

## Winston Scores Major Win in Securities Fraud Lawsuit

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Winston & Strawn recently won a major securities fraud case for Amaranth Advisors LLC and its former chief operating officer in the Southern District of New York. A judge entirely dismissed the lawsuit against Amaranth brought by the San Diego County Employees Retirement Association. The association sued Amaranth in March 2007 after it invested \$175 million in an Amaranth-managed fund in 2005. The fund did extraordinarily well throughout 2005 and until September 2006, when it lost about two-thirds of its value as a result of significant losses in, and costs related to, its natural gas trading portfolio. In its lawsuit, the association alleged it was induced to invest and hold its investment in the fund through misrepresentations concerning risks. The association asserted both federal securities fraud and common law fraud claims, as well as claims for gross negligence, breach of fiduciary duty, and breach of contract. In dismissing the lawsuit, the Hon. Deborah A. Batts stated that the association was a sophisticated investor that had its own independent investment adviser, and had received a private placement memorandum and subscription agreement before investing that explained all the associated risks.

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