # Industries*), that feature a large number of presenters (*High # Presenters*), that are sponsored by top brokerages or other capital market participants (*Top Brokerage* and *Other Capital Market*), and in money center locations and destination locations (*Money Center* and *Destination*). All variables are defined in Table 7. Overall the results in Table 7 are consistent with our predictions that more visible conferences provide greater incentives and facilitate hyping of the stock.

4. Summary and Conclusion

While prior literature suggests considerable firm and shareholder benefits to investor conferences, it does not examine whether these conferences can facilitate managerial opportunism. In this paper, we examine whether investor conferences facilitate one particular form of managerial opportunism: "hyping." Using several distinct sets of tests, we examine whether some managers

exploit the heightened attention around the conferences to hype the stock and sell their shares at inflated prices.

In our first set of tests, we use a standard short-window event study to examine managers' disclosure choices prior to the conference. We examine three types of voluntary disclosure: management forecasts, voluntary 8-Ks, and firm-initiated press releases. Consistent with our predictions, we find a pronounced increase in the quantity of voluntary disclosure over the ten days prior to the conference, and that these pre-conference disclosures increase prices to a greater extent than post-conference disclosures.

In our second set of tests, we examine how managers might personally benefit from pre-conference disclosures and any attendant increase in stock price. Consistent with our predictions, we find that the increase in the quantity of pre-conference disclosure and associated price increases are more pronounced when insiders are selling their shares immediately prior to the conference.

In our third set of tests, we examine patterns in stock prices pre- and post-conference. Consistent with our predictions, among firms where managers are *both* issuing pre-conference disclosure and selling their shares, we find evidence of a return reversal: large positive market-adjusted returns prior to the conference and significantly negative returns after the conference (including at the next earnings announcement).

In our fourth set of tests, we examine how the propensity to hype the stock (i.e., the combination of positive pre-conference disclosure and pre-conference insider selling) varies with firm and conference attributes. Conferences with greater visibility provide greater incentives and opportunities for managers to engage in hyping. Consistent with our predictions, we find hype is more pronounced in large, high-growth firms with a large analyst following, and at conferences with a large number of presenters, with capital markets organizers, and in money center cities.

Collectively, our results are consistent with some managers releasing positive disclosures prior to the conference and selling their shares to take advantage of temporarily inflated prices that reverse following the conference.

Our study is subject to an important caveat. Our analysis does not speak to whether managers' disclosure decisions are exogenous or endogenous with respect to their trading decisions. On the one hand, managers may issue pre-conference disclosure, which *unexpectedly* inflates prices, and then take advantage of inflated prices by selling their shares. In this instance, the disclosure decision is effectively exogenous with respect to their trading decision, and managers did not have the intent to sell their shares at the time of the disclosure decision. On the other hand, managers' disclosure decisions could be endogenous with respect to their trading decisions. Managers may issue pre-conference disclosure with the intent of boosting price and selling shares at inflated prices. Proving intent, or *scienter*, for a large sample of managers is beyond the scope of this study and is a general limitation to the academic research. However, regardless of whether it was their intent to use voluntary disclosure to inflate stock prices, our evidence suggests managers do in fact opportunistically sell their shares at inflated prices prior to investor conferences.

At a minimum, the behavior we document is evidence of opportunism on the part of corporate insiders in connection with investor conferences, and our findings highlight a novel channel through which insiders can benefit from such conferences. In contrast to prior studies' focus on the benefits of investor conferences, our study provides evidence of a potential "dark side" to investor conferences. These findings provide the first evidence of managerial opportunism and the potential for agency costs in connection with investor conferences.

