

Securities and Exchange Commission (SEC) Brings Lawsuit Against Former Carter's Executive for Insider Trading and Tipping

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On March 7, the Securities and Exchange Commission filed a complaint in the **US District Court for the Northern District of Georgia** against Richard Posey, former vice president of Operations of children's clothing manufacturer **Carter's Inc.**, for insider trading and tipping of insider information. According to the complaint, between January 2006 and October 2009, Posey violated the Securities Act of 1933 and Securities Exchange Act of 1934 (Exchange Act) by illegally trading Carter's stock using material nonpublic information. The SEC alleged that Posey was subject to blackout periods and pre-clearance procedures, and that he attempted to hide the trades by failing to obtain pre-clearance and, at times, liquidating blackout trades before earnings announcements. The SEC also alleged that Posey tipped confidential company information to a friend and former colleague, who traded on the information and tipped others. The complaint alleged that Posey's illegal trading and tipping generated profits and avoided losses totaling \$49,778. The SEC is seeking a permanent injunction enjoining Posey from future violations of federal securities laws, disgorgement of illegal gains and losses with prejudgment interest, a permanent officer and director bar under the Exchange Act, and a civil penalty.

Securities and Exchange Commission v. Richard T. Posey, Case No. 1:14-cv-00664 (N.D. Ga. Mar. 7, 2014).

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