

White Collar Criminal and Civil Litigation and Compliance

November 8, 2010

U.S. Attorney for Southern District of New York Warns of Looming Crackdown on Insider Trading

In a speech before the New York City Bar Association on October 20, Preet Bharara, the United States Attorney for the Southern District of New York, warned that a Department of Justice initiative aimed at combating insider trading was in full gear. Mr. Bharara characterized insider trading as “rampant” and noted that federal law enforcement authorities were intent on cracking down on “bad actors not only at Wall Street firms, but also at Main Street companies.” The U.S. Attorney stated that the government “has devoted significant resources” to detecting and prosecuting insider trading and will continue to make use of court authorized wire taps. Mr. Bharara’s comments increased the likelihood that a new wave of insider trading prosecutions was not far off.

What This Means for You and Your Company

Mr. Bharara’s speech highlights the priority federal law enforcement and regulatory agencies are putting on prosecuting white collar crime in general and insider trading in particular. Companies operating in this heightened regulatory environment must ensure that they have in place adequate safeguards and training to minimize the chances of falling victim to an insider trading incident. Companies should take this opportunity to review and update their anti-insider trading policies and manuals. In addition, compliance training for your entire workforce is recommended to ensure that all levels of employees have a firm understanding of their legal and regulatory obligations. A strong compliance and training regime is often a company’s best defense to a regulatory inquiry.

Katten has significant experience advising companies on insider trading training and compliance and has developed an insider trading training session that can be delivered in house and tailored to meet a client’s specific needs. For additional information or assistance, please contact:

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