Despite criticism, Salman is a better choice for defining proscribed insider trading conduct than Newman, Westlaw Journal, by Brendan P. McGarry

Brendan P. McGarry of Kaufman Dolowich & Voluck in Chicago analyzes the U.S. Supreme Court's decision to hear the insider trading dispute in *Salman v. United States and why the underlying facts present a better choice than a case it recently refused to hear, United States v. Newman.*

In deciding to consider U.S. v. Salman, 792 F.3d 1087 (9th Cir. 2015), cert. granted (U.S. Jan. 19, 2016), the Supreme Court has decided to define "benefits" necessary to impose criminal liability for insider trading by a tippee. While many called for the high court to take up U.S. v. Newman, 773 F.3d 438 (2nd Cir. 2014), cert. denied (U.S. Oct. 5, 2015), Salman will prove to be a better vehicle for defining what constitutes insider trading and what conduct is proscribed by federal securities laws. In Salman, which could be decided as early as April, financial institutions will have a much more effective tool than Newman to teach appropriate conduct and impose the importance of confidentiality on their employees. Even if Salman is reversed, the outer boundaries of what is prohibited by Section 10(b) and Rule 10b-5 of the Securities Exchange Act have been interpreted in such a fashion that will remain on the collective conscious of regulators and the judiciary for years to come.

The article is published in Westlaw Journal.