

Got to love Mary Jo White, the Chairwoman of the SEC. While Michael Lewis's book Flash Boys was getting all the headlines and was the topic of some of the [best television on CNBC, ever](#), Ms White used the firestorm to ask for more money for the SEC.

Shocking ? The only shock would be if she didn't use any occasion the SEC was in the public eye to ask for more money. It is unfortunate because there is no greater waste of money than what the SEC spends trying to enforce insider trading laws.

Let me give you some examples of just how poorly the SEC manages our tax dollars when it comes to insider trading:

1. Did you hear the one about Gary and Cliff of the Florida East Coast Railroad ? Gary and Cliff noticed that there were a lot of tours of the company being given to guys in suits. So they guessed that something good was going on and decided to invest in stock of the company. They guessed right. [The SEC sued for insider trading. The SEC lost.](#) How many millions of dollars of taxpayer money were wasted ?

2. In the case of [SEC vs Schvacho](#) the SEC charged Schvacho with using inside information he obtained from a friend who was CEO of a company he traded in. Both parties said under oath that they never discussed the stock and no Material Information about the company ever changed hands. This is what the judge had to say about the case ""And I would note, as I said before, that it's unfortunate that this issue has come up, and while Mary Jo White wants to try more cases, I hope that she impresses upon especially counsel in her agency that the goal here is for a just result and not just for a result." The SEC lost. How many millions of dollars of taxpayer money were wasted ?

The SEC works hard to expand the definition of insider trading. The first question I have is why? What does it accomplish ? I have no problem with classic insider trading being illegal. If you are the CEO or director of a company and you use information you have access to to trade and profit and gain in some manner, that is wrong. The Department of Justice does a good job of going after criminals who inside trade. The SEC doesn't. Leave Insider Trading to the Justice Department.

The SEC on the other hand deals with civil litigation. They have stated many times that the goal is to increase investor confidence in the markets. Which leads to the question of whether or not these efforts have resulted in increased investor confidence ? Not according to every poll I have seen. Not according to anyone I have ever talked to. Investor confidence continues to decrease. Despite this, **the SEC continues to think Insider Trading enforcement is the way to increase confidence in the markets. It is not.**

The absolute fact is that investors DO NOT CARE ABOUT INSIDER TRADING and DO NOT USE IT AS PROXY FOR WHETHER OR NOT THE MARKETS ARE FAIR

How do i know this is a fact ? By looking at reality. Ask yourself the following questions:

How many trillions of dollars are invested in global equities and markets outside of the United States ? Have you ever invested in global markets ?

Before you or anyone you know ever invested in foreign markets, or have you ever read or heard about anyone EVER checking the insider trading laws of a given country before making an investment ?

Have you or anyone you know or read about ever sold global equities because of lax enforcement of insider trading laws in that country ?

I have asked these questions at numerous conferences and events, no one has ever said yes. Ever.

The point being that investors don't care about Insider Trading laws. They don't use it as investment criteria. They don't have concerns about it. Its not an issue. Trillions of dollars are invested globally without concern for insider trading, yet the SEC continues to bring ridiculous enforcement actions as a proxy for investor confidence. It is a waste of taxpayer money.

THE SEC SHOULD GET COMPLETELY OUT OF THE INSIDER TRADING BUSINESS.

They waste taxpayer money going after the Gary and Cliff's of the world in what appears to be nothing more than a full employment act for current, future and former SEC attorneys. They should be concerned with the issues that truly impact investor confidence. The things that matter. Finding Ponzi schemes, penny stock frauds, Market Structure Issues like HFT. If it adds risk and costs to the entire market, deal with it. Investors are concerned with actions, transactions and risks that can cause them to lose all of their money. Non Criminal Insider Trading is not one of those things. Right now its just a waste of taxpayer money. Money that the SEC says it doesn't have enough of.

Leave insider trading to the Justice Department. Take all that money that the SEC wastes on insider trading civil litigation and put it to good use. There are smart people at the SEC , lets get them working on smart things that truly impact investor confidence.

What do you think ? Am I right , wrong ? Missing something ? Let me know your thoughts in the comments section