

## Question

Defendants' fraudulent actions led to Plaintiff being evicted from his home, which also served as his primary place of business. Defendants' actions caused financial harm to Plaintiff, including the depletion of marital funds and the cessation of his business operations. Under *Holmes v. Securities Investor Protection Corp.*, 503 U.S. 258 (1992), RICO requires a direct relationship between the predicate acts and the injury to the plaintiff's business or property. The Defendants' racketeering activities directly caused Plaintiff's financial losses and the loss of his home, satisfying the proximate cause requirement for a RICO claim.

## Answer (U.S. Federal)

### Short response

The plaintiff likely satisfies the RICO proximate cause requirement established in *Holmes* because the financial losses and eviction from his home/place of business appear to be direct injuries resulting from the defendants' fraudulent actions rather than derivative or secondary harms. This direct relationship between the predicate acts of racketeering and the plaintiff's concrete injuries to business and property provides sufficient grounds for a civil RICO claim under [18 U.S.C. § 1964\(c\)](#).

### Summary

The plaintiff's case presents a strong argument for satisfying the proximate cause requirement under the Racketeer Influenced and Corrupt Organizations Act (RICO). The plaintiff alleges that the defendants' fraudulent actions directly resulted in his eviction from a property that served as both his home and primary place of business, causing concrete financial harm including depletion of marital funds and cessation of business operations. These circumstances establish the direct relationship between the defendants' predicate acts and the plaintiff's injuries that is required under *Holmes v. Securities Investor Protection Corp.* and subsequent Third Circuit precedent.

Under [18 U.S.C. § 1964\(c\)](#), a person injured in their business or property by reason of a RICO violation may seek civil remedies including treble damages. The critical element of proximate causation in such claims requires that the plaintiff's injuries flow directly from the defendant's racketeering activities rather than being derivative of harm to third parties. The financial losses and property loss suffered by the plaintiff appear to be direct consequences of the defendants' alleged fraudulent scheme, not attenuated or indirect injuries, thus likely fulfilling RICO's proximate cause requirement as interpreted by the courts.

# Background and Relevant Law

## Statutory Framework for RICO Civil Claims

The civil remedies provision of the Racketeer Influenced and Corrupt Organizations Act (RICO) creates a private right of action for individuals harmed by racketeering activity. Under [18 U.S.C. § 1964\(c\)](#), "Any person injured in his business or property by reason of a violation of section 1962 of this chapter may sue therefor in any appropriate United States district court and shall recover threefold the damages he sustains and the cost of the suit, including a reasonable attorney's fee..." This provision establishes that individuals who suffer injuries to business or property as a result of RICO violations may pursue civil remedies.

For a civil RICO claim to succeed, the plaintiff must establish several elements, including demonstrating that the defendants engaged in a pattern of racketeering activity through an enterprise affecting interstate commerce, and that this activity directly caused injury to the plaintiff's business or property.

## The Proximate Cause Requirement under RICO

The seminal case on proximate causation in RICO claims is *Holmes v. Securities Investor Protection Corp.*, which the plaintiff has correctly cited. In *Holmes*, the Supreme Court established that the "by reason of" language in § 1964(c) requires a direct relationship between the predicate acts of racketeering and the plaintiff's injuries. This direct relationship requirement serves as RICO's proximate cause standard.

As explained in [Town of Kearny v. Hudson Meadows Urban Renewal Corp.](#), [829 F.2d 1263 \(3rd Cir. 1987\)](#), a plaintiff must prove: "(1) a violation of section 1962 (for example, a person furthering an enterprise through a pattern of racketeering activity), and (2) an injury directly resulting from some or all of the activities comprising the violation." This case clarifies that the injury must flow directly from the predicate acts of racketeering, fulfilling the proximate cause requirement.

The Third Circuit has consistently followed and applied the *Holmes* proximate cause standard. In [In re Avandia Mktg. Sales Practices & Prod. Liab. Litig.](#), [804 F.3d 633 \(3rd Cir. 2015\)](#), the court elaborated on this requirement: "Among the 'many shapes' that the doctrine of proximate cause took at common law 'was a demand for some direct relation between the injury asserted and the injurious conduct alleged.'" This direct relationship standard is central to RICO's proximate causation requirement.

