

# Insider Trading Case Shows BigLaw Associate Vetting Gaps

By **Chris Villani**

Law360 (May 14, 2026, 6:14 PM EDT) -- A BigLaw attorney who was able to move through three major firms while allegedly orchestrating a massive insider trading scheme may have been aided by relatively loose hiring practices for associates that firms may consider strengthening moving forward, recruiting experts told Law360.

Massachusetts federal prosecutors last week unveiled **sweeping indictments** in which they say Nicolo Nourafchan — who worked at Sidley Austin LLP, Latham & Watkins LLP and Goodwin Procter LLP — worked with others to steal secret information about massive deals and shared stock tips in exchange for kickbacks.

The fact that Nourafchan was able to move between three of the most prominent firms in BigLaw for a decade spanning 2013 to 2023, all while the government says he ran a trading ring that netted tens of millions of dollars, has raised eyebrows throughout the industry.

Joe Ankus, a former BigLaw associate who now runs Ankus Consulting Inc., a legal recruiting firm in Florida, said screening for associates is less stringent compared to when hires are made at the partner level.

"When a lateral partner moves firms, the due diligence process, on a one to 10 scale, is probably a seven or an eight," Ankus said. "When it's an associate who is moving, your due diligence level probably drops down to about a four or a five."

The reasons are multifaceted, industry experts said. Partners tend to be more established attorneys, they are more expensive, and they often bring their own associates and clients with them. The rules are different in hiring associates, Ankus said.

"You just don't have the rigidity or a formalized structure that a lateral partner goes through," Ankus said. "Likely, the lawyer had a clear bar license and it's likely that their transcript and resume are strong if they got hired by those firms, so the lawyer looked good on paper."

**Nourafchan has yet to appear in Massachusetts federal court, but his lawyer, Martin G. Weinberg of Martin Weinberg Law, said he plans to fight the charges.**

**"Nicolo Nourafchan fully intends to assert at his future arraignment that he is innocent of these charges," Weinberg told Law360. "A vigorous and persuasive defense will follow."**

The firms where Nourafchan worked did not respond to questions about whether their hiring practices have changed or will change moving forward. Those firms, along with Wachtell Lipton Rosen & Katz and Weil Gotshal & Manges LLP, are described as victims in the two indictments.

Legal recruiters were not surprised that an attorney like Nourafchan kept getting hired, especially given his BigLaw experience and Yale Law School education.

"I think firms get caught up in what's on the paper and what they can put on their website," said Craig Paster, a former attorney now working with Beacon Hill Staffing Group in Boston.

"They'll see that this person graduated from Yale and has been to this firm and that firm, and they

can say, 'This is why we are billing out a third-year associate at this rate,'" Paster said. "I think they get caught up in it."

Federal prosecutors say Nourafchan and another New York lawyer, Robert Yadgarov, recruited others to serve as sources of insider information and paid their sources hundreds of thousands of dollars in kickbacks in exchange. The deals they traded on included some of the largest M&A deals of the past decade, involving shares listed on national and foreign securities exchanges, according to the charging documents.

Massachusetts U.S. Attorney Leah Foley said when announcing the case that the charges against Nourafchan, Yadgarov and more than two dozen others stemmed from a yearslong investigation.

But legal moves involve far less scrutiny. Brett Brown, a partner at California-based Watanabe LLC, said the hiring process "is not designed to function like a criminal investigation."

"It's built to evaluate a lawyer's qualifications, experience, conflicts, references, reputation, and fit," Brown said. "If misconduct has not surfaced through public discipline, known criminal history, references, or another external source, it is difficult to see how the hiring process itself would reveal it."

There is also not a lot of communication between firms about lawyers who move from one to the other, industry insiders said, other than references which the candidate will select for themselves. In one instance spelled out in the 85-page charging document, Nourafchan was fired by Latham in 2020 and, according to the government, shared non-public information about Momenta Pharmaceuticals Inc.'s \$6.5 billion sale to Johnson & Johnson the day before he left the firm.

He landed a job at Goodwin the following year, the indictment states.

"I think firms are understandably careful about what they say when a lawyer departs," Brown said. "There are legal, reputational, and fairness concerns on all sides. Firms are not typically in a position to freely share every detail about a departure, particularly where there has been no formal finding of misconduct."

Bill Davis, who runs The Davis Group, an attorney search consulting firm in New York City, said this case "will and probably should" lead some firms to make some changes to their vetting practices when it comes to bringing associates into the firm.

"There could be a closer look at conflicts or financial disclosure requirements during onboarding," Davis said, imagining questions about whether a new hire has financial interests that could conflict with client matters or whether they trade securities.

"If some of those answers are 'yes,' the onboarding folks might push a little harder," he said.

A third-party background check can also delve deeper into a candidate's background and bring to light activity that might be more predictive of problematic behavior, Davis added.

Beacon Hill's Paster said firms are being more careful with hiring in recent years compared to a frenzy in the immediate wake of the pandemic. Still, he said he pauses for a moment when he comes across a candidate with strong credentials and academic pedigree who has bounced between several firms over a relatively short period.

"You'll sit there and look at it and say, 'This is strange, why is this?'" he said. "I feel like it is part of my job, but also part of the firms' job, to really push back on that and say, 'Hey, why did you go from here, to there, to there?'"

Paster added, "Sometimes, you'll start to see some cracks and red flags for sure."

But experts agreed that there seems to be no magic bullet to fully ferret out potential bad actors.

"Lateral hiring runs on institutional trust," Davis, the New York recruiter, said. "This case exposes a gap that the usual background checks were frankly not built to address."

The cases are U.S. v. Fejal et al., case number 1:26-cr-10133, and U.S. v. Nourafchan et al., case number 1:26-cr-10115, in the U.S. District Court for the District of Massachusetts.

--Editing by Kelly Duncan.