

Supreme Court denies Enron investment case

by UPI

WASHINGTON - The U.S. Supreme Court refused Tuesday to hear a \$40 billion investors' lawsuit against investment banks doing business with the now-defunct Enron Corp. The justices denied a review of *California Regents vs. Merrill Lynch, et al*, which comes a week after its 5-3 ruling that third parties cannot be sued over corporate fraud unless investors relied on the parties when making investment decisions, *Scotusblog.com* reported. In the appeal decided Tuesday, investors sought \$40 billion in damages from several investment houses, saying they participated in a scheme to falsely inflate the financial condition and the stock value of the huge, scandal-ridden energy company, Enron Corp. The plaintiffs were appealing the ruling of the 5th U.S. Circuit Court of Appeals, which found the investment firms did not directly mislead investors. Justice Anthony M. Kennedy did not participate in Tuesday's order. He wrote the majority opinion in the 5-3 decision in *Stoneridge Investment Partners vs. Scientific America, et al*. Meanwhile, the court ordered the 9th U.S. Circuit Court of Appeals to reconsider its ruling allowing a scheme-liability claim involving alleged participation by business partners trying to boost the financial standing of *Homestore.com Inc.*, *Scotusblog.com* said.

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