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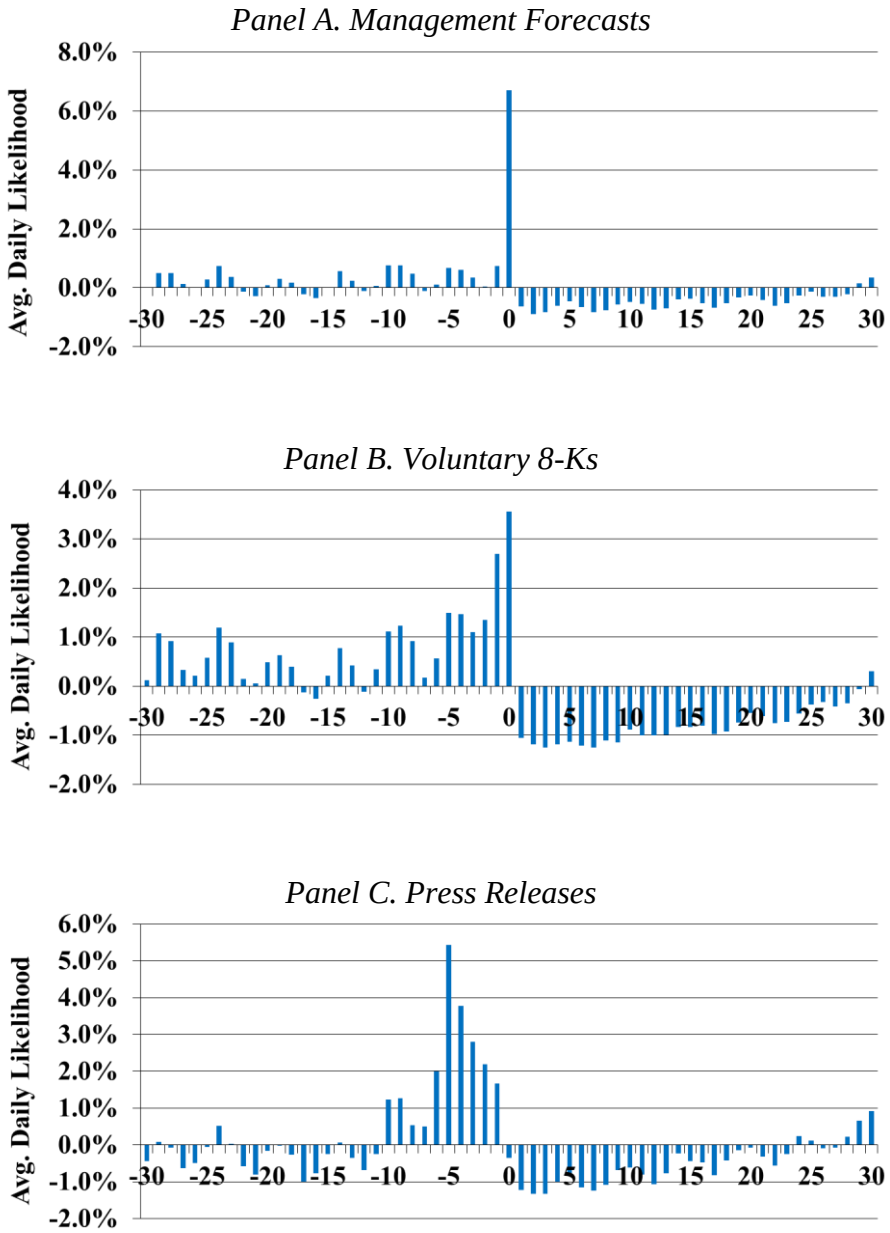
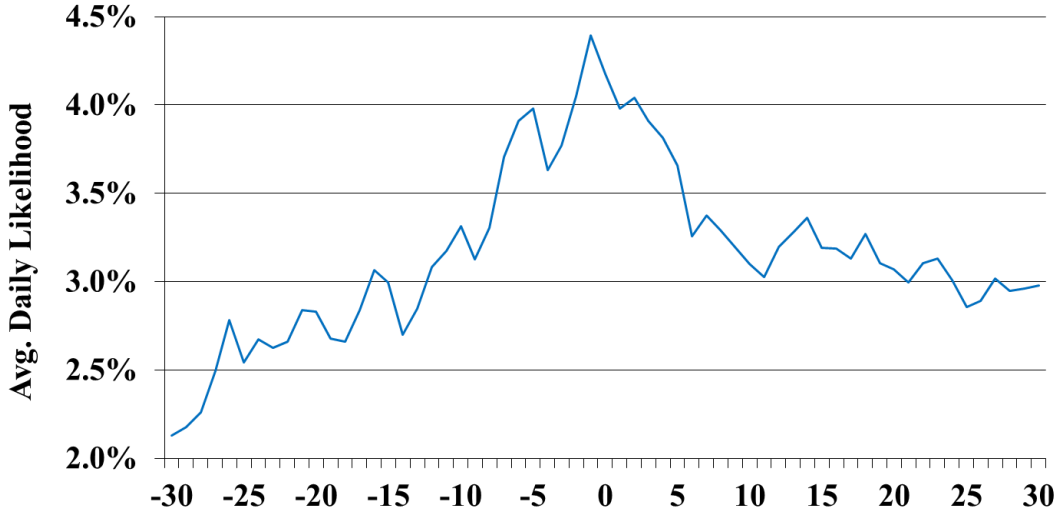
Figure 1. Pre-Conference Disclosures



