



# CFA INSTITUTE

## ETHICS IN PRACTICE: Just Being a Shrewd Investor.

### CASE STUDY

Sung Kook "Bill" Hwang is the founder and lead portfolio manager of Tiger Asia Partners (TAP) and Raymond Park is a trader for the firm. TAP is participating in private placements for both Bank of China and China Construction Bank stock, and the placement agents shared confidential information with Hwang and Park about both companies. In the days prior to the private placement, Hwang directed Park to make short sales in each stock. TAP earned \$16.2 million by using the discounted private placement shares they received to cover the short sales. Park's actions were

- A. acceptable because he was following the orders of his superior.
- B. acceptable because he used a short position rather than trading in the bank stock itself.
- C. acceptable if the placement agents did not require a confidentiality agreement covering information about the private placements.
- D. unacceptable because the trade was based on material nonpublic information.

