

## Partner Michael Rosensaft Discusses Effects of Insider Trading With *Financier Worldwide*

September 23, 2014

Michael Rosensaft, a partner in the Litigation and Dispute Resolution practice, spoke with *Financier Worldwide* regarding efforts to combat insider trading. Michael explained how the Securities and Exchange Commission's (SEC) recent high-profile Rengan Rajaratnam and Mark Cuban cases were both watershed moments for insider trading cases: "Cuban was an example of the SEC overreaching on its evidence with its star witness astoundingly testifying via videotape. [T]he real importance [of Rengan] comes on how determinative a role judges can have affecting the criminal cases before them – not only by dismissing counts, but really setting the atmosphere in the courtroom, which has a direct effect on the jury."

Michael also noted that "Although insider trading investigations are becoming more popular, law enforcement's investigative techniques have not changed – they are simply employing more of them in the insider trading context." Nevertheless, given today's highly scrutinized environment, accusations of insider trading may be considered an everyday hazard. "The problem for investors is that almost anytime there is a significant event in a company and the investor traded prior to that event, there will be an investigation. Establishing robust insider trading policies with clear blackout periods can of course help, but it is becoming almost impossible for an insider to trade without some scrutiny." ("Combatting Insider Trading," September 2014)

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