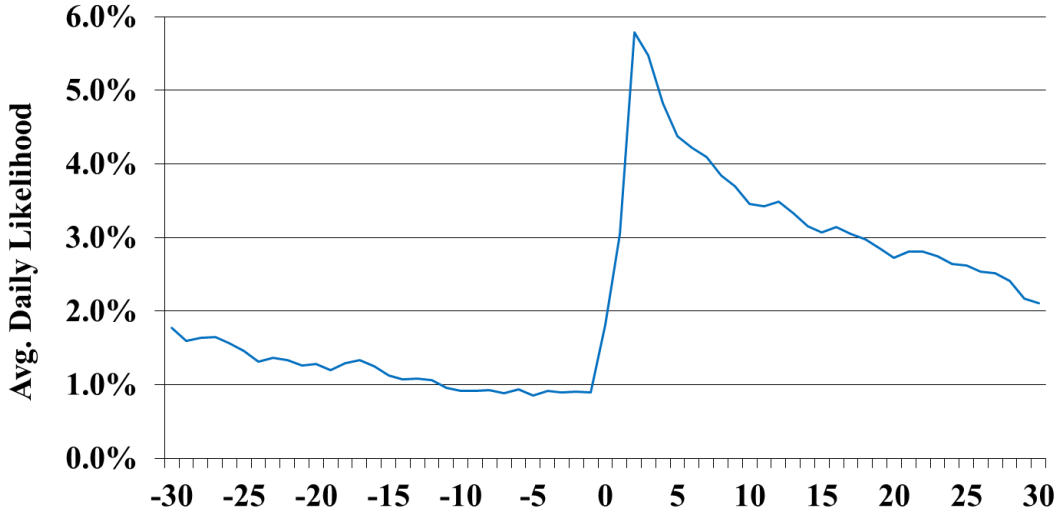
This figure plots the average daily values of our measures of voluntary disclosure (*Forecast*, *Voluntary 8-K*, and *PressRelease*) in the [–30,+30] window around the conference. Day 0 represents the date of the conference. All values are in excess of the sample average. Panel A presents results for management forecasts, Panel B presents results for voluntary 8-Ks, and Panel C presents results for press releases. All variables are as defined in Table 1. Sample of 3,744,519 unique firm-days.

Figure 2. Insider Trading Around Conferences

Panel A. Insider Trading Around Conferences



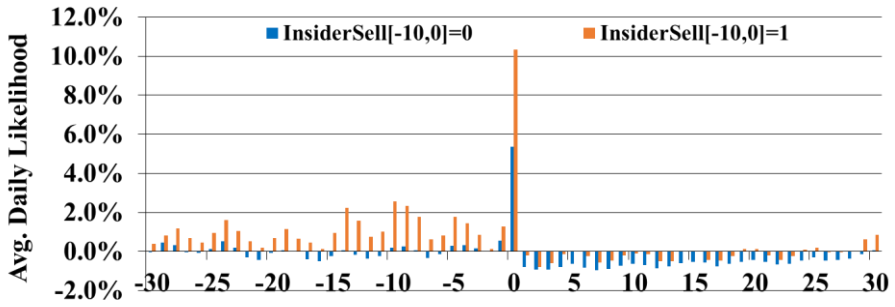
Panel B. Insider Trading Around Earnings Announcements



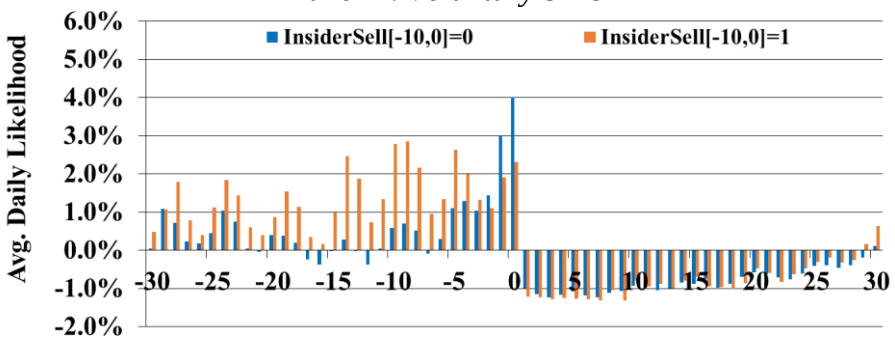
Panel A presents the average daily values of *InsiderSell* in the [–30,+30] window around the conference. Day 0 represents the date of the conference. Sample of 3,744,519 unique firm-days. Panel B presents the average daily values of *InsiderSell* in the [–30,+30] window around the earnings announcement. Day 0 represents the date of the earnings announcement. All variables are as defined in Table 1. Sample of 8,949,859 unique firm-days.

