



Martha Stewart Living Omnimedia, Inc. An Accusation of Insider Trading

The sun shone brightly as the private jet touched down in San Antonio to refuel before heading on to San Jose del Cabo, Mexico. Martha Stewart flipped open a cell phone to check her messages. After discovering that someone from brokerage firm Merrill Lynch was trying to contact her, she returned the call. Within minutes, she placed a sell order on her entire holding of ImClone shares. Her call was made at 1:41 p.m., Eastern Standard Time. Just two minutes later, at 1:43 p.m., Merrill Lynch trading assistant Douglas Faneuil executed the order, selling 3,928 shares of ImClone Systems Inc. common stock for \$58 per share.¹

Martha Stewart: The Person

Martha Kostyra was born in Jersey City, New Jersey in August of 1941. She was the granddaughter of Polish immigrants and the second of six children.² Early in life, Martha developed a passion for helping around the house. Her mother, a schoolteacher and homemaker, taught her the basics of cooking, baking, canning, and sewing. Her father, a pharmaceutical salesman and avid gardener, introduced her to gardening at the age of three in the family's small, but orderly, backyard.³

During her days at Nutley High School she modeled ready-to-wear at the Bonwit Teller department store on Fifth Avenue in New York. She was also a member of the Honor Society and active in the school's Art Committee. After graduating from high school in 1959, she entered Barnard College in New York. During her freshman year, she met her future husband, Andy Stewart, on a blind date. At the time, Andy was in his second year at Yale Law School. His family background seemed to Martha to be far more glamorous than her own. His father, George, held a seat on the New York Stock Exchange but was forced to give it up in 1957. Midway through her sophomore year, Martha and Andy were engaged, and a year later in July of

This case was prepared by Research Assistants Arianne R. Westby and Mary P. Moulton under the direction of James S. O'Rourke, Concurrent Professor of Management, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

Copyright ©2002. Eugene D. Fanning Center for Business Communication. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form by any means – electronic, mechanical, photocopying, recording, or otherwise – without permission.

1961, they were married. As Andy graduated from law school in June of 1962, Martha continued her education to finish her Art History degree at Barnard. In September of 1965, Martha gave birth to daughter Alexis, their only child.⁴

Martha Stewart: The Professional

In 1968 Martha attended a brokerage course at the New York Institute of Finance, and on August 14th of that year, she was licensed to conduct securities transactions with the public as a member of the New York Stock Exchange. She joined the firm of Perlberg, Monness, Williams and Sidel, where she worked for five years before moving to Connecticut with her husband, Andy. From the start, Martha was on the fast track and threw herself into her work with enthusiasm. Within two years, she was among the firm's top sales representatives.⁵

Once the Stewarts moved to Westport, Connecticut, Martha stepped off the fast track and adjusted to suburban living. In January of 1977, though, she was eager to get back into business and partnered with a friend to form a company called *A Catered Affair*. Their business was a huge success, which led Martha to launch another venture named the *Market Basket*, a store in Westport that sold a variety of prepared dishes and desserts. As her success gained momentum, she opened Martha Stewart Inc., based out of her home in Westport. As the business grew, Andy helped Martha orchestrate a book contract with Crown Publishing. The publisher later launched her best-selling book, *Entertaining*. Martha published several more book titles between 1983 and 1987, when her marriage of 25 years ended in divorce.⁶

That same year, discount retailer Kmart was searching for a brand affiliation to ignite its lagging sales. Joseph Antonini, the soon-to-be corporate president of Kmart, approached a friend and savvy business woman named Barbara Lonen-Snyder for advice. Lonen-Snyder devised a plan to convince Martha Stewart, by then a nationally recognized figure in decorating and lifestyle issues, to liven up the aisles at Kmart. On July 6, 1987, Stewart signed a contract with Kmart in which she agreed to create and oversee the manufacture of a line of bedding and bath products. In return, Kmart paid royalties on all Martha Stewart branded products. By 1990, Martha Stewart's line accounted for 3% of the company's revenue and \$1 billion in sales. Just over a decade later, in January of 2002, Kmart filed for bankruptcy.⁷

