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ETHICS IN PRACTICE:

Buying and Selling at Same Time OK?

CASE STUDY

Meyers Associates is an investment firm providing both advisory and investment banking services. One of Meyers investment banking clients, IWEB (which manufactures and markets data storage products and cloud based software), wants to raise its stock price to facilitate a private offering, for which it will be using Meyers as its placement agent. George works for Meyers Associates as an investment adviser. To assist IWEB with its plans, George solicits several of his advisory clients to buy IWEB stock, and at the same time solicits other clients to sell IWEB stock, frequently effecting matched orders among his customers. For a 10-day period, these trades represented 48% of the total market volume of IWEB, and the price of the stock increased from \$0.12 to \$0.19 and then stabilized at \$0.18 for the next several days. George's actions are

- A. acceptable if the purchase and sale of IWEB stock fit within each of his advisory clients' Investment Policy Statements.
- B. acceptable because he was acting to promote the interests of his client, IWEB.
- C. acceptable as long as he discloses to his advisory clients Meyer Associates' investment banking relationship with IWEB.
- D. unacceptable.

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