Figure 3. Pre-Conference Disclosures and Pre-Conference Insider Selling

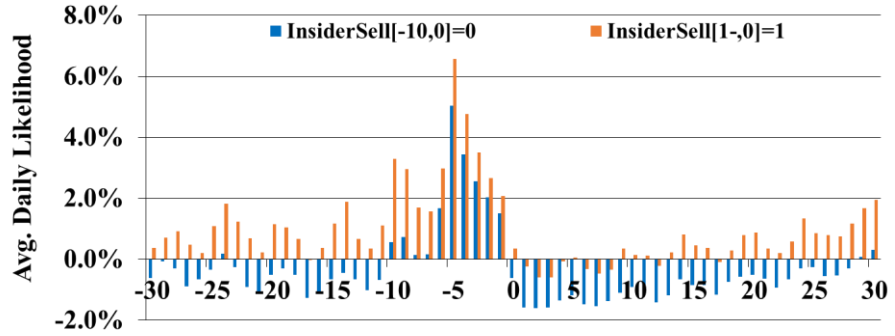
Panel A. Management Forecasts



Panel B. Voluntary 8-Ks

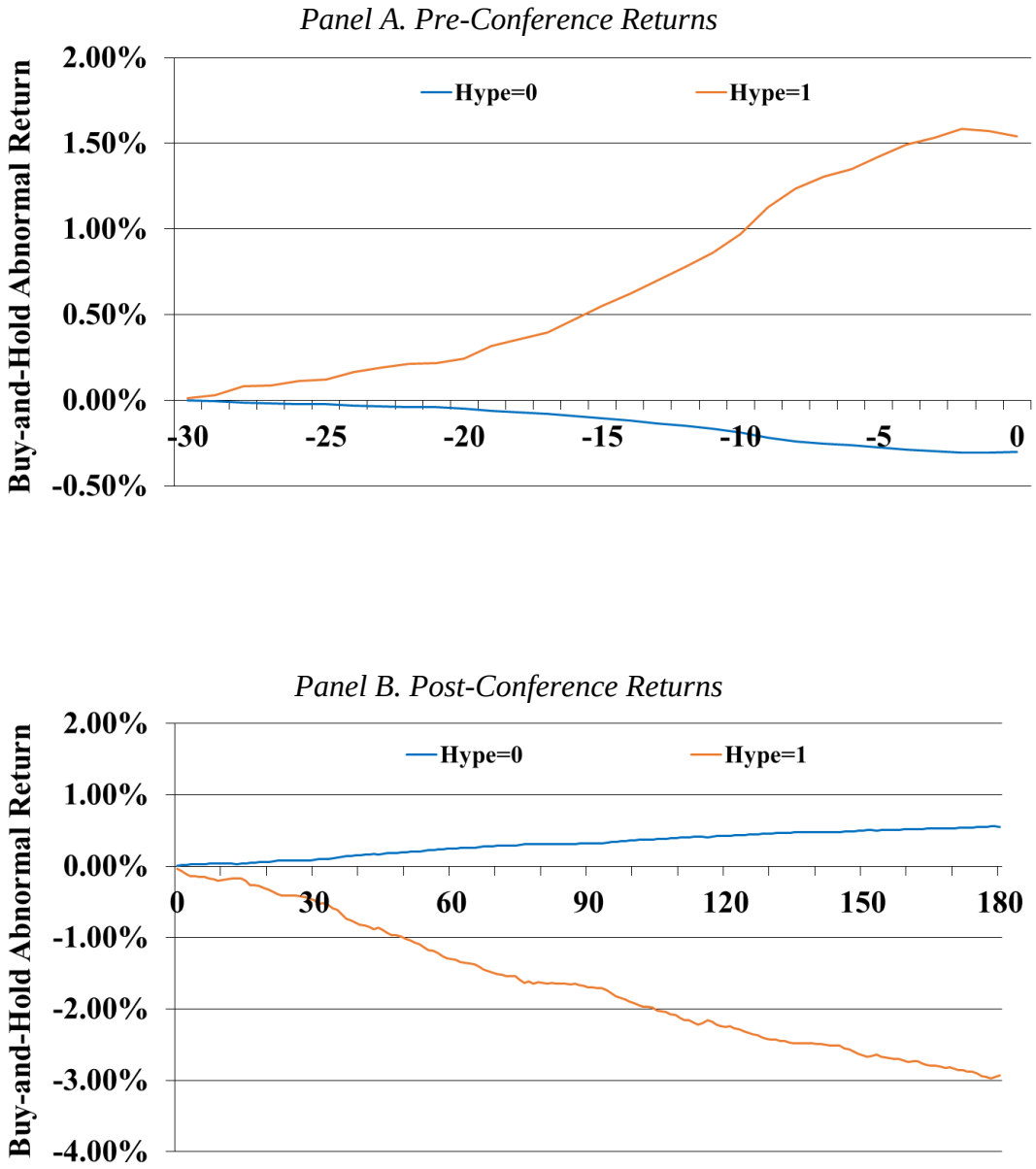


Panel C. Press Releases



This figure plots the average daily values of our measures of voluntary disclosure (*Forecast*, *Voluntary 8-K*, and *PressRelease*) in the [–30,+30] window around the conference separately for conferences where insiders are (and are not) selling shares in the [–10,0] window prior to the conference. Day 0 represents the date of the conference. All values are in excess of the sample average. Panel A presents results for management forecasts, Panel B presents results for voluntary 8-Ks, and Panel C presents results for press releases. All variables are as defined in Table 1. Sample of 3,744,519 unique firm-days.

Figure 4. Abnormal Returns Around Conferences



This figure plots market-adjusted buy-and-hold returns around the conference. Panel A presents market-adjusted buy-and-hold returns over the 30 days leading up to and including the conference. Panel B presents market-adjusted buy-and-hold returns over the 180 days following the conference. Market-adjusted returns are demeaned by firm and quarter. *Hype* is an indicator variable equal to one if, in the [–10,0] window before the conference, the firm both issues voluntary disclosure and insiders are selling, and zero otherwise.

