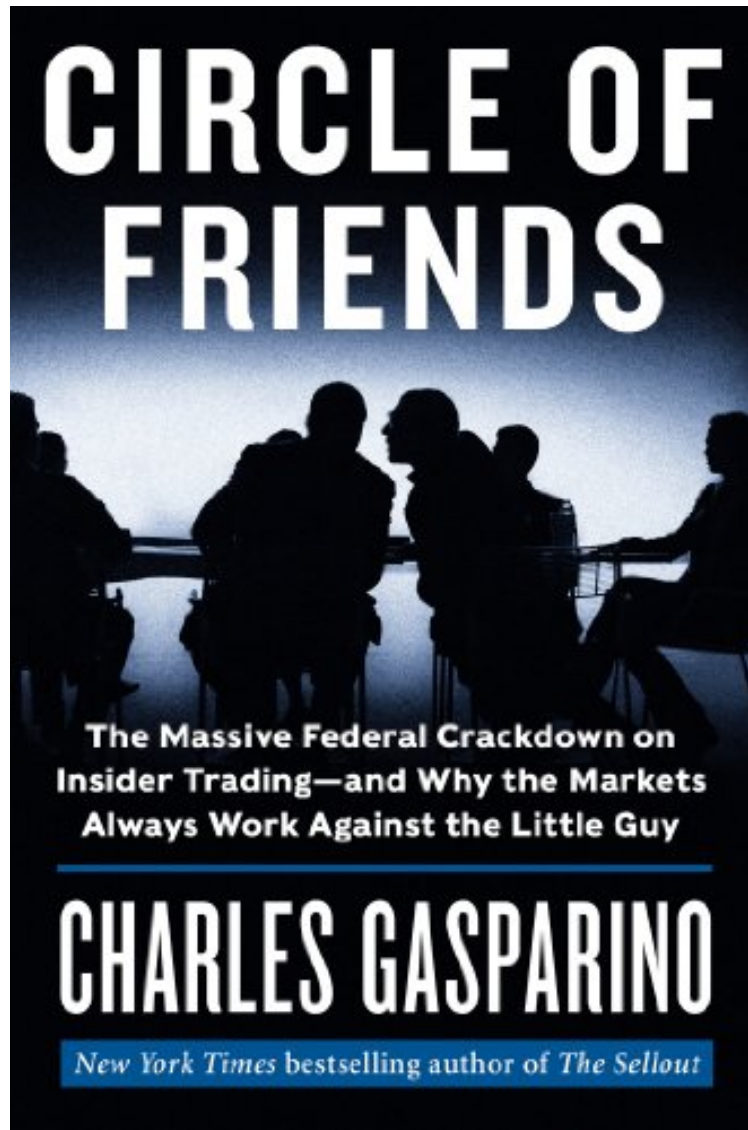


(Download) Circle of Friends: The Massive Federal Crackdown on Insider Trading--and Why the Markets Always Work Against the Little Guy

Circle of Friends: The Massive Federal Crackdown on Insider Trading--and Why the Markets Always Work Against the Little Guy

Charles Gasparino

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Charles Gasparino : Circle of Friends: The Massive Federal Crackdown on Insider Trading--and Why the Markets Always Work Against the Little Guy before purchasing it in order to gauge whether or not it would be worth my time, and all praised Circle of Friends: The Massive Federal Crackdown on Insider Trading--and Why the Markets Always Work Against the Little Guy:

0 of 0 people found the following review helpful. Name Dropping on Wall Street By Tom Finan Charlie sure knows all the crooks on Wall Street. I enjoy seeing him for 5 minute spots on FOX occasionally. But when it comes to his latest book, I quickly became bored to death. Name after name after ever-living name is dropped to show how all these crooks are connected and how Charlie has figured them all out. After a chapter or two, you will get his points. First of all, the line between legally acting on "public" information and illegally acting on "insider" information is a bit blurry. Second, the government is too busy trying to bust these relatively low rent crooks when they themselves have created the biggest boom/bust cycle in the history of the world. I knew a couple of these names. In fact I worked for one of them. After seeing his name a couple times, I could say "I know that guy". BFD. Look for better books on what the government is doing to prop up the current economy to defer the inevitable crash they will have caused if you want to read a real story about big time crooks.