The Making of Martha Stewart Living Omnimedia

In July 1991, Martha Stewart and Time Publishing Venture, Inc. printed the first issue of *Martha Stewart Living*, a monthly lifestyle magazine. Martha later teamed up with Sharon Patrick, a graduate of Stanford University and the Harvard Business School. A business plan for Martha's company emerged during an adventurous trip in which the two climbed Africa's Mount Kilimanjaro. The plan included a strategy to buy back her magazine with a combination of cash and stock (unregistered stock at the time of the arrangement). Within two years, on October 19, 1999, Martha Stewart Living Omnimedia was born. As she stood on the balcony overlooking the main trading floor of the New York Stock Exchange, Martha watched her net worth soar instantly from \$614.7 million to \$1.27 billion.⁸

Martha Stewart Living Omnimedia is a leading creator of "how to" content and related products for homemakers and other consumers. It was valued at \$295 million in 2001 and produced \$21.9 million in profit. Leveraging the well-known "Martha Stewart" brand name across a broad range of media and retail outlets, the company provided consumers with ideas, products and other resources to raise their quality of living. Martha Stewart Living Omnimedia (commonly known by its ticker symbol as MSO) owns and manages multiple media, including four core magazines, an Emmy award-winning domestic arts television program, a weekly segment on *CBS This Morning*, and 34 book titles, which together have sold more than 10 million copies. Additionally, MSO manages a weekly askMartha® newspaper column, syndicated in more than 230 newspapers; a radio program, airing on more than 330 stations throughout the United States, and a website, *marthastewart.com*, with more than 1.7 million registered users.⁹ From 1994 to 2002, Martha earned countless accolades ranging from winning six Daytime Emmy Awards to being counted among "America's 25 Most Influential People" in *Time Magazine's* June 1996 issue. The most relevant accomplishment in light of the issue at hand, however, was when Martha Stewart was elected to the NYSE Board of Directors on June 6, 2001.¹⁰

Known widely as the "Diva of Domesticity" or "Domestic Doyennes," Martha combined the attributes of a skilled businesswoman with the culinary instincts of Julia Childs by the 1990s. With such notoriety, however, come both admirers and abhorrrers. She appeals to some as the girl next door, while others think she will do literally anything to get ahead. Proxy statements filed in April 2001 show that Martha Stewart Living Omnimedia paid about \$2.7 million to Martha in salary and bonuses. In addition, she received another \$2 million in royalties for allowing her name to appear in various company

publications and television programming. And then there are the \$30.6 million in Class B shares of which Ms. Stewart is the sole owner, giving her ultimate control of the company.¹¹

Merrill Lynch

Peter Bacanovic joined Merrill Lynch Pierce Fenner and Smith as a broker in 1993. He had previously worked for two years as a Marketing Director at ImClone Systems, Inc. His personal and professional contacts quickly grew, as Peter used his good looks and social savvy to gain entree into the fast-paced, heady world of New York's *Social Register*. By the mid-1990s, his client list featured a number of New York's social elite, including members of the Waksal family (Samuel, Aliza and Jack) as well as Martha Stewart, whom he had met shortly after coming to New York.¹² In 2001, Bacanovic hired a young man named Douglas Faneuil as his assistant at Merrill Lynch. Faneuil, who graduated from Vassar in 1997, was also visible in another of New York's social scenes. He fit Bacanovic's requirement for an assistant who understood both the financial and social needs of his clients. According to *New York Times* reporter Alex Kuczynski, "People who know Mr. Faneuil and Mr. Bacanovic . . . all said that Mr. Faneuil was considered an easy-going person who looked to Mr. Bacanovic as a role model."¹³

On December 27, 2001, Douglas Faneuil executed a trade for Martha Stewart, selling 3,928 shares of ImClone Systems, Inc. The sale was based on what Stewart claimed was a standing stop-loss order of \$60.¹⁴ Mr. Faneuil later changed his official statement to Federal investigators on June 19, 2002, contradicting the prior claim of a stop-loss order. Just two days later, Merrill Lynch suspended both Faneuil and his boss, Bacanovic, with pay and declined to comment on the details of the internal investigation. Bacanovic's tight network of clients, which at times was his strength, would soon prove to be a liability.¹⁵

ImClone Systems, Inc.