Table 1. Descriptive Statistics

Panel A. Firm-Day Sample

Variable	N-obs	Mean	Std. Dev.	P25	Median	P75
Forecast	3,744,519	0.014	0.117	0.000	0.000	0.000
PressRelease	3,744,519	0.052	0.223	0.000	0.000	0.000
Voluntary 8-K	3,744,519	0.028	0.166	0.000	0.000	0.000
InsiderBSI	3,744,519	–0.032	0.176	0.000	0.000	0.000
InsiderSell	3,744,519	0.032	0.176	0.000	0.000	0.000
BlackoutPd	3,744,519	0.525	0.499	0.000	1.000	1.000
Size	3,744,519	7.191	2.154	5.614	7.200	8.637
BM	3,744,519	0.656	0.297	0.420	0.649	0.894
AbReturn	3,744,519	4.708	48.513	–22.887	–1.626	21.240
Surprise	3,744,519	0.000	0.051	–0.007	0.001	0.007
Volatility	3,744,519	3.016	1.657	1.781	2.609	3.809

Panel B. Firm-Conference Sample

Variable	N-obs	Mean	Std. Dev.	P25	Median	P75
Hype	122,449	0.165	0.371	0.000	0.000	0.000
EventRet[–30,0]	122,449	0.008	0.146	–0.070	0.001	0.074
EventRet[+1,+180]	122,449	0.003	0.370	–0.203	–0.020	0.161
FutureEARet	122,412	–0.002	0.095	–0.052	–0.002	0.047
High # Industries	122,449	0.461	0.498	0.000	0.000	1.000
High # Presenters	122,449	0.495	0.500	0.000	0.000	1.000
Top Brokerage	122,449	0.388	0.487	0.000	0.000	1.000
Other Capital Market	122,449	0.372	0.483	0.000	0.000	1.000
Money Center	122,449	0.594	0.491	0.000	1.000	1.000
Destination	122,449	0.223	0.416	0.000	0.000	0.000
Other U.S.	122,449	0.092	0.289	0.000	0.000	0.000

This table presents descriptive statistics for the variables used in our analysis. Panel A presents descriptive statistics for the sample of 3,744,519 unique firm-days and Panel B presents descriptive statistics for the sample of 122,449 unique firm-conferences. All variables are winsorized at 1% and 99%. We present summary statistics for non-standardized variable values.

Forecast is an indicator variable equal to one if the firm issues any type of management forecast (e.g., earnings, sales, capex, etc.) that day and zero otherwise. *PressRelease* is an indicator variable equal to one if the firm issues any press releases on that day and zero otherwise. *Voluntary 8-K* is an indicator variable equal to one if the firm issues a "voluntary 8-K" on that day and zero otherwise (He and Plumlee 2020). *InsiderBSI* is the buy-sell-imbalance, calculated as the number of shares purchased by insiders on that day less the number of shares sold, scaled by the sum of the purchases and sales. *InsiderSell* is an indicator variable equal to one if the number of shares sold by insiders on that day is greater than the number of shares purchased by insiders and zero otherwise. *BlackoutPd* is an indicator variable for whether the day falls within [–46,+1] days of

the firm's earnings announcement. *Size* is the natural log of total assets as of the prior fiscal quarter end. *BM* is the book-to-market ratio as of the prior fiscal quarter end. *AbReturn* is the market-adjusted buy-and-hold abnormal return over the prior four quarters, expressed in percent. *Surprise* is the earnings surprise, calculated as the seasonal difference in earnings before extraordinary items for the most recent quarter scaled by total assets. *Volatility* is the standard deviation of daily stock returns, expressed in percent, over the prior four quarters.

Hype is an indicator variable equal to one if, in the [–10,0] window before the conference, the firm both issues voluntary disclosure and insiders are selling, and zero otherwise. *EventRet[–30,0]* is the market-adjusted buy-and-hold return over the [–30,0] window relative to the conference. *EventRet[+1,+180]* is the market-adjusted buy-and-hold return over the 180-days after the conference. *FutureEARet* is the market-adjusted buy-and-hold return over the [–3,+3] window around the next earnings announcement. *High # Industries* is an indicator for the number of industries represented at the conference is above the median. *High # Presenters* is an indicator variable for whether the number of presenter companies at the conference is above the median. *Top Brokerage* is an indicator for whether the conference was sponsored by top brokerages (e.g., JP Morgan and Goldman Sachs). *Other Capital Market* is an indicator for whether the conference was sponsored by other capital market participants (e.g., smaller brokerage firms, analyst societies, and IR firms). *Money Center* is an indicator for whether the conference was hosted in a "money center" city (e.g., New York, Boston, San Francisco, Chicago). *Destination* is an indicator for whether the conference was hosted in a "destination" location (e.g., Palm Beach, FL; Scottsdale, AZ, Park City UT). *Other U.S* is an indicator for all other US locations.

