

Winston Wins Unanimous Supreme Court Case Clarifying Securities Fraud Liability

APRIL 12, 2024

Winston secured a unanimous victory in the U.S. Supreme Court for Macquarie Infrastructure Corp. in a federal securities class action that was filed after the announcement of the company's 2017 financial results and 2018 dividend guidance caused US\$2+B drop in market cap. The Court ruled that silence does not equal fraud, even if SEC regulations require disclosure. This decision resolves a longstanding disagreement among the lower courts about the scope of securities fraud liability under Rule 10b-5. It makes clear that a company cannot be liable under that provision for a pure omission of material information, even if SEC regulations required the information to be disclosed. This is particularly important for disclosures under Item 303 of SEC Regulation S-K, which requires management to make complex judgments about the likelihood of future events.

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