ImClone Systems, Incorporated was founded by Dr. Samuel Waksal in 1984 as a biopharmaceutical company dedicated to developing breakthrough biologic medicines in the field of oncology.¹⁶ In addition to his role as Chief Executive Officer of ImClone Systems, Dr. Waksal founded Scientia Health Group in late 2000, an incubator for biotechnology firms.¹⁷ During 2001, two issues were emerging concurrently at ImClone and Scientia. At ImClone Systems, a promising new colon cancer drug, Erbitux, was under review by the United States Food and Drug Administration (FDA). And at Scientia Health Group, leadership issues were tearing at the structure of the firm.

Dr. Waksal's brother, Harlan, assumed the role of ImClone CEO in the autumn of 2001, just weeks before indications surfaced in early December that the FDA might reject Erbitux.¹⁸ Just one month earlier, Samuel Waksal fired Scientia President James Neal after just eight months with the firm. For his part, Neal claims the reason for his termination was that Dr. Waksal "felt hampered in his ability to engage in illegal, unethical and fraudulent conduct." The reason for the termination offered earlier by Dr. Waksal involved Neal's compensation plan and its interference with potential investments in the company.¹⁹ By the time ImClone learned that the FDA rejection was "99% likely," Sam Waksal was \$80 million in debt, with his ImClone shares staked as collateral.²⁰

The Case Unfolds

In late October of 2001, Bristol-Myers Squibb made a tender offer of \$70 per share for ImClone stock. At that time, Martha Stewart was interested in unloading her nearly 5,000 shares of the stock. Because the offer was oversubscribed, however, she was able to sell just 1000 shares.²¹ Apparently, just one month later in November, Martha told her broker to afix a \$60 stop-loss order to her remaining ImClone shares. Her broker, Peter Bacanovic, remembers the request to have taken place sometime in December.²²

On December 4, 2001, Lily Lee, an ImClone employee, met with the FDA to discuss issues facing the company's new oncology drug, Erbitux. After her meeting, Lee wrote an internal memo detailing her discussions with FDA officials, suggesting that the drug might not receive approval. At this point, news of the decision was neither official nor public, and some within the company still held out hope for Erbitux.²³ ImClone CEO Harlan Waksal was apparently not among them. He sold his shares for \$50 million just two days later. He later claimed that the Board of Directors knew of his intention to sell those shares weeks before he executed the trade.²⁴

How the Grinch Stole Christmas

The holiday season turned ugly for the Waksal family as Harlan learned on Christmas Day from Brian Markison of Bristol-Myers Squibb that the rejection of Erbitux was "99% likely." He waited until the next day, Wednesday, December 26th, to share the news with his brother, Samuel. Harlan has said that he did not share the news sooner with others because he "did not feel it was appropriate to wreck Christmas for the people of the company."²⁵

Sam Waksal flew home immediately from his vacation in the Caribbean. Knowing that he could not sell the shares himself without approval from the ImClone General Counsel, Sam instructed his accountant to transfer 79,797 shares to his daughter, Aliza. That night, he also called his father. He also knew that the company did not plan to announce the FDA rejection until after the markets closed on Friday, December 28th. According to a Federal complaint filed later against Dr. Waksal, he also knew there would be a "blackout" that day, a period during which no insiders could sell their shares before the news became public.²⁶

It is not clear how quickly the accountant reached anyone at Merrill Lynch or to whom he spoke. Public documents show that Dr. Waksal, his daughter Aliza and his father, Jack, raced to unload more than \$15 million of the company's shares in trading on December 27th. Merrill Lynch was unable to execute Dr. Waksal's trade order without specific authorization from the ImClone General Counsel, however. Desperate to save his investment, Sam then shifted his 79,797 shares of stock to Bank of America, only to find that they, too, would not execute the trade. One bad decision led to another, and Sam forged the signature of the ImClone General Counsel in a last ditch effort to sell his shares, which later led to charges of bank fraud.²⁷