Table 2. Disclosure Around Conferences

Panel A. Univariate

Window	Avg. *Forecast*	Avg. *Voluntary 8-K*	Avg *Press Releases*
–30 to –11	0.016***	0.031***	0.058***
	(31.43)	(42.14)	(34.24)
–10 to –1	0.017***	0.034***	0.074***
	(30.24)	(39.73)	(36.10)
0	0.076***	0.046***	0.062***
	(26.50)	(26.86)	(20.93)
+1 to +10	0.009***	0.020***	0.051***
	(27.37)	(37.78)	(27.10)
+11 to +30	0.012***	0.026***	0.055***
	(29.82)	(40.76)	(33.60)
Difference: Pre – Post	0.008***	0.012***	0.023***
	(23.14)	(23.34)	(21.02)

Panel B. Regressions

		Dependent variable:					
		Forecast		*Voluntary 8-K*		*PressRelease*	
	variable	(1)	(2)	(3)	(4)	(5)	(6)
(†)	*EventDay[–10,–1]*	0.009***	0.010***	0.015***	0.017***	0.034***	0.031***
		(19.48)	(19.98)	(23.14)	(24.33)	(30.72)	(35.43)
	EventDay[0]	0.069***	0.070***	0.026***	0.028***	0.006***	0.004***
		(25.40)	(25.70)	(15.66)	(16.59)	(4.49)	(3.66)
(††)	*EventDay[+1,+10]*	–0.006***	–0.005***	–0.011***	–0.009***	–0.006***	–0.008***
		(–19.86)	(–17.63)	(–22.92)	(–20.48)	(–6.84)	(–14.35)
	Controls						
	BlackoutPd	0.018***	0.019***	0.022***	0.024***	0.025***	0.025***
		(24.76)	(24.67)	(24.29)	(23.94)	(28.91)	(28.78)
	Size	0.003***		0.003***		0.027***	
		(9.54)		(6.80)		(13.15)	
	BM	–0.001***		0.001**		–0.008***	
		(–6.90)		(2.22)		(–8.16)	
	Surprise	0.0003***		0.000		0.000	
		(4.24)		(–1.43)		(0.03)	
	AbReturn	0.0002**		0.001***		–0.001***	
		(2.00)		(2.77)		(–3.09)	
	Volatility	–0.001***		0.001**		0.006***	
		(–5.77)		(2.06)		(7.23)	
	Firm-Quarter Effects	No	Yes	No	Yes	No	Yes
	p-value for test of (†) = (††)	[<0.01]	[<0.01]	[<0.01]	[<0.01]	[<0.01]	[<0.01]
	Observations	3,744,519	3,744,519	3,744,519	3,744,519	3,744,519	3,744,519

This table presents results for tests of an increase in pre-conference disclosure. Panel A presents univariate results. Panel B presents results from estimating Eq. (1). Columns (1) and (2) present results for management forecasts. Columns (3) and (4) present results for voluntary 8-Ks. Columns (5) and (6) present results for press releases. Columns (2), (4), and (6) present results from including firm-quarter fixed effects (e.g., a fixed effect for Firm A 2002-Q4). All variables are defined in Table 1. *t*-statistics appear in parentheses and are based on standard errors clustered by firm and date. ***, **, and * denote statistical significance at the 0.01, 0.05, and 0.10 levels (two-tail), respectively.

Table 3. Stock Price Reaction to Pre-Conference Disclosures

Panel A. Average Returns

	Pre-Conference Disclosures		
	Forecasts	Voluntary 8-Ks	Press Releases
Average *DiscRet[–3,+3]*	0.246***	0.063	0.244***
t-statistic	(4.16)	(1.18)	(6.49)
Observations	43,918	82,020	146,649
	Post-Conference Disclosures		
	Forecasts	Voluntary 8-Ks	Press Releases
Average *DiscRet[–3,+3]*	0.052	–0.105*	0.156***
t-statistic	(0.79)	(–1.82)	(4.43)
Observations	24,909	54,507	116,623
p-value test of difference	[<0.01]	[<0.01]	[<0.01]

Panel B. Average GoodNews

	Pre-Conference Disclosures		
	Forecasts	Voluntary 8-Ks	Press Releases
Average *GoodNews*	0.515***	0.499***	0.508***
t-statistic	(162.61)	(192.63)	(216.59)
Observations	43,918	82,020	146,649
	Post-Conference Disclosures		
	Forecasts	Voluntary 8-Ks	Press Releases
Average *GoodNews*	0.508***	0.491***	0.503***
t-statistic	(134.53)	(164.48)	(216.41)
Observations	24,909	54,507	116,623
p-value test of difference	[0.026]	[<0.01]	[0.027]

This table presents the average market reaction to voluntary disclosures separately for disclosures in the [–30, 0] window before the conference and the [+1,+30] window after the conference. In Panel A, the market reaction is measured using the market-adjusted buy-and-hold return over the [–3,+3] window around the disclosure, expressed in percent (*DiscRet[–3,+3]*). In Panel B, the market reaction is measured using an indicator variable for whether the market-adjusted buy-and-hold return over the [–3,+3] window around the disclosure is positive (*GoodNews*). *t*-statistics (*p*-values) appear in parentheses (brackets) and are based on standard errors clustered by firm and date. ***, **, and * denote statistical significance at the 0.01, 0.05, and 0.10 levels (two-tail), respectively.

