

Roberts sold more than \$250,000 in Microsoft stock

February 4 2016, by Mark Sherman

The Supreme Court's recent decision to step into a relatively unimportant case involving Microsoft's Xbox 360 gaming system revealed that Chief Justice John Roberts has sold between \$250,000 and \$500,000 in Microsoft stock in the past year.

Federal judges violate the law if they take part in a case involving a company they own shares in, although Roberts declined through a court spokeswoman to comment on his situation.

His decision, though, raises this question: If the chief justice can unload one of his two largest stock holdings (Time-Warner is the other), why does any justice continue to own individual companies' stock, knowing that doing so sometimes will force him out of a case?

"We're not talking about grandpa's stock in the family business where a justice might have some sentimental reason for holding onto the shares. These are major corporations who regularly come before the court," said Arthur Hellman, who specializes in judicial ethics at the University of Pittsburgh.

Roberts himself backed a change in federal law to make decisions to sell more palatable financially. In 2006, Congress changed the law to prevent judges from getting socked with a big tax hit if they sell a stock to avoid a conflict of interest, then reinvest the money in government securities or certain kinds of mutual funds.

Only three justices—Samuel Alito, Stephen Breyer and Roberts—even own individual stocks. Yet in the past few months, Alito has had to sit out a Supreme Court case and Breyer and Roberts acknowledged they overlooked stock ownership that should have precluded their participation in cases.

Alito's ownership of up to \$15,000 worth of shares in Wisconsin-based Johnson Controls Inc. caused him to miss the court's consideration of federal policy on electricity pricing. Johnson Controls owns a subsidiary that was involved in the high-profile energy case. Breyer took part in that case despite his wife's ownership of the very same stock.

The routine check Breyer's office did to avoid conflicts failed to flag the Johnson Controls stock as a problem, Supreme Court clerk Scott Harris said in a letter to the parties after the argument. Breyer's wife, Joanna, quickly sold 750 shares worth about \$33,000 after Breyer was alerted to the conflict. Breyer voted with the majority to uphold the policy that was being challenged by industry groups.

In early October, Roberts took part in the denial of an appeal by Texas Instruments among 20 parties that appealed their share of the costs to clean up a hazardous waste site in Arizona. Roberts owns between \$100,001 and \$250,000 in Texas Instruments stock, and court spokeswoman Kathy Arberg acknowledged Roberts should not have been involved. Alito sat it out, without explanation.

Fix the Court, a judicial ethics watchdog, first spotted Roberts' Texas Instruments conflict.

The chief justice's sale of his Microsoft stock was the largest single stock sale by anyone on the [court](#) in at least the 10-plus years he has been there.

In 2014, Alito got rid of shares in five companies worth at least \$330,000, and perhaps as much as \$900,000. The justices report their financial holdings in ranges, rather than exact values. Alito's investment portfolio has grown in recent years through inheritance and he has sought to reduce some individual stock investments. He still held stock in nearly three dozen companies as of the end of 2014, according to his most recent financial disclosure.

Breyer and Roberts also have reduced some holdings. Breyer's largest single investment, worth from \$1 million to \$5 million, is his wife's [stock](#) in the Pearson media empire that her family started and built.

Roberts holds roughly a dozen individual stocks, the largest of which is \$250,000 to \$500,000 in Time Warner Inc.

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