That same day, in the midst of all this turmoil in the Waksal family, Martha Stewart and some friends cruised through the clear, blue skies over Texas in her private plane, en route to San Jose del Cabo, Mexico. About midday, the corporate jet landed in San Antonio to refuel before continuing on to its destination. The exact sequence of events that took place next is still unclear. What is known is that Martha Stewart responded to a message from either her broker or his office. Who spoke with whom, and what mechanisms for communication were used (i.e.: laptop, cell phone, etc.) is still subject to investigation. At the time of her trip, Peter Bacanovic was in Miami, and his assistant Douglas Faneuil was in the office at Merrill Lynch in New York City. What is also known is that Martha placed a call at 1:41 p.m. (EST), and her trade of ImClone stock was executed by Douglas Faneuil at 1:43 p.m. for \$58 per share.²⁸

What actually led to the sale of ImClone stock by Martha Stewart on December 27, 2001 is among the questions that have come under scrutiny. Who did she talk to and what exactly did they say? Did she know that the Waksal family was simultaneously dumping their shares? Did she know why? Martha contends that the sale was in response to the alleged \$60 stop-loss order that she claims to have placed in November of 2001 with her broker, Bacanovic. If this is true, why was her stock not sold immediately when the share price dipped below \$60 for the first time since placing the order, to \$59.98 at 11:07 a.m. that same

morning? At the same time that her shares were being sold, Martha placed a call to Sam Waksal and left a message, which was recorded on his phone log as "something is going on at ImClone and she [Martha] wants to know what." Her call was never returned.²⁹

Also on the plane with Martha that fateful day was Mariana Pasternak. Early the next morning, Mariana's ex-husband, Bart, sold 10,000 shares of ImClone stock. Later that same day, at 2:55 p.m., ImClone received official notification from the FDA that it was, indeed, rejecting Erbitux. The company waited to release this information to the public until 4:30 p.m., when the markets closed.³⁰

On Monday, December 31st, 18.5 million shares of ImClone were traded, leaving the closing price at \$46.46 per share.³¹ About a week later, the SEC requested documents from the company regarding its investigation into possible insider trading by the Waksal family. In the midst of this investigation, Waksal was also sued by a former executive at Scientia concerning issues of "illegal and unethical conduct."³²

Hands in the Cookie Jar

In early June 2002, news broke of the investigation into Martha Stewart's ImClone trade.³³ On June 12th, Martha released a statement asserting that she had no insider information and sold the stock simply because a pre-existing agreement with Merrill Lynch and broker, Peter Bacanovic. She claimed that the sale was "entirely proper and lawful."³³

At about the same time, information also began to leak out regarding sales of MSO stock by both Martha and her associates totaling approximately \$79 million.³⁴ Some shareholders became disgruntled because these trades were made prior to information about Martha's investigation being made public. MSO stock began a steady fall and closed on June 25, 2002 at \$13.60 per share, an all-time low since her company went public in 1999. Her paper losses were approximated at nearly \$200 million.³⁵

"I Just Want to Focus on My Salad"

Soon after news of the investigation was made public, Martha made her regularly scheduled appearance on the CBS Television Network's *The Early Show*, in a segment on how to prepare appetizing summer salads. Jane Clayson, the show's anchor, asked Martha a pointed question about ImClone. Stewart continued to chop cabbage in between gestures made with a knife in hand. She replied that she hoped "the scandal would be resolved soon" and

that she would be "exonerated of any ridiculousness." After this appearance, she canceled future segments on the show.³⁶

By mid-July 2002, Martha Stewart was the subject of three separate investigations. The United States Department of Justice was looking into the possibility of obstruction of justice, which carries a maximum prison term of five years. The Securities and Exchange Commission was investigating the possibility of insider trading, with securities fraud carrying a prison term of as many as ten years. A separate investigation began in the U.S. House of Representatives Committee on Energy and Commerce. Prosecutors wanted to know precisely what Stewart knew when she sold the shares. The Committee had already combed through phone logs, cell phone records and a flight log for Stewart, as well as transaction documents.³⁷

