NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

CENTRAL BANK OF DENVER, N. A. *v.* FIRST INTERSTATE BANK OF DENVER, N. A., ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

No. 92–854. Argued November 30, 1993—Decided April 19, 1994

As this Court has interpreted it, §10(b) of the Securities Exchange Act of 1934 imposes private civil liability on those who commit a manipulative or deceptive act in connection with the purchase or sale of securities. Following a public building authority's default on certain bonds secured by landowner assessment liens, respondents, as purchasers of the bonds, filed suit against the authority, the bonds' underwriters, the developer of the land in question, and petitioner bank, as the indenture trustee for the bond issues. Respondents alleged that the first three defendants had violated §10(b) in connection with the sale of the bonds, and that petitioner was ``secondarily liable under §10(b) for its conduct in aiding and abetting the [other defendants'] fraud.'' The District Court granted summary judgment to petitioner, but the Court of Appeals reversed in light of Circuit precedent allowing private aiding and abetting actions under §10(b).

Held: A private plaintiff may not maintain an aiding and abetting suit under §10(b). Pp. 5–28.

(a) This case is resolved by the statutory text, which governs what conduct is covered by §10(b). See, *e.g., Ernst & Ernst* v. *Hochfelder,* 425 U. S. 185, 197, 199. That text—which makes it ``unlawful for any person, directly or indirectly, . . . [t]o use or employ, in connection with the purchase or sale of any security . . . , any manipulative or deceptive device or contrivance''—prohibits only the making of a material misstatement (or omission) or the commission of a manipulative act, and does not reach those who aid and abet a violation. The ``directly or

indirectly'' phrase does not cover aiding and abetting, since liability for aiding and abetting would extend beyond persons who engage, even indirectly, in a proscribed activity to include those who merely give some degree of aid to violators, and since the ``directly or indirectly'' language is used in numerous 1934 Act provisions in a way that does not impose aiding and abetting liability. Pp. 5–13.

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(b) Even if the §10(b) text did not answer the question at issue, the same result would be reached by inferring how the 1934 Congress would have addressed the question had it expressly included a §10(b) private right of action in the 1934 Act. See *Musick, Peeler & Garrett* v. *Employers Ins. of Wausau,* 508 U. S. ___, ___. None of the express private causes of action in the federal securities laws imposes liability on aiders and abettors. It thus can be inferred that Congress likely would not have attached such liability to a private §10(b) cause of action. See *id.,* at ___. Pp. 13–16.

(c) Contrary to respondents' contention, the statutory silence cannot be interpreted as tantamount to an explicit congressional intent to impose §10(b) aiding and abetting liability. Congress has not enacted a general civil aiding and abetting tort liability statute, but has instead taken a statute-by-statute approach to such liability. Nor did it provide for aiding and abetting liability in any of the private causes of action in the 1933 and 1934 securities Acts, but mandated it only in provisions enforceable in actions brought by the Securities and Exchange Commission (SEC). Pp. 16–21.

(d) The parties' competing arguments based on other post-1934 legislative developments—respondents' contentions that congressional acquiescence in their position is demonstrated by 1983 and 1988 committee reports making oblique references to §10(b) aiding and abetting liability and by Congress' failure to enact a provision denying such liability after the lower courts began interpreting §10(b) to include it, and petitioner's assertion that Congress' failure to pass 1957, 1958, and 1960 bills expressly creating such liability reveals an intent not to cover it—deserve little weight in the interpretive process, would not point to a definitive answer in any event, and are therefore rejected. Pp. 21–24.

(e) The SEC's various policy arguments in support of the aiding and abetting cause of action—*e.g.,* that the cause of action deters secondary actors from contributing to fraudulent activities and ensures that defrauded plaintiffs are made whole—cannot override the Court's interpretation of the Act's text and structure because such arguments do not show that adherence to the text and structure would lead to a result so bizarre that Congress could not have intended it. *Demarest* v. *Manspeaker,* 498 U. S. 184, 191. It is far from clear that Congress in 1934 would have decided that the statutory purposes of fair dealing and efficiency in the securities markets would be furthered by the imposition of private aider and abettor liability, in light of the uncertainty and unpredictability of the rules for determining such liability, the potential for excessive litigation arising therefrom, and the resulting

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difficulties and costs that would be experienced by client companies and investors. Pp. 24–26.

(f) The Court rejects the suggestion that a private civil §10(b) aiding and abetting cause of action may be based on 18 U. S. C. §2, a general aiding and abetting statute applicable to all federal criminal offenses. The logical consequence of the SEC's approach would be the implication of a civil damages cause of action for every criminal statute passed for the benefit of some particular class of persons. That would work a significant and unacceptable shift in settled interpretive principles. Pp. 26–27.

969 F. 2d 891, reversed.

KENNEDY, J., delivered the opinion of the Court, in which REHNQUIST, C. J., and O'CONNOR, SCALIA, and THOMAS, JJ., joined. STEVENS, J., filed a dissenting opinion, in which BLACKMUN, SOUTER, and GINSBURG, JJ., joined.