

## Winston & Strawn Wins Securities Fraud Case for Scientific-Atlanta

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Winston & Strawn recently secured dismissal of a securities fraud case against Scientific-Atlanta, Inc., a Cisco company, and two of its former executives. The case – *Huff v. Scientific Atlanta, et al.* – was part of a series of cases in the multi-district litigation (MDL) *In re Adelphia Communications Corp. Securities and Derivative Litigation*, pending in the Southern District of New York. Plaintiffs in the MDL, who are holders of various Adelphia securities, allege that Adelphia, which in the early 2000s was one of the largest telecommunications companies in the country, engaged in a massive fraud through various means, including by inflating revenues and understating expenses. Several of Adelphia's highest executives were convicted of federal crimes relating to the same alleged fraud.

In the MDL, several cases were brought against Adelphia executives and various companies that did business with Adelphia – including banks, accounting firms, and suppliers – alleging that they knew of, participated in, or facilitated Adelphia's alleged fraud. In *Huff*, plaintiffs alleged that Adelphia entered into various contracts with Scientific-Atlanta, failed to account for the contracts properly, and used the contracts to inflate its reported revenue and profits (and thereby inflate the price of Adelphia equity and debt securities). Plaintiffs alleged that Scientific-Atlanta and two of its former executives knew of and facilitated Adelphia's fraud with respect to these contracts.

Winston & Strawn moved to dismiss the claim based on the Supreme Court's ruling in *Stoneridge Investment Partners, LLC v. Scientific-Atlanta*, arguing that Scientific-Atlanta did not make, and was not responsible for, any public statements regarding Adelphia that could have been reasonably relied upon by Adelphia shareholders. The Court granted the motion and dismissed the claims against Scientific-Atlanta with prejudice.

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