Cooperating Key Witnesses

On June 19, 2002, Douglas Faneuil retracted an earlier statement he made to Merrill Lynch investigators regarding how Peter Bacanovic came to sell ImClone stock for Martha Stewart. Mr. Faneuil initially supported her version of the events, telling federal investigators that she had previously arranged a "stop loss agreement" to sell the stock when it fell in value. Mr. Faneuil then changed his story, casting doubt on Ms. Stewart's account.³⁸ Two days later, Merrill Lynch put both brokers on paid leave because of what it called "factual issues regarding a client transaction."³⁹ Douglas Faneuil's testimony could be central to any decision to charge Ms. Stewart with obstruction of justice.

Marianne Pasternak is another witness who is cooperating with investigators. Mariana, a friend of Ms. Stewart and a real-estate agent in Westport, Connecticut, was en route with her to Mexico when Martha ordered her broker to sell those ImClone shares.⁴⁰ Additionally, Mariana's ex-husband, Bart, sold 10,000 of his own shares of ImClone stock before the FDA rejection of Erbitux was made public. He later claimed to have made an independent investment decision. He has also stated his willingness to cooperate with investigators.⁴¹

Dr. Waksal Indicted

On August 7, 2002, Samuel Waksal, ImClone's former CEO, was indicted on charges of securities fraud for trying to sell shares and for tipping off others to sell stock before the FDA released information on the rejection of Erbitux. Dr. Waksal was also charged with bank fraud, perjury, and obstruction of justice for allegedly ordering the destruction of documents which were subpoenaed by the SEC as part of the ImClone probe. According to the indictment, Dr. Waksal also conspired with two people he

allegedly tipped off about the FDA announcement to testify falsely before the SEC.⁴² Then a week later, on August 14, 2002, ImClone Systems Inc. sued Samuel Waksal in an attempt to recover the \$7 million severance which was paid in the Fall of 2001 when he resigned as CEO.⁴³

Stewart Under Investigation

That same month, Martha's lawyers delivered various records totaling approximately 1,050 pages to the House Energy and Commerce Committee. The documents were received on the day of the deadline, August 20th at 4:00 p.m., with only an hour to spare. Later that month, on August 21, 2002, Martha Stewart Living Omnimedia share price reached \$8.91, down some 54% from June 6, 2002. The 52-week low was reached on August 8th, when the share price hit \$6.29 before closing up slightly at \$6.78.⁴⁴

To add insult to injury on August 22, Howard Rosen, an MSO shareholder, sued Martha and several of her associates for selling stock in MSO before the investigation of her ImClone sale became public. John Doerr, a well-known venture capitalist, his firm (Kleiner Perkins Caufield & Byers), and six other top MSO executives were also named in a suit for selling shares prior to the June announcement of the Stewart investigation. In addition, a class action lawsuit was filed by MSO shareholder, Conrad Hahn. Mr. Hahn claimed that his loss from stock depreciation was a result of brand equity damage due to Martha Stewart's personal conduct.⁴⁵ By the end of August, both ImClone and MSO stock had endured a beating and closed the month at \$8.30 and \$7.45 respectively.⁴⁶

