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## Compliance Update

# Activist Trader Andrew Left Found Guilty of Market Manipulation for Online Commentary and Related Trading Activity

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On June 1, Andrew Left, an activist trader, was [found guilty](#) of securities fraud for participating in a long-running market manipulation scheme resulting in over \$21 million in profits. Left was convicted of one count of participating in a securities fraud scheme and 12 counts of securities fraud. He now faces up to 25 years in prison.

Left was a securities analyst, trader and guest commentator on cable news. He also had an active online presence under the name “Citron Research,” which he used to share investment recommendations on a website and through his account on X (formerly known as Twitter). The indictment — and parallel [Securities and Exchange Commission](#) (SEC) action in the Central District of California — alleged that Left used Citron Research fraudulently to manipulate the stock market and profit from the movement he created in the stock prices. Prosecutors alleged that, to effectuate this scheme, Left would make recommendations regarding certain publicly traded companies, knowing that such advocacy had the power to affect these companies’ stock prices significantly. The government alleged that Left would then exit, reverse or make trades contrary to those that he publicly advocated to profit from the movement in the stock price that he caused.

### Left’s Conviction

The prosecutors alleged that, prior to commenting on public companies on X or his website, Left established long or short positions in the public company on which he was commenting, and then quickly closed those positions to profit from the short-term price movement caused by his commentary. Prosecutors also alleged that Left would enter limit orders to make trades that contradicted his public recommendations. Beyond the trades themselves, Left allegedly concealed his relationships with hedge funds and created the false impression that he was an independent researcher and his investment recommendations were credible and free from conflicts of interest.

In one example included in the indictment, Left communicated with a portfolio manager about a publicly traded microchip company, writing, “[d]o you want to make some fast money[.] Put together a thesis why [the company] is oversold ...” Prosecutors alleged that, after sending these messages, Left purchased short-dated call options, essentially betting that the stock price would increase in the near future. Left then publicly promoted the company as a favorable investment on Citron Research, posting on Twitter that Citron had purchased the stock and predicting that the stock price would rise to \$165. According to the superseding indictment, after these posts, the stock price rose and Left sold all his long positions in the company at approximately \$150–\$153 per share for a profit of almost \$1 million.

Commenting on the conviction, Assistant Attorney General A. Tysen Duva of the DOJ’s Criminal Division said, “[e]gregious schemes like this strike at the heart of free, fair and open markets, and warrant prosecution when they involve criminal manipulation. Investors should have confidence that U.S. markets are safe and free from the type of deliberate manipulation that Left engaged in to enrich himself at the expense of American investors.”

Left, for his part, described the prosecution as “government overreach,” telling the *Financial Times* that “[i]t’s a sad day for free speech,” and that he was “being penalised for ... honest opinions on the biggest companies in the world.” Previously, Left [petitioned the SEC](#) to clarify the rules for traders who publicly comment on securities. His 2025 petition asks the SEC to clarify, among other things, how long a trader must wait to make a trade after publicly commenting on a security: “For example, if an investor posts on social media that they believe a security will rise in value, does the investor need to wait for a certain number of days to elapse, or for the security to reach a specific price, before the investor can sell shares of the security?”

Left’s sentencing hearing is scheduled for August 31.

### **Key Takeaways**

The SEC and DOJ have brought several enforcement actions and prosecutions against activist sellers over the years (for example, [Mark S. Jakob](#) and [Barry Minkow](#)), and Left’s prosecution is consistent with the current administration’s focus on market integrity — earlier this year, for example, the [SEC announced](#) its “prioritization of cases that directly harm investors and the integrity of the U.S. securities markets, including offering frauds, market manipulation, insider trading, issuer disclosure violations, and breaches of fiduciary duty by investment advisers.” Similarly, the [DOJ has prioritized](#) investigating and prosecuting “[f]raud that victimizes U.S. investors, individuals, and markets ...” such as investor fraud.

However, Left’s prosecution represents a departure from other DOJ prosecutions for market manipulation, which typically have focused on thinly traded securities (such as in [a 2023 conviction](#) of a former securities attorney). With Left, the government obtained a conviction regarding trades in large, heavily traded public companies. Left’s prosecution is also notable because the prosecution relied on contradictions between Left’s public statements about securities and his own private trading positions and opinions to establish the required knowledge of wrongdoing. In other cases, the prosecution has asserted that traders’ false and misleading statements about the companies themselves depressed the stock price of companies whose stock they planned to trade. While [Left stated](#) that he did not believe he was required to hold financial positions that aligned with the commentary he published on Citron Research, such inconsistencies proved sufficient for a conviction.

Traders and firms should be on notice that the DOJ and SEC are not shying away from pursuing traders of any scale for market manipulation and other fraudulent behavior. Left’s conviction raises questions about the line between legitimate online commentary and trading on the one hand and unlawful market manipulation on the other hand. Left’s prosecution could have implications for firms who publish research reports with “buy,” “sell” or “hold” recommendations and then later want to trade contrary to their recommendation.

The actions by the DOJ and SEC also raise questions about the practice of activist short selling generally. For example, Hindenburg Research and other high-profile short sellers have profited greatly from taking large public short bets and making serious allegations against several notable companies.<sup>1</sup> Traders and firms should evaluate their policies, procedures, practices and disclosures to ensure they address the risks associated with trading and investor-facing research reports and recommendations.

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<sup>1</sup> In January 2025, Hindenburg Research announced that it was closing.

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