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Records Management, White House Office of

Subject Files - FG006-30 (Deputy Chief of Staff for Policy, Office Files)

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Folder Title:

729725

Withdrawn/Redacted Material

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DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Email	Stoneridge Call Tomorrow - To: Joel Kaplan, et al. - From: Keith Hennessey	1	06/10/2007	P5;

COLLECTION TITLE:

Records Management, White House Office of

SERIES:

Subject Files - FG006-30 (Deputy Chief of Staff for Policy, Office Files)

FOLDER TITLE:

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FRC ID:

12153

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

- A. Closed by Executive Order 13526 governing access to national security information.
- B. Closed by statute or by the agency which originated the document.
- C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Records Not Subject to FOIA

Court Sealed - The document is withheld under a court seal and is not subject to the Freedom of Information Act.

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FG006-30

Barcode Scanning Sheet



Collection Code: **CTRACK**

Staff Name: **JOEL KAPLAN**

Document Date: **6/1/2007**

Correspondent:

Subject/Description: **F: JOEL KAPLAN; COPY OF LETTER FROM ROBERTA K. MCINERNEY, ASSISTANT GENERAL COUNSEL DEPARTMENT OF THE TREASURY TO PAUL D. CLEMENT, SOLICITOR GENERAL OF THE UNITED STATES; VIEWS OF THE DEPARTMENT OF THE TREASURY IN THE CASE OF STONERIDGE INVESTMENT PARTNERS LLC V. SCIENTIFIC - ATLANTA INC & MOT ...**

SCANNED
BY
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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

729725
F6006-30

F. Kaplan
6/10/07

JUN - 1 2007

The Honorable Paul D. Clement
Solicitor General of the United States
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Mr. Clement:

I am writing to express the views of the Department of the Treasury ("Treasury") in the case of *Stoneridge Investment Partners, LLC v. Scientific-Atlanta, Inc. & Motorola, Inc.*, U.S. Supreme Court No. 06-43 (Cert. Granted March 26, 2007). I understand that the Solicitor General's office plans to file an *amicus curiae* brief with the Supreme Court on behalf of the United States on June 11, 2007.

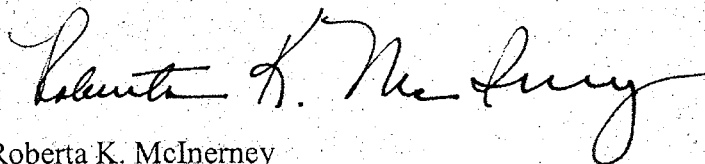
The key issue presented in this case is whether product vendors (and other third parties, such as accountants, attorneys, commercial banks, and underwriters) that engage in business transactions with a public company that fraudulently accounts for those transactions in its financial statements, can be held liable as primary violators in a private action under section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, even though the vendors did not participate in the issuance or preparation of the financial misstatements.

On June 30, 2005, the *Stoneridge* case was initially decided by the U.S. District Court for the Eastern District of Missouri, which dismissed the claims against the vendors as primary violators, characterizing them instead as claims for "aiding and abetting" securities fraud, which private plaintiffs are precluded from bringing against third parties under the Supreme Court's decision in *Central Bank of Denver v. First Interstate Bank of Denver*, 511 U.S. 164 (1994). The U.S. Court of Appeals for the Eighth Circuit affirmed the decision, reasoning that, "[t]o impose liability for securities fraud on one party to an arm's length business transaction in goods or services other than securities because that party knew or should have known that the other party would use the transaction to mislead investors in its stock would introduce potentially far-reaching duties and uncertainties for those engaged in day-to-day business dealings. Decisions of this magnitude should be made by Congress." 443 F.3d 987, at 992-993 (April 11, 2006).

As a policy matter, Treasury strongly supports swift action against securities fraud. Treasury also believes that it is critical for the Solicitor General's office to urge the Supreme Court to articulate a clear, "bright line" standard for when or whether conduct by third parties could result in primary liability under private claims for securities fraud. Uncertainty regarding third party liability and duties could adversely affect the domestic and international competitiveness of the U.S. financial markets by posing unknown risks for entities that do a broad range of business with public companies.

I thank you for your consideration of Treasury's views. Please contact me at (202) 622-1988, if you wish to discuss the matter further.

Sincerely yours,

A handwritten signature in cursive script, reading "Roberta K. McInerney". The signature is written in dark ink and is positioned above the typed name.

Roberta K. McInerney
Assistant General Counsel
(Banking & Finance)

Withdrawal Marker

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For a complete list of items withdrawn from this folder, see the
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