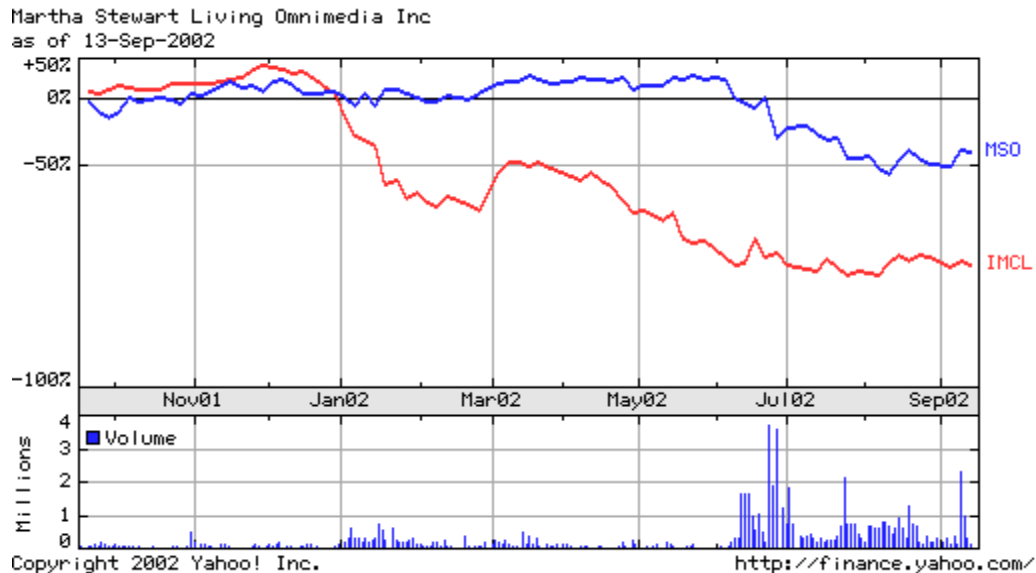


Figure 1: Comparative Stock Price Movement. Martha Stewart Living Omnimedia (MSO) share price (top line) and ImClone Systems, Inc. share price (bottom line) from December 2001 to September 2002.

What's Next for Martha and MSLO?

The House Energy and Commerce Committee ended their investigation by referring the matter to the United States Department of Justice on September 10, 2002.⁴⁷ As news of House Committee Chairman Billy Tauzin's (R-Louisiana) decision reached Martha Stewart's office in New York, a moment of relief was followed by continued uncertainty. The stock price of her

company rebounded over the next few days in response to the news. Yet, she and her advisors knew that this was just the end of one phase and the beginning of another. Would a Justice Department investigation end with indictments for either insider trading or obstruction of justice? Could her domestic publishing and retail empire be saved? Would the Martha Stewart brand name be forever tarnished as a result? Would she be looking at holiday decorating in a U.S. Federal Prison Camp?

Discussion Questions

1. What are the legal risks to Martha if she speaks out now? What are the reputational risks if she remains silent?
2. Should Ms. Stewart consider stepping down from her role as Chief Executive of Martha Stewart Living Omnimedia as she concentrates on her personal problems? Would some distance from the company's day-to-day operations improve or jeopardize the firm's position in the marketplace?
3. What are the risks inherent in building a brand around the name of a living person?
4. What are the critical issues at this juncture in the case and how would you rank order them?
5. What sort of help does MSLO need in order to address these issues going forward?
6. How should Ms. Stewart and her senior team address their relationships with CBS Television? With Kmart Corporation? With Crown Publishing?

1. Hays, Constance L and Patrick McGeehan. "A Closer Look at Martha Stewart's Trade," *The New York Times*, Monday, July 15, 2002, pp. C1, C9.

