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Insider Trading: Feds on the Hunt

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by *Todd Shriber*

While insider trading, at least the illegal variety (remember, there are two **definitions**), is a four-centuries-old **practice**, it's still a problem today.

But the problem with insider trading is two-fold. It rattles investor confidence, and as noted in a **CBS BNET** article, is a lot like a cockroach or Steven Segal — hard to kill.

On Monday, news media, such as **Bloomberg**, were busy covering the FBI's raids of three hedge funds for evidence of insider trading.

Investors might have to brace for more confidence-shaking news in the coming weeks. The government is pursuing criminal and civil actions that could "eclipse the impact on the financial industry of any previous such investigation," **The Wall Street Journal** said.

In other words, expect more insider-trading headlines and expect them soon. In a post-Madoff world, the Securities and Exchange Commission has seen the public's confidence in the agency become challenged, and that's being kind. The SEC knows this, and it can be argued that might be one reason the Ponzi-scheme story didn't begin and end with Madoff.

As the **Journal** and **Bloomberg** reported, two of the funds that were on the receiving end of the FBI's pre-Thanksgiving cheer were started by alumni of Steven Cohen's SAC Capital, prompting speculation in **The Big Picture** blog that the Feds are going whale hunting.

Only time will tell what treasure the insider net captures for Uncle Sam. But it is clear this net has been cast far and wide, and that we'll be talking about insider trading at our holiday parties this year.

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