

CASE STUDY

WILLIAM T. WALTERS

Phil Mickelson is a professional golfer; he has won five major golf championships as well as garnered numerous endorsement agreements. Thomas Davis is a former investment banker; he has a Harvard education and lives a "country club lifestyle." Both men had something in common—they owed money to William Walters. William Walters was often considered the most successful sports gambler in the country. After an extensive investigation, the debts of Phil Mickelson and Thomas Davis have become the center of an insider trading scheme.¹

According to Mike Fish in a 2015 *ESPN* article, William Walters

... is thought to have bet more money more successfully than anyone in history, earning hundreds of millions of dollars. Federal and state investigators sniff around his operation regularly. Scores of bettors and bookies have tried to crack his methods so they can emulate him. ... Walters has outrun them all.

In May 2016, federal prosecutors brought criminal charges against Walters, alleging that he used illegal stock tips from Thomas Davis to accumulate approximately \$40 million in profits. Currently, Davis has pled guilty and is cooperating with prosecutors. Phil Mickelson has not been criminally accused of any wrongdoing. However, the Securities and Exchange Commission (SEC) has listed him in a civil complaint.³ The SEC maintains that Mickelson earned almost \$1 million from illegal stock tips. In a separate statement, Mickelson entered into an agreement with the SEC to repay those monies.⁴ Thomas Davis, however, had debts that far exceeded Mickelson's. Walters lent Davis money. In return, Davis, who was chairman of

WHAT'S CLEAR, ACCORDING TO DOZENS OF INTERVIEWS AND THOUSANDS OF PAGES OF LEGAL DOCUMENTS, IS THAT WALTERS BEATS THE ODDS EVERYWHERE—IN THE STOCK MARKET, REAL ESTATE, CRIMINAL PROCEEDINGS AND HIS TRUE WHEELHOUSE, SPORTS GAMBLING.²

Dean Foods, returned the favor by providing Walters "boardroom secrets." In an effort to conceal their scheme, Walters and Davis used disposable cellphones and developed a "secret code" when discussing Dean Foods. For instance, Dean Foods is a Dallas company. Thus, the two men referred to the company as "the Dallas Cowboys." Andrew Ceresney, director of the SEC's enforcement division, stated, "Davis breached his duty and broke the law as the result of being in dire financial straits. ...

Mr. Walters ... was 'gambling on a sure thing.'"⁵



William T. Walters was considered the most successful sports gambler in the country.

THINK ABOUT IT:

1. Does this fit your perception of crime?
2. Does William Walters fit the description of a criminal?
3. Do you think he will be treated differently than other criminal offenders?