2. Grossman, Jennifer. "Martha Envy", *The Wall Street Journal*, Friday, June 21, 2002, p. A8.

3. Byron, Christopher M., *Martha Inc.*, 2002, pp. 21, 24.

4. Byron, Christopher M., *Martha Inc.*, 2002, pp. 21, 24, 30-36.

5. Byron, Christopher M., *Martha Inc.*, 2002, pp. 44-47.

6. Byron, Christopher M., *Martha Inc.*, 2002, pp. 75-82.

-
7. Byron, Christopher M., *Martha Inc.*, 2002, pp. 116, 261.
 8. Byron, Christopher M., *Martha Inc.*, 2002, pp. 219, 316.
 9. www.marthastewart.com.
 10. www.nyse.com.
 11. Hays, Constance L and Richard A. Oppel Jr. "Stewart Inquiry is Said to Focus on Words Used", *The New York Times*, Saturday, June 29, 2002, C1.
 12. Hays, Constance L and Patrick McGeehan. "A Closer Look at Martha Stewart's Trade," *The New York Times*, Monday, July 15, 2002, pp. C1, C9.
 13. Kuczynski, Alex. "A Swift Detour From the Fast Lane," *The New York Times*, June 30, 2002, p. ST6.
 14. Hays, Constance L and Patrick McGeehan. "A Closer Look at Martha Stewart's Trade," *The New York Times*, Monday, July 15, 2002, pp. C1, C9.
 15. Kuczynski, Alex. "A Swift Detour From the Fast Lane," *The New York Times*, June 30, 2002, p. ST6.
 16. www.imclone.com.
 17. Pollack, Andrew. "Stewart, Icahn and Others Invested in Venture Fund", *The New York Times*, Tuesday, July 2, 2002, p. C3.
 18. Hays, Constance L and Patrick McGeehan. "A Closer Look at Martha Stewart's Trade," *The New York Times*, Monday, July 15, 2002, pp. C1, C9.
 19. Pollack, Andrew. "Stewart, Icahn and Others Invested in Venture Fund", *The New York Times*, Tuesday, July 2, 2002, p. C3.
 20. Hays, Constance L and Patrick McGeehan. "A Closer Look at Martha Stewart's Trade," *The New York Times*, Monday, July 15, 2002, pp. C1, C9.
 21. Markon, Jerry. "Stewart, Broker Differ on Imclone Sale," *The Wall Street Journal*, Monday, June 17, 2002, p. A4.
 22. "Martha's Survival is on the Chopping Block", www.fortune.com, June 25, 2002.
 23. Hays, Constance L and Patrick McGeehan. "A Closer Look at Martha Stewart's Trade,"

The New York Times, Monday, July 15, 2002, pp. C1, C9.

24. Markon, Jerry. "Stewart, Broker Differ on Imclone Sale," *The Wall Street Journal*, Monday, June 17, 2002, p. A4.

25. Hays, Constance L. and Patrick McGeehan. "A Closer Look at Martha Stewart's Trade," *The New York Times*, Monday, July 15, 2002, pp. C1, C9.

26. Ibid, p. C9.

27. Ibid.

28. Ibid.

29. Ibid.

30. Ibid.

31. Ibid.

32. Pollack, Andrew. "Stewart, Icahn and Others Invested in Venture Fund", *The New York Times*, Tuesday, July 2, 2002, p. C3.

31. Pollack, Andrew. "Stewart, Icahn and Others Invested in Venture Fund", *The New York Times*, Tuesday, July 2, 2002, p. C3.

33. www.marthastewart.com.

34. Pollack, Andrew. "Stewart, Icahn and Others Invested in Venture Fund", *The New York Times*, Tuesday, July 2, 2002, p. C3.

35. www.fortune.com, June 25, 2002.

36. *The New York Times*, August 6, 2002, pp. C1, C2.

37. *The Wall Street Journal*, August 9, 2002, pp. A1, A5.

38. Kuczynski, Alex. "A Swift Detour From the Fast Lane," *The New York Times*, June 30, 2002, p. ST6.

39. Hays, Constance L. "Merrill Broker who Worked with Stewart is Suspended," *The New York Times*, Saturday, June 22, 2002, p. C1.

-
40. Gasparino, Charles and Jerry Markon. "Merrill Aide Discusses Deal in Stewart Case", *The Wall Street Journal*, Thursday, August 8, 2002, p. C1.
41. Pollack, Andrew. "Stewart, Icahn and Others Invested in Venture Fund", *The New York Times*, Tuesday, July 2, 2002, p. C3.
42. Gasparino, Charles and Jerry Markon. "A Friend of Martha Stewart Cooperates in Trading Probe", *The Wall Street Journal*, Friday, August 9, 2002, pp. A1, A5.
43. Atlas, Riva D. "ImClone Sues Former Chief to Recover \$7 Million", *The New York Times*, Thursday, August 15, 2002, p. C3.
44. "Martha Stewart Sued by Investor", <http://news.bbc.co.uk>, August 22, 2002.
45. "Martha Stewart Sued by Investor", <http://news.bbc.co.uk>, August 22, 2002.
46. www.yahoo.com/finance.
47. Hays, Constance L. "House Panel Defers to Justice Department on Stewart", *The New York Times*, Wednesday, September 11, 2002, C1, C11.