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## CEO power and matching leverage preferences

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## ABSTRACT

We study the effect of managerial power on CEOs' tendency to imprint their personal leverage preferences upon the firms they manage. Using a unique data source that allows us to measure personal wealth and indebtedness in great detail, we find a connection between CEOs' personal leverage and that of their firms. The connection is driven by the CEOs with a longer tenure and the CEOs who serve in a dual role. The connection is significantly weaker for those CEOs who have a proportion of their personal wealth tied to the firm. Presence of block holders also weakens the connection.

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