

N.J. hedge fund manager cleared of Carter's insider trading charges

BY NATE RAYMOND

Aug 17 A retired New Jersey hedge fund founder was acquitted on Monday on charges that he illegally traded in shares of children's apparel maker Carter's Inc in a rare defense trial win in an insider trading case.

A federal jury in Atlanta cleared Steven Slawson, co-founder of Titan Capital Management, of all 34 counts he faced including for securities fraud, wire fraud and conspiracy, his lawyer said.

The jury returned the verdict after only three hours of deliberations and after a two-and-half week trial that had featured testimony from three cooperating witnesses and Slawson, 69, himself.

Todd Harrison, Slawson's lawyer, said prosecutors had failed to prove his client knew that others were illegally obtaining confidential information from Carter's.

"The government overreached," said Harrison, a partner at the law firm McDermott Will & Emery.

A spokesman for Acting Atlanta U.S. Attorney John Horn declined immediate comment.

The case marked a rare acquittal for a defendant facing criminal charges over insider trading. It came as prosecutors are facing increasing challenges in their ability to pursue insider trading cases.

The trial came after Slawson failed in July to convince a judge to dismiss the case in light of a major ruling by federal appeals in New York that prosecutors say has made proving insider trading harder.

Slawson was indicted in 2014 as prosecutors accused him of engaging in insider trading from 2005 to 2010. Authorities claimed the scheme enabled Slawson to make \$1.7 million.

Prosecutors contended that Slawson obtained information about Carter's financial results from a paid consultant, former Credit Suisse analyst Dennis Rosenberg, who learned about them from Eric Martin, Carter's vice president of investor relations.

They said Slawson continued to get information, even after Martin left Carter's in 2009, because Martin was still being tipped by Richard Posey, vice president of operations.

Martin and Posey pleaded guilty of conspiracy and were sentenced in May to two years and one and a quarter years in prison, respectively.

Rosenberg agreed in October 2013 to pay \$608,000 to settle a civil lawsuit by the Securities and Exchange Commission.

Slawson continues to face a related SEC civil lawsuit, which had been put on hold pending the criminal case's resolution. Harrison declined to comment on that case.

The case is U.S. v. Slawson, U.S. District Court, Northern District of Atlanta, No. 14-cr-00186. (Reporting by Nate Raymond in New York; Editing by James Dalglish)