

## NEWS RELEASE

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### AICPA APPLAUDS SUPREME COURT DECISION IN STONERIDGE CASE

**NEW YORK (January 15, 2008)** – In ruling 5 to 3 today that third parties cannot be sued in corporate fraud cases, the U.S. Supreme Court decided in favor of a position held by the American Institute of Certified Public Accountants, which had filed an *amicus* brief in the case of *Stoneridge Investment Partners LLC v. Scientific Atlanta Inc. and Motorola Inc.*

“In this common-sense and balanced ruling, the court said that investors may only sue those who issued statements or otherwise took direct action that the investors had relied upon in buying or selling stock,” said Richard I. Miller, AICPA general counsel.

The U.S. Supreme Court heard arguments in the case last October. Stoneridge is an investment fund that lost money in shares of Charter Communications Inc. and accused third-parties Motorola Inc. and Scientific-Atlanta, Inc. of helping Charter inflate its revenues. Motorola and Scientific-Atlanta were not alleged to have made any misstatements to the public, but to have engaged in transactions with Charter that it mischaracterized on its financial statements.

In its *amicus* brief, the AICPA argued that the court should uphold established law under the Securities Exchange Act of 1934, and that it should not allow third parties who are essentially alleged to be aiding and abetting a security fraud to be held responsible for another person’s primary violation.

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“Accountants take their responsibility to serve investors very seriously,” said Miller. “Protecting shareholders by assuring that company financials conform to accounting principles is a core value of the profession. Congress examined these issues when it adopted the Private Securities Litigation Reform Act of 1995 and the Sarbanes-Oxley Act, a law designed to protect investors that AICPA strongly supports.”

### **About The AICPA**

The American Institute of Certified Public Accountants ([www.aicpa.org](http://www.aicpa.org)) is the national, professional association of CPAs, with more than 350,000 members, including CPAs in business and industry, public practice, government, and education; student affiliates; and international associates. It sets ethical standards for the profession and U.S. auditing standards for audits of private companies; federal, state and local governments; and non-profit organizations. It develops and grades the Uniform CPA Examination.

The AICPA is the sponsor of a national public-education effort called 360 Degrees of Financial Literacy ([www.360financialliteracy.org](http://www.360financialliteracy.org)), designed to improve the financial understanding of Americans at all age levels. A related campaign, Feed the Pig ([www.feedthepig.org](http://www.feedthepig.org)), co-sponsored with the Ad Council, is designed to help Americans 25 – 34 save for long-term financial security.

The AICPA maintains offices in New York; Washington, D.C.; Durham, N.C.; Ewing, NJ; and Lewisville, TX.

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