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## Faculty News and Research Highlights

With deep sorrow we share the news that our colleague, Prof. **Suzanne Scotchmer**, passed away on January 30. Suzanne joined the Berkeley faculty in 1986 and, despite many offers from other universities, Suzanne remained a devoted and deeply distinguished member of the Berkeley faculty for almost her entire professional life. Suzanne was a brilliant, internationally-renowned economist who made significant contributions to basic as well as applied theory in the areas of game theory, club theory, and patent law and incentives for R&D. She [wrote](#) more than 20 books, served as a consultant to the Department of Justice on antitrust, was a fellow of the Econometrics Society, and was highly sought after as a lecturer and speaker at universities across the globe. [Read more>](#)

In his new article in the Journal of Legal Studies, "[Rules, Standards, and Complexity in the Cost Benefit Analysis of Capital Regulation](#)", Prof. **Prasad Krishnamurthy** examines the extent to which cost-benefit analysis can contribute to resolving issues in the regulation of bank capital requirements. He discusses the current regulatory framework and the rationale behind minimum capital requirements, and the perceived failure of those rules to adequately account for risks that resulted in the addition of risk-weighted requirements under the Dodd Frank Act. Krishnamurthy argues that a proper cost-benefit analysis would have exposed some of the possible consequences of risk-based requirements, and perhaps have led to the adoption of simpler rules that would maintain systemic stability. The full paper is available [here](#).

In a [recent article](#), Profs. **Aaron Edlin** and **Rebecca Haw** contend that occupational licensing boards, which now license as much as one-third of the US workforce, operate in a manner similar to cartels, excluding competition and raising prices for consumers. Because licensing boards are created by the states, they have been considered exempt from antitrust scrutiny under the state action doctrine. A recent decision by the Fourth Circuit, however, allowed a suit by the FTC against a state licensing board, providing an opportunity for the Supreme Court to clarify doctrine in this area. The authors recommend that the Court allow antitrust action against state licensing boards whenever the boards are composed of industry competitors. [Read more>](#)

## Upcoming Lectures

### **Financial Regulation in the Post-Reform Era: Putting Dodd-Frank in Context**

[Eugene Ludwig](#), Promontory Financial Group  
Monday, February 24 | Boalt 100 | 12:45 – 1:45 pm  
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From the Civil War to the savings and loan meltdown, US financial regulation has been shaped by cycles of crisis and reform. What do changes like the Dodd-Frank Act mean for the evolution of the American regulatory model, and for global priorities like financial inclusion and development? Eugene Ludwig, founder and CEO of Promontory Financial Group, former US Comptroller of the Currency, and former vice chairman and senior control officer of Bankers Trust/Deutsche Bank, will place these changes in the context of earlier reforms, including the interstate banking, financial holding company, and community reinvestment policy changes of the 1990s.

### **Systemic Risk and the Financial Crisis: Protecting the Financial System as a "System"**

[Steven L. Schwarcz](#), Duke University School of Law  
Tuesday, February 25 | Boalt 100 | 12:45 – 1:45 pm  
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How should the law help to control systemic risk—the risk that the failure of financial markets or firms harms the real economy by increasing the cost of capital or decreasing its availability? Many regulatory responses to systemic risk, like the Dodd-Frank Act in the United States, consist largely of politically motivated reactions to the global financial crisis, looking for wrongdoers (whether or not they exist). But those responses are misguided if they don't address the reality of systemic risk. [Read more>](#)

### **The Future of Japanese Corporate Governance**

[Zenichi Shishido](#), Hitotsubashi University  
Thursday, March 6 | Boalt 110 | 12:45 – 1:45 pm  
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The firm is an incentive mechanism where the autonomy of human capital providers and the monitoring power of monetary capital providers incentivize each other to maximize their own payoff. In post-war Japan, internal governance was developed into a strong "company community", while external governance was restricted by cross-shareholding. [[cont. on page 2](#)]

## The Network Highlights

[The Network](#) blog provides the opportunity to academics, professionals and students to engage in dialogue about the impact of law and regulation on business and the economy. To submit posts and comments [contact BCLBE](#). The following are recent selections:

