

SUPREME COURT OF THE UNITED STATES

American Nat. Bank & Trust Co. of Chicago v. Haroco, Inc.

473 U.S. 606 (1985) · No. No. 84-822 · Decided July 1, 1985

SUMMARY

The Supreme Court affirmed the Seventh Circuit in a private civil action under RICO alleging that a bank fraudulently charged excessive interest through a scheme involving mail fraud. The Court held that, consistent with its decision in *Sedima*, injury from the predicate offenses was sufficient and rejected the asserted requirement of a distinct RICO injury. The Court declined to consider a late-raised argument concerning whether the bank conducted an enterprise through a pattern of racketeering activity.

CASE DETAILS

COURT	Supreme Court of the United States
JURISDICTION	Federal
DECIDED	July 1, 1985
DOCKET	No. 84-822
DISPOSITION	affirmed
PROCEDURAL POSTURE	Respondents brought a private civil action under RICO alleging that petitioners fraudulently charged excessive interest rates through a mail-fraud scheme. The United States District Court for the Northern District of Illinois dismissed the complaint for failure to state a claim. The Seventh Circuit reversed in relevant part, and the Supreme Court granted certiorari.
STANDARD OF REVIEW	Review on certiorari of dismissal for failure to state a claim; the Court considered whether the complaint alleged an injury cognizable under RICO § 1964(c).
PRECEDENTIAL VALUE	binding precedent
PARTIES	American National Bank & Trust Company of Chicago, Petitioners v. Haroco, Inc., Respondents

TOPICS

- commercial litigation
- remedies
- damages
- statutory interpretation

PRACTICE AREAS

RICO

commercial litigation

statutory interpretation

civil remedies

QUESTIONS PRESENTED

1. Whether a private RICO claim under 18 U.S.C. § 1964(c) requires injury caused by the defendant's conduct of an enterprise through a pattern of racketeering activity, or whether injury caused directly by the predicate offenses alone is sufficient.
2. Whether the Court should consider petitioners' argument that the complaint failed to allege that the enterprise was conducted through a pattern of racketeering activity when that argument was not presented below and was not included in the question presented in the certiorari petition.

HOLDINGS

1. A private civil RICO claim does not require a distinct injury caused by the defendant's conduct of an enterprise through racketeering activity; injury caused by the prescribed predicate offenses alone is sufficient.
2. The Court declined to consider the argument because it was not presented below, was not addressed by the Court of Appeals, and was not included in or fairly included within the question presented in the certiorari petition.

KEY QUOTATIONS

“The submission that the injury must flow not from the predicate acts themselves but from the fact that they were performed as part of the conduct of an enterprise suffers from the same defects as the amorphous and unfounded restrictions on the RICO private action we rejected in that case.” (609)

“With regard to the question presented, we view the decision of the court below as consistent with today's opinion in Sedima, and it is accordingly Affirmed.” (609)

FACTUAL BACKGROUND

Respondents alleged that the petitioner bank and several officers fraudulently charged excessive interest rates on loans by misrepresenting the bank's prime rate. The loan rates charged to respondents were pegged to that prime rate, so the alleged misrepresentation resulted in excessive interest charges. The alleged scheme was carried out through the mails and was pleaded as a pattern of racketeering activity under 18 U.S.C. § 1962(c); the excessive interest charges were the only injuries alleged.

PROCEDURAL HISTORY

The District Court dismissed the complaint, reasoning that a cognizable RICO injury must be caused by the RICO violation itself rather than merely by predicate offenses such as mail fraud. The Seventh Circuit reversed in relevant part and rejected a distinct-RICO-injury requirement. The Supreme Court affirmed the Seventh Circuit's decision as consistent with its contemporaneous decision in *Sedima, S.P.R.L. v. Imrex Co.*

DISPOSITION

affirmed

CASES CITED

- *Sedima, S.P.R.L. v. Imrex Co.*, 473 U.S. 479 (1985)

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