

New York Law Journal: What Makes a Scheme

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The Second Circuit Court of Appeals recently issued a decision that may prevent the expansion of scheme liability under the federal securities laws. The SEC brought scheme liability allegations against Rio Tinto, its CEO, and its CFO, based on their alleged failure to correct prior materially misleading statements that had been made to the company's audit committee and its auditors. The SEC argued that a 2019 Supreme Court decision supported holding that defendants' failure to correct the prior misleading statements was a basis for scheme liability. For the reasons explained in the following article published in the New York Law Journal on August 31, the Second Circuit rejected this approach.

[Read the full article here \(subscription needed\)](#)

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