Court Rejects Argument That Stoneridge Precludes Vicarious Liability

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In *In re Parmalat Securities Litigation*, the District Court for the Southern District of New York (Kaplan, J.) denied a motion for summary judgment by Deloitte & Touche defendants, who claimed they could not be held liable for acts of a distinct member firm under the Supreme Court's decision in *Stoneridge Investment Partners, LLC v. Scientific-Atlanta, Inc.* The Deloitte defendants argued that the Court's holding in *Stoneridge*, that § 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder could not be used to bring an action against third-party aiders and abettors, should be read to obviate a *respondeat superior* claim against other Deloitte entities for acts allegedly committed by a member firm. The district court held that *Stoneridge* was inapposite because the *Stoneridge* Court did not consider a case where defendants were alleged to have a principal-agent relationship with a primary violator of the Exchange Act. Furthermore, the district court held that despite Deloitte's organizational structure and its assertion that its member firms were independent, the plaintiffs had presented enough evidence to raise a question of fact regarding Deloitte's control over its member firms for the purpose of § 10(b) and Rule 10b-5, as well as a claim under § 20(a) of the Exchange Act.

Attorney

- Charles A. Gilman