



Case Study

At lunch one afternoon, Buck Walter, CFA, a portfolio manager for BankGlobal, received a juicy Tweet: *celebrity CEO, Halon Brut, was asking his 1 billion followers whether he should sell 10% of the publicly traded jetpack company he founded – NextFly, Inc.*

The world of social media was divided. But the majority said Brut should sell the stock.

Walter was impressed by the high-profile CEO's bold move, and he suspected that Brut would do what his followers wanted him to do. Walter also suspected that unloading such a large amount of stock on the market would cause a drop in the stock price.

Using an online trading app, he quickly dumped the 200 shares of NextFly in his IRA. He then raced back to his office to unload the 5 million shares he owned across his clients' accounts.

1. What ethical issues, if any, do Walter's actions present?
2. Did Walter act ethically?
3. What other ethical issues, if any, did you identify?
4. If you found unethical behavior in this case, what recommendations would you make to prevent similar situations in the future?

Required reading

- CFA Institute Code of Ethics and Standards of Professional Conduct