

# [Insider trading martha, inc](https://assignbuster.com/insider-trading-martha-inc/)

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Watching " Martha, Inc. : The Story of Martha Stewart" finally made me realize what the whole scandal of Martha Stewart was all about. From what I learned, Martha Stewart, known as a televisionpersonalityand famous multimillionaire, was " indicted on securities fraud, obstruction of justice and conspiracy charges in an insider trading scandal". Before this all started, she was happily baking cookies for children and making homemade arts and crafts for her friends. At the middle of 2003, she was sent for a five month term of prison. Insider trading was the crime Martha Stewart committed; she basically wanted to get ahead as CEO of her company.

By definition, insider training is " the illegal practice of trading on the stock exchange to one's advantage through having access to confidential information". " Insider trading" is a term that most investors would usually associate with illegal conduct. Illegal insider trading " refers to buying or selling a security while in possession of nonpublic information about the security". Apparently, based on articles I have read, Martha Stewart was told by her friend Sam Waksal that his company ImClone’s cancer drug had been rejected by theFoodand Drug Administration before this information was made public.

Because of this, the price of his company's stock diminished quickly. " The (Securities and Exchange Commission) SEC’s job is to make sure that all investors are making decisions based on the same information. Insider trading can be illegal because it destroys this level playing field. Insider trading is only illegal when a person bases their trade of stocks in a public company on information that the public does not know. " Clearly, Martha Stewart was a huge symbol of corporate greed. She wanted moremoneyeven when she had reached one billion dollars as her net worth.

Stewart had lost about $400 million " because of the company's declining value, legal fees and lost business opportunities". To make a comeback, she made a camp again in 2005 which led to profits a year later. Stewart then rejoined the board of directors and became chairman of her namesake company again this year. She hasn't reached her full potential from before but is still catching up to it. (Sentences in quotes are from several Internet sources. No copyright infringement intended. )