[WSGR's recent alert](#) discusses how the Federal Trade Commission (FTC) recently announced settlements with 12 US companies over allegations that the companies falsely claimed they held current certifications for the US-EU Safe Harbor Privacy Framework. The companies involved represent a wide range of industries, including professional sports teams, an accounting firm, and IT service providers. [Read more>](#)

[Skadden's latest Insight article](#) addresses how the National Futures Association (NFA) recently issued a notice requesting comments on the advisability of subjecting registered commodity pool operators (CPOs) and registered commodity trading advisors (CTAs) to minimum capital requirements and additional customer protection measures. [Read more>](#)

Network Editor, [Eli Ness](#), J.D. Candidate '15, talks about how Google managed to avoid a \$5 billion fine by making concessions in how it displays competitors' links in European search results. Joaquín Almunia, Europe's competition commissioner [announced on February 5<sup>th</sup>](#) that Google made sufficient concessions to settle a three-year antitrust probe against the company and avoid a fine. [Read more>](#)

## Job Opening

BCLBE is currently looking for an Associate Director of Corporate & Foundation Relations to work closely with the BCLBE Executive Director and the Berkeley Law development team to secure grants and gifts to support BCLBE's research, education, and policy activities. This is an exciting opportunity to join a dynamic team at Berkeley Law. Go to [Berkeley Jobs](#) and search #16419.

## BCLBE Directors

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## Upcoming Lectures [cont.]

[The Future of Japanese Corporate Governance](#) [cont.]

However, after the Japanese economic bubble of the 80's, the system began to malfunction and shareholder activism is now on the rise. [Read more>](#)

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**Israeli Start-Ups in the International Arena**

Thursday, March 6 | Boalt 105 | 6:00 – 9:00 pm

Co-sponsored with the *Berkeley Institute for Jewish Law and Israel Studies*

Many Berkeley students find the Israeli business and hi-tech world to be fascinating. They want to learn about it in a theoretical way, but they also strive to work and intern in Israeli companies and start-ups, many of which have offices located locally in the Silicon Valley. Come hear about the experiences of Israeli start-ups in the Bay Area from several perspectives. We will explore the timeline of a typical start-up, from incubation to growth to decisions to go public or exit. We will also draw on the perspectives of those supporting the start-up explosion through mentoring, advising, and investing. Following the panel, students will have the opportunity to network with several Israeli start-ups from around the Bay Area. For more information contact Shir Davidovicz at [sdavidovicz@law.berkeley.edu](mailto:sdavidovicz@law.berkeley.edu).

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**Compliance Risks and Pitfalls in China**

[Gregory Wajnowski](#), GE Energy

Tuesday, March 18 | Boalt 100 | 12:45 – 1:45 pm

*CLE credit available*

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What are we to make of the recent GlaxoSmithKline bribery scandal in China? It has brought revenue down 60%, mired its executives in a seemingly endless struggle with the authorities and even forced David Cameron to weigh in on the company's behalf on his recent trip to Beijing. This and other recent scandals in China underscore the need for companies doing business there to understand and manage the risks associated with common business practices that are prohibited by US and Chinese law. Mr. Wajnowski will take us through some of these risks and common practices and explain what companies are doing to ensure that they can compete effectively while still being compliant with applicable laws.

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**Berkeley Law and Haas Joint Venture Competition Award**

Wednesday, March 19 | Boalt Warren | 4:00 – 7:00 pm

Participants in the Joint Venture (JV) financing, structuring and drafting competition will be acknowledged. The winning team will receive a \$2,000 prize and the runner up team will receive a \$1,000 prize. Judges will be [Phil Nichols](#) and [Stevens Carey](#), partners at the law firm of Pircher, Nichols & Meeks, and [Josh Myerberg](#), Executive Director, at Morgan Stanley's SF office. The JV Challenge is being organized by the Berkeley Center for Law, Business, and the Economy, with support from Pircher, Nichols & Meeks and [Leo Pircher '57](#).