



What is insider trading?
 Insider trading is the buying or selling of a security by someone who has access to confidential information about the company.
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Penalties
 Tokyo High Court sets new prison sentence for those seen suspended wire.
 Found to have passed 1.1 billion yen for other penalties.
 Thecasesolutions.com

Yoshiaki Murakami
 Thecasesolutions.com
 Austin Chee and Victoria Gonzalez

Background Information
 - Japanese Fund Manager and shareholder activist
 - Founder of Investment Management M&A Consulting Inc. and Murakami Fund
 - Improved business strategies of cash-rich companies
 Yoshiaki Murakami
 Thecasesolutions.com

Details of Crime
 2005: Purchased shares from Nippon Kinokuniya
 2006: Learned about the firm's intention to plan a takeover of Nippon Kinokuniya
 2007: Sold shares and sold shares to investors
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The Ethical Implications
 - Japanese law: those informed of a hostile takeover cannot buy shares from related company
 - Profits of about 2 billion yen (825 million) from insider trading
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Steel Partners: Hedge Fund Activism in Japan



What is insider trading?
 Definition:
 - Illegal trading of securities based on material, non-public information.
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Penalties
 - Up to 10 years in prison and/or a fine of up to \$5 million for individuals.
 - Up to 10 years in prison and/or a fine of up to \$25 million for corporations.
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Yoshiaki Murakami

Details of Crime
 - 2008: Purchased shares from Nikko Securities
 - 2009: Used insider information to purchase shares of Nikko Securities
 - 2010: Used insider information to purchase shares of Nikko Securities
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The Ethical Implications
 - Japanese law: those informed of a benefit takeover cannot buy shares from related company
 - Profits of about a billion yen (155 million) from insider trading.
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Yoshiaki
Murakami

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Details of Crime

- 2003: Purchased shares from Nippon Broadcasting
- 2004: Learned Takafumi Horie's Livedoor Co. planned a hostile takeover of Nippon Broadcasting (5% stake)
- 2004-2005: Continued buying (1.935 million shares) and sold shares to Livedoor

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The Ethical Implications

- Japanese law: those informed of a hostile takeover cannot buy shares from related company
- Profit of about 3 billion yen (\$25 million) from insider trading

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Penalties

- Tokyo High Court two-year prison sentence w/ three-year suspended term
- Fined 3 million yen and 1.15 billion yen for other penalties.

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Was it justified?

Justified

- Career is ruined
- Lost 3 million yen is about \$25,289.79 in US dollars
- Still recovering from crisis



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