25 of 28 people found the following review helpful. Highly Recommended By C. Overgaard Gasparino has written a thorough, comprehensive review of the federal government's efforts to deal with insider trading — the use of ill begotten non-public information to buy or sell securities which, when the information becomes publicly available, will rise or decline in price. He notes that while prostitution is considered the oldest profession, insider trading has to be at the top of the list of the world's oldest economic crime. In the aftermath of the Great Depression, during which insider trading was very prevalent and regarded as a fact of life, President Franklin Roosevelt chose as the person to clean things up, someone who had profited handsomely from securities speculation. Joseph P. Kennedy, the father of President John Kennedy. Kennedy was chosen to be the head of the newly created Securities Exchange Commission that administered the Securities Act of 1933 and the Securities Exchange Act of 1934. Section 10(b) of the 1934 Act made it unlawful to use or employ, in connection with the purchase or sale of a security, "any manipulative or deceptive device or contrivance in contravention of" rules and regulations of the SEC. The principal such rule was Rule 10(b)(5). But it was several years before the Rule was widely used and its parameters defined by the Supreme Court. Although the SEC can only initiate civil actions, federal law enforcement officials, such as U.S. Attorney Rudy Giuliani, used criminal statutes to go after high profile investors who used misappropriated inside information. Gasparino goes into considerable detail about criminal insider trading cases in the last fifteen years. Much of his reporting follows the work of two teams of FBI agents who tried to induce suspects to become informants. Their work was made easier when the courts authorized wiretaps of phone conversations. Gasparino's reporting indicates that insider trading was much more prevalent than I had thought. Thanks to Cameron Funkhouser of the Financial Industry Regulatory Authority, computer tracking systems can flag instances of unusual trading and can "find nearly any questionable stock sale no matter how seemingly insignificant." The book traces the work done by authorities to convict Raj Rajaratnam, the head of the Galleon Group, and Rajat Gupta, the former head of McKinsey. Gasparino covers some of the same ground, but from somewhat different perspective, as Anita Rachavan in her excellent book *The Billionaire's Apprentice*. Rachavan focused on the rise and fall of Rajaratnam and Gupta, as Indian-Americans, and the work of Indian-Americans Sanjay Wadwa, assistant regional director of the SEC's New York office, and Preetinder Bharara, the US attorney for the Southern District of New York who worked to convict Rajaratnam and Gupta. Gasparino is somewhat less complimentary of Bharara. Several pages of *Circle of Friends* describe efforts by the federal government to convict Steve Cohen of SAC Capital, a hugely successful hedge fund. A number of former employees of SAC have been found guilty of insider trading but the government has been unsuccessful in obtaining information sufficient to convict Cohen. According to Gasparino, "nearly 100 SAC trades [were] flagged by FINRA as suspicious." The government was hopeful that a former SAC employee who obtained advance information about a medical report and has been charged with insider trading would enter into a plea agreement and reveal the substance of a phone conversation with Cohen shortly before the allegedly illegal trading began but the employee has refused. The statute of limitations for this trading episode will shortly expire and within recent days news reports say Cohen will not be charged. Gasparino is clearly frustrated that the government has devoted so much time and money to combat insider trading but has not successfully prosecuted any of the people who were responsible for the financial collapse in 2008 that required a massive bailout.

0 of 0 people found the following review helpful. I would have given it 3.5 stars if I could By M. Lozano This is my first read by Gasparino. I would have given it 3.5 stars if I could. The book starts out with a great history of the exchange laws and how insider trading was first viewed under federal guidelines. Next, Gasparino touches on the history of insider trading, mostly concentrating on the last 30-40 years. There were certain portions of the book that I thought should have been edited out and could have easily seen this book reduced by 20-40 pages. By the end of the book, Gasparino re-engages you with great narrative of the events that led to the arrests of all the individuals he highlights. All in all, I would recommend the read but without any enthusiasm.

The bestselling author of *The Sellout* tells the explosive story of the government's crackdown on insider-trading networks — an investigation that has already racked up more than 60 convictions. In *Circle of Friends*, award-winning journalist Charles Gasparino — one of Wall Street's most knowledgeable observers — follows government investigators and prosecutors as they pursue one of the most aggressive and broad-reaching series of insider-trading cases in the nation's history. A richly textured page-turner of investigative journalism based on

extensive reporting, *Circle of Friends* chronicles the massive federal crackdown that has already put some of the biggest names on Wall Street behind bars, including Raj Rajaratnam, founder of the Galleon Group, and Rajat Gupta, a former CEO of consulting giant McKinsey Co. Other similarly sized targets are still waiting nervously, including the biggest one of them all—financial impresario Steve Cohen of SAC Capital, the giant hedge fund that has confounded regulators for years by cranking out a steady stream of market-busting returns. Gasparino goes behind the headlines to reveal how the government makes its case, using every tool at its disposal—and at great expense to taxpayers—to supposedly make the investing world safer for average Americans. Gasparino asks why federal officials are so eager to prosecute these cases: What is the real damage to individuals? Do average investors really care? He explores why insider trading is all the rage these days when the U.S. government has failed to bring a single criminal case against the culprits who caused the 2008 financial crisis. *Circle of Friends* is not a defense of insider trading, but it does offer an account of the politics of Wall Street crime fighting, revealing the behind-the-scenes ambitions that motivate headlines and burnish political careers. A riveting work of narrative nonfiction, as engrossing and explosive as fictional thrillers of the finest magnitude, *Circle of Friends* is a wakeup call to the investing public.

From *Booklist* Gasparino describes the involvement of government officials in insider-trading investigations up to early 2013. He begins in mid-2007, when we meet a little-known but successful trader who is told by the FBI that he faces jail unless he confesses and helps the government catch others. Often suspects are identified by “another cooperator.” The author weaves his tale like a novel, except it is a well-researched account of events using interviews, names, and dates. Instead of small firms, the FBI became convinced that “a massive circle of friends existed on Wall Street . . . mainly at some of Wall Street’s biggest trading outfits, known as hedge funds who were using and trading on insider information.” Gasparino tracks the government’s successes, failures, and work in progress, with major violators such as Raj Rajaratnam jailed while the “white whale of Stamford” continues in their sights. He concludes that “no one who studies the markets and financial systems has any doubt . . . they will repeat the same practices that led to the 2008 collapse.” Very informative. --Mary Whaley “Circle of Friends” is an insightful recap of how we got to the place where insider trading became the favorite target of regulators, and is a good guide on where it all goes from here as investigators continue to pursue SAC Capital Advisor’s Steven A. Cohen. (New York Post) “Circle of Friends reads like a page-turning thriller.” (Connecticut Post) About the Author Charles Gasparino is a senior correspondent for the Fox Business Network and the Fox News Channel, where he reports on major developments in the world of finance and politics. A former writer for the Wall Street Journal and Newsweek, he has also served as a columnist for the New York Post and The Huffington Post as well as a contributor to The Daily Beast, New York Magazine, and Forbes. Gasparino is a recipient of numerous business journalism awards, including the prestigious Investigative Reporters and Editors Award for *The Sellout*. His other noteworthy books include *Blood on the Street* and *King of the Club*.