



FOR IMMEDIATE RELEASE

November 3, 2025

Media Contact: Glenn Lammi | glammi@wlf.org | 202-588-0302

WLF Urges Supreme Court to Close RICO Securities Loophole Created by Eleventh Circuit *(Citigroup, Inc. v. Ottos Candies)*

“The Eleventh Circuit’s ruling guts the PSLRA’s bar on RICO claims for conduct that sounds in securities fraud, inviting abusive treble-damage suits.”

— Cory Andrews, WLF General Counsel & Vice President of Litigation

WASHINGTON, DC—Washington Legal Foundation (WLF) today urged the U.S. Supreme Court to review, and ultimately to reverse, a decision of the U.S. Court of Appeals for the Eleventh Circuit allowing civil-RICO claims premised on conduct actionable as securities fraud. WLF contends that the Private Securities Litigation Reform Act (PSLRA) prohibits such claims regardless of a given plaintiff’s standing to sue under federal securities law. WLF’s brief was prepared with the pro bono support of Douglas W. Greene, Brian W. Song, Bari R. Nadworny, and Renee M. Knudsen of BakerHostetler.

The case stems from a 2020 lawsuit alleging that Citigroup’s Banamex unit aided a \$400 million fraud by Mexican oil services firm Oceanografia, causing investors to hold devalued Pemex bonds. The district court dismissed the RICO claim under the PSLRA’s express bar, but the Eleventh Circuit reversed, holding the bar inapplicable because plaintiffs, as mere “holders,” lacked securities fraud standing. Because these plaintiffs could not bring a securities suit, the court reasoned, they could sue under RICO.

In its amicus brief, WLF argues the Eleventh Circuit’s plaintiff-specific loophole undermines Congress’s intent to curb abusive litigation and creates a circuit split with every other court of appeals to have considered the question. Those courts apply the PSLRA bar based on the conduct’s nature, not plaintiff-specific factors. This loophole invites treble-damage RICO suits for securities-related misconduct—even by non-purchasers or against aiders-and-abettors—circumventing the PSLRA’s reforms and encouraging meritless litigation that threatens capital markets. WLF urges review to enforce the statute’s plain text and to preserve congressional limits on private enforcement.

Celebrating its 48th year, WLF is America’s premier public-interest law firm and policy center advocating for free-market principles, limited government, individual liberty, and the rule of law.

###