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Is There a “Good Faith” Defense to Securities Fraud? Courts, the SEC and FINRA in Conflict

Courts, the SEC and FINRA have taken inconsistent positions regarding whether defendants can assert a “good faith” defense in securities fraud cases. Two recent cases (*Gebhart v. SEC*, 2007 U.S. App. LEXIS 27183 (9th Cir. 2007) and *SEC v. Platforms Wireless International Corp.*, 2008 U.S. Dist. LEXIS 27503 (S.D. Cal. April 3, 2008)) underscore this continuing confusion.

In an article published yesterday, Sutherland attorneys Brian L. Rubin and Shynyn L. Gillespie analyze this issue by focusing primarily on *Gebhart*, which began as an NASD disciplinary proceeding. The case was then appealed to the SEC and later reviewed by the Ninth Circuit Court of Appeals.

To read “Blinded by Sundstrand: The need for Supreme Court guidance on the ‘good faith’ defense in securities fraud cases,” click [here](#).



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