Table 4. Insider Trading Around Conferences

		Dependent variable:			
		InsiderSell		*InsiderBSI*	
	variable	(1)	(2)	(3)	(4)
(†)	*EventDay[–10,–1]*	0.006***	0.004***	–0.006***	–0.004***
		(10.41)	(8.49)	(–10.39)	(–8.46)
	EventDay[0]	0.006***	0.004***	–0.006***	–0.004***
		(6.59)	(4.83)	(–6.58)	(–4.82)
(††)	*EventDay[+1,+10]*	0.003***	0.000	–0.003***	0.000
		(4.60)	(0.53)	(–4.62)	(–0.56)
	Controls				
	BlackoutPd	–0.026***	–0.027***	0.026***	0.027***
		(–32.29)	(–35.64)	(32.24)	(35.59)
	Size	0.009***		–0.009***	
		(10.01)		(–10.01)	
	BM	–0.015***		0.015***	
		(–15.70)		(15.70)	
	Surprise	0.001***		–0.001***	
		(3.66)		(–3.66)	
	AbReturn	0.005***		–0.005***	
		(11.64)		(–11.63)	
	Volatility	–0.003***		0.003***	
		(–7.18)		(7.19)	
	Firm-Quarter Effects	No	Yes	No	Yes
	p-value for test of (†) = (††)	[<0.01]	[<0.01]	[<0.01]	[<0.01]
	Observations	3,744,519	3,744,519	3,744,519	3,744,519

This table presents results from estimating Eq. (2). Columns (1) and (2) present results when the dependent variable is an indicator variable for whether insiders are selling, *InsiderSell*. Columns (3) and (4) present results when the dependent variable is the insider buy-sell imbalance, *InsiderBSI*. Columns (2) and (4) present results from including firm-quarter fixed effects (e.g., a fixed effect for Firm A 2002-Q4). All variables are defined in Table 1. *t*-statistics (*p*-values) appear in parentheses (brackets) and are based on standard errors clustered by firm and date. ***, **, and * denote statistical significance at the 0.01, 0.05, and 0.10 levels (two-tail), respectively.

Table 5. Disclosure Around Conferences and Pre-Conference Insider Trading

Panel A. Probability of Disclosure

	Dependent variable:								
	Forecast			*Voluntary 8-K*			*PressRelease*		
variable	*InsiderSell [–10,0]*=0 Sample (1)	*InsiderSell [–10,0]*=1 Sample (2)	*p*-value Diff (3)	*InsiderSell [–10,0]*=0 Sample (4)	*InsiderSell [–10,0]*=1 Sample (5)	*p*-value Diff (6)	*InsiderSell [–10,0]*=0 Sample (7)	*InsiderSell [–10,0]*=1 Sample (8)	*p*-value Diff (9)
EventDay[–10,–1]	0.008***	0.017***	[<0.01]	0.016***	0.022***	[<0.01]	0.030***	0.034***	[<0.01]
	(19.00)	(20.33)		(24.02)	(21.60)		(33.50)	(26.91)	
EventDay[0]	0.049***	0.086***	[<0.01]	0.022***	0.005***	[<0.01]	–0.019***	–0.016***	[<0.01]
	(21.16)	(20.37)		(11.62)	(2.61)		(–14.05)	(–8.01)	
EventDay[+1,+10]	–0.004***	–0.007***	[<0.01]	–0.008***	–0.011***	[<0.01]	–0.007***	–0.009***	[<0.01]
	(–15.98)	(–14.69)		(–17.86)	(–17.62)		(–13.30)	(–11.92)	
Controls	Yes	Yes		Yes	Yes		Yes	Yes	
Firm-Quarter Effects	Yes	Yes		Yes	Yes		Yes	Yes	
Observations	2,676,628	1,067,891		2,676,628	1,067,891		2,676,628	1,067,891	

Panel B. Average Returns

	Average *DiscRet[–3,+3]*								
	Forecasts			Voluntary 8-Ks			Press Releases		
	InsiderSell [–10,0]=0 Sample (1)	*InsiderSell [–10,0]*=1 Sample (2)	*p*-value Diff (3)	*InsiderSell [–10,0]*=0 Sample (4)	*InsiderSell [–10,0]*=1 Sample (5)	*p*-value Diff (6)	*InsiderSell [–10,0]*=0 Sample (7)	*InsiderSell [–10,0]*=1 Sample (8)	*p*-value Diff (9)
Pre-Conference Disclosure									
Avg. *DiscRet[–3,+3]*	–0.134*	1.136***	[<0.01]	–0.207***	0.940***	[<0.01]	0.088**	0.701***	[<0.01]
t-statistic	(–1.90)	(14.18)		(–3.48)	(12.31)		(2.03)	(14.26)	
Observations	30,781	13,137		62,744	19,276		109,147	37,502	
Post-Conference Disclosure									
Avg. *DiscRet[–3,+3]*	–0.069	0.381***	[<0.01]	–0.177***	0.156*	[<0.01]	0.101**	0.318***	[<0.01]
t-statistic	(–0.89)	(3.96)		(–2.80)	(1.89)		(2.47)	(6.85)	
Observations	18,198	6,711		42,726	11,781		86,960	29,663	
p-value test of difference	[0.34]	[<0.01]	[<0.01]	[0.55]	[<0.01]	[<0.01]	[0.69]	[<0.01]	[<0.01]

