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## Ninth Circuit Establishes Pleading Requirements for Alleging Scheme Liability Under §10(b)

**Date:** 07/24/06

On June 30, 2006, the United States Court of Appeals for the Ninth Circuit decided *T. Jeffrey Simpson v. AOL Time Warner Inc.*, affirming the decision of the United States District Court for the Central District of California dismissing, pursuant to Federal Rule of Civil Procedure 12(b)(6), claims brought pursuant to §10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, against AOL Time Warner Inc., Cendant Corporation, and L90. The Ninth Circuit addressed in detail the issue of “scheme liability” and affirmed dismissal of plaintiffs’ complaint for failure sufficiently (and separately) to allege with particularity primary liability as to each defendant.

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