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# 'Spoofing' Conviction Upheld: Implications for Private Fund Managers and Algorithmic Traders

## The Hedge Fund Journal

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On Aug. 7, the U.S. Court of Appeals for the Seventh Circuit unanimously upheld the first-ever criminal conviction under the anti-spoofing provision of the Commodity Exchange Act.1 In doing so, the court rejected arguments by the defendant, high-frequency commodities trader Michael Coscia, that the anti-spoofing provision is unconstitutionally vague and that the evidence was insufficient to support his conviction. As the first appellate court to address these arguments, the decision clears the path for the government to continue its efforts to pursue spoofing claims, particularly in the context of algorithmic and high-frequency trading. In this article, Gary Stein, Peter H. White, Jacob Preiserowicz, Jeffrey F. Robertson and former Schulte lawyers Bayard P. Brown and Brian T. Daly discuss the *Coscia* decision's implications for private fund managers and other advisers, particularly managers that utilize algorithms or other systematic trading strategies.

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