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# SEC v. Cuban: A New Decision Casts Doubt on a Key SEC Position on Insider Trading

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On Friday, a federal district court in the Northern District of Texas dismissed the SEC’s insider trading case against Dallas Mavericks owner Mark Cuban. While the celebrity of the defendant has undoubtedly contributed to the widespread publicity of the dismissal, the real news is that the SEC has, for the moment at least, lost a case on what might seem to have been slam-dunk facts:

– Company shares material nonpublic information with its largest shareholder, who agrees to keep the information confidential.
– The shareholder, upon learning the information, says “Well, now I’m screwed. I can’t sell”.
– Shareholder nonetheless turns around and dumps all of his shares, sparing himself a $750,000 loss when the material nonpublic information is later disclosed.

**If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.**

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