Panel C. Average GoodNews

	Average *GoodNews*								
	Forecasts			Voluntary 8-Ks			Press Releases		
	InsiderSell [–10,0]=0 Sample (1)	*InsiderSell [–10,0]*=1 Sample (2)	*p*-value Diff (3)	*InsiderSell [–10,0]*=0 Sample (4)	*InsiderSell [–10,0]*=1 Sample (5)	*p*-value Diff (6)	*InsiderSell [–10,0]*=0 Sample (7)	*InsiderSell [–10,0]*=1 Sample (8)	*p*-value Diff (9)
Pre-Conference Disclosure									
Avg. *DiscRet[–3,+3]*	0.493***	0.566***	[<0.01]	0.484***	0.549***	[<0.01]	0.495***	0.544***	[<0.01]
t-statistic	(135.32)	(116.46)		(170.73)	(125.84)		(198.60)	(139.96)	
Observations	30,781	13,137		62,744	19,276		109,147	37,502	
Post-Conference Disclosure									
Avg. *DiscRet[–3,+3]*	0.498***	0.534***	[<0.01]	0.486***	0.509***	[<0.01]	0.497***	0.521***	[<0.01]
t-statistic	(118.52)	(79.23)		(151.67)	(92.90)		(194.38)	(126.44)	
Observations	18,198	6,711		42,726	11,781		86,960	29,663	
p-value test of difference	[0.12]	[<0.01]	[<0.01]	[0.45]	[<0.01]	[<0.01]	[0.33]	[<0.01]	[<0.01]

This table presents the average probability of voluntary disclosure, and average market reaction to voluntary disclosure, as a function of pre-conference insider trading. Panel A repeats the analysis in Table 2 separately for firms where insiders are selling over the [–10,0] window prior to the conference and firms where insiders are not selling. Panel B repeats the analysis in Panel A of Table 3 separately for firms where insiders are selling over the [–10,0] window prior to the conference and firms where insiders are not selling. Panel C repeats the analysis in Panel B of Table 3 separately for firms where insiders are selling over the [–10,0] window prior to the conference and firms where insiders are not selling. *t*-statistics (*p*-values) appear in parentheses (brackets) and are based on standard errors clustered by firm and date. ***, **, and * denote statistical significance at the 0.01, 0.05, and 0.10 levels (two-tail), respectively.

Table 6. Conference Returns and Hype

	Dependent variable: *Hype*	
variable	(1)	(2)
EventRet[–30,0]	0.160***	0.162***
	(15.02)	(15.41)
EventRet[+1,+180]	–0.011**	
	(–2.36)	
FutureEARet		–0.027**
		(–1.96)
Controls		
Size	0.082***	0.087***
	(5.55)	(6.00)
BM	–0.039***	–0.041***
	(–8.74)	(–9.38)
Surprise	0.001	0.001
	(0.64)	(0.64)
AbReturn	0.020***	0.020***
	(9.12)	(9.17)
Volatility	–0.011***	–0.012***
	(–3.34)	(–3.39)
Firm Effects	Yes	Yes
Quarter Effects	Yes	Yes
Conference Effects	Yes	Yes
Observations	122,449	122,412

This table presents results from estimating the relation between pre-and post-conference returns and hype. The unit of analysis is the firm-conference. All variables are defined in Table 1. *t*-statistics appear in parentheses and are based on standard errors clustered by firm and date. ***, **, and * denote statistical significance at the 0.01, 0.05, and 0.10 levels (two-tail), respectively.

Table 7. Visibility and Hype

	Dependent variable: *Hype*	
variable	(1)	(2)
Firm characteristics		
High BM	–0.086***	–0.037***
	(–14.21)	(–7.45)
High Analyst Coverage	0.099***	0.015**
	(15.06)	(2.41)
Large Size	0.054***	0.000
	(7.22)	(0.03)
Conference characteristics		
High # Industries	0.027***	0.012***
	(6.58)	(3.46)
High # Presenters	0.009*	0.006
	(1.96)	(1.53)
Top Brokerage	0.027***	0.039***
	(4.35)	(8.05)
Other Capital Market	0.017***	0.040***
	(3.24)	(9.43)
Money Center	0.040***	0.009*
	(7.23)	(1.88)
Destination	0.047***	0.014**
	(7.58)	(2.51)
Other U.S.	0.022***	0.007
	(3.39)	(1.21)
Firm Effects	No	Yes
Quarter Effects	No	Yes
Observations	122,449	122,449

This table presents results from estimating the probability of *Hype* as a function of measures of firm and conference visibility. The unit of analysis is the firm-conference. *High BM* is an indicator variable equal to one if BM is above the sample median. *High Analyst Coverage* is an indicator variable set to one if the number of analysts following the firm as of the prior fiscal quarter end is above the sample median. *Large Size* is an indicator variable equal to one if total assets is above the sample median. All other variables are defined in Table 1. Sample of 122,449 unique firm-conferences. *t*-statistics appear in parentheses and are based on standard errors clustered by firm and date. ***, **, and * denote statistical significance at the 0.01, 0.05, and 0.10 levels (two-tail), respectively.