Go Down Fighting: Short Sellers vs. Firms

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I study battles between short sellers and firms. Firms use a variety of methods to impede short selling, including legal threats, investigations, lawsuits, and various technical actions intended to create a short squeeze. These actions create short sale constraints. Consistent with the hypothesis that short sale constraints allow stocks to be overpriced, firms taking anti-shorting actions have in the subsequent year very low abnormal returns of about -2 percent per month.

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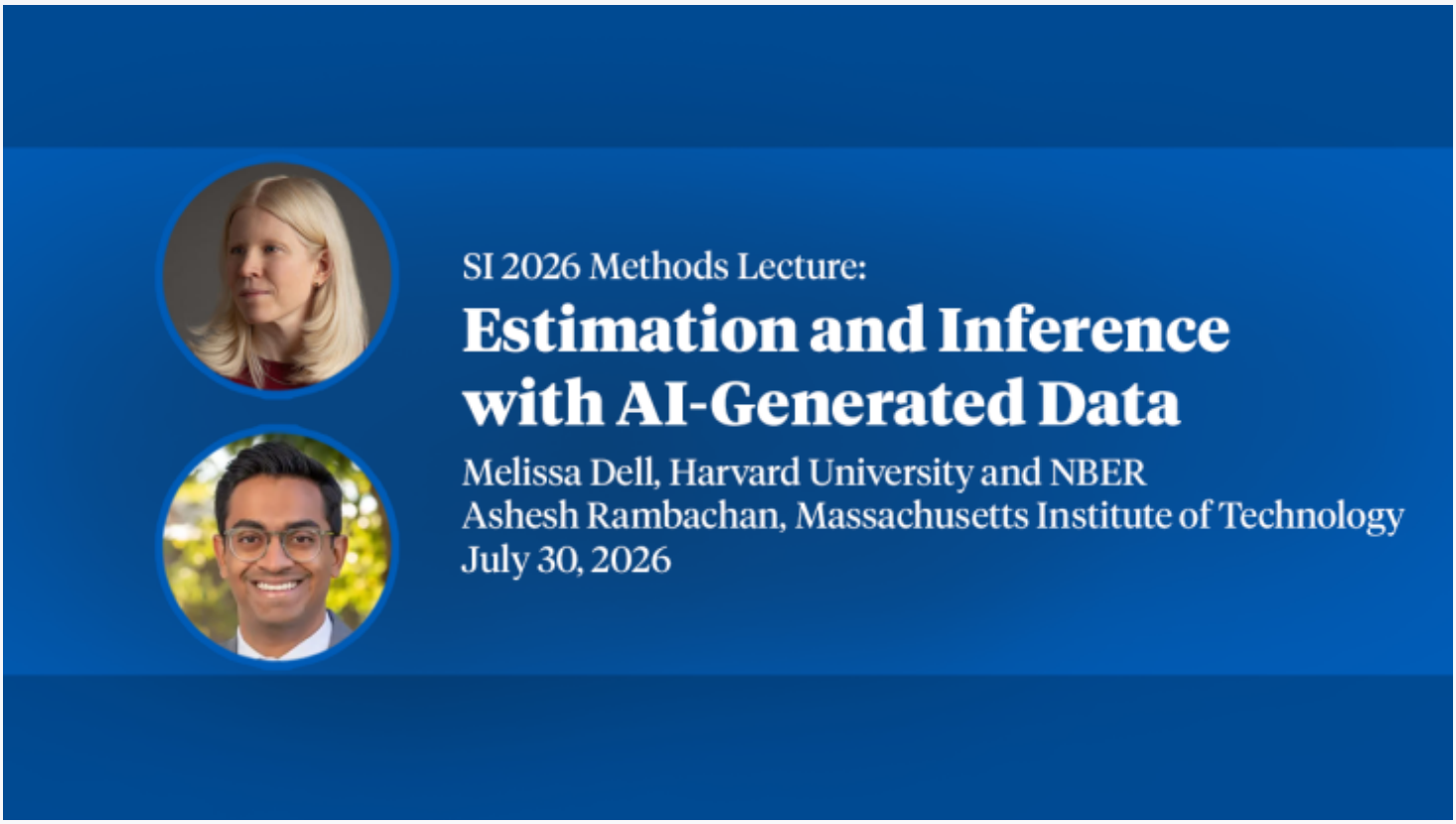


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