

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

July 20, 2009 | Client Update

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.

Joseph A. Hall

+1 212 450 4565

joseph.hall@davispolk.com

Michael Kaplan

+1 212 450 4111

michael.kaplan@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.

Related materials

[072009_sec_v_mcuban.html](#)