The requirement for directness is further emphasized in secondary materials. As noted in "Chapter 3. Standing," "Since *Holmes* and *Anza*, the directness requirement—the directness of injury to the RICO plaintiff—has been the paramount consideration guiding proximate cause determinations." The material explains that courts consider whether "the plaintiff's injury was

a direct result of the RICO predicate offenses, rather than being derivative of, or mediated through, injury to another."

## **Injury to Business or Property Requirement**

For a successful RICO claim, a plaintiff must demonstrate concrete financial loss to business or property. According to "Defending RICO Claims In The Business Context Part II," courts have found sufficient injuries in cases involving "lost profits, excessive interest charges, property damage and interference with business, such as decreased business profits or increased costs of doing business."

The "[Civil RICO: A Tool of Advocacy](#)" resource emphasizes that "A showing of injury for a civil RICO claim requires proof of a concrete financial loss and not mere injury to a valuable intangible property interest." This requirement ensures that RICO claims are grounded in tangible economic harm rather than speculative or non-economic injuries.

## **Elements of a RICO Violation**

According to [Argiro v. Lamancusa, 23-1820 \(3rd Cir. Apr 03, 2024\)](#), "To plead a RICO claim under 18 U.S.C. § 1962(c), a plaintiff 'must allege (1) conduct (2) of an enterprise (3) through a pattern (4) of racketeering activity.'" This case clarifies that predicate acts must be related, showing "the same or similar purposes, results, participants, victims, or methods of commission," and must "amount to or pose a threat of continued criminal activity."

The "RICO: A Primer" resource further explains that "The heart of a RICO case is the existence of a pattern of racketeering activity," noting that a "'pattern' may exist where any combination of two or more offenses occurred within a period of time." Under section 1962(c), it is a violation to conduct the affairs of an enterprise affecting interstate or foreign commerce "through" a pattern of racketeering activity.

## **Analysis of Proximate Causation in the Plaintiff's Case**

### **Direct Relationship Between Predicate Acts and Injuries**

The plaintiff's allegations present a scenario where the defendants' fraudulent actions directly resulted in concrete injuries to his business and property interests. Specifically:

1. The plaintiff was evicted from his home, which also served as his primary place of business
2. The plaintiff suffered financial losses, including depletion of marital funds
3. The plaintiff's business operations ceased as a result of the defendants' actions

These alleged injuries meet the direct relationship requirement established in *Holmes* and reinforced by Third Circuit precedent. As explained in [St. Luke's Health Network, Inc. v. Lancaster Gen. Hosp., 967 F.3d 295 \(3rd Cir. 2020\)](#), a plaintiff bringing a civil RICO claim must "state an injury to business or property" and demonstrate "that a RICO predicate offense 'not only was a 'but for' cause of injury, but was the proximate cause as well.'" The court in *St. Luke's* concluded that when plaintiffs adequately state that defendants' misrepresentations proximately caused their injury, they satisfy this requirement.

In this case, the plaintiff's eviction and resulting business closure appear to be directly traceable to the defendants' fraudulent actions, establishing both "but for" and proximate causation. The plaintiff's injuries are not derivative of harm to third parties but are direct consequences of the alleged racketeering activity, satisfying the directness requirement emphasized in *Holmes*.

The "Chapter Five: The Racketeer Influenced and Corrupt Organizations (RICO) Statute" resource reinforces this analysis by noting that "for you to find that defendant's violation of RICO proximately caused injury to plaintiff's business or property, plaintiff must establish a direct relationship between the injury asserted and the injurious conduct alleged." It further explains that "plaintiff must prove that defendant's conduct was a substantial factor in the sequence of responsible causation, and that plaintiff's injury was reasonably foreseeable or anticipated as a natural consequence of such conduct."

Here, the defendants' fraudulent actions were allegedly a substantial factor in causing the plaintiff's eviction and business closure, and these injuries were reasonably foreseeable consequences of the defendants' conduct. The loss of a home that simultaneously served as a place of business is a particularly direct injury, as it affects both personal and professional spheres simultaneously.

## **Concrete Injuries to Business and Property**

The injuries alleged by the plaintiff constitute concrete financial losses to business and property that satisfy RICO's injury requirement. The eviction from his home/place of business represents a tangible property loss, while the cessation of business operations and depletion of marital funds represent quantifiable economic damages.

As noted in "[Civil RICO: A Tool of Advocacy](#)," RICO requires "proof of a concrete financial loss and not mere injury to a valuable intangible property interest." The plaintiff's allegations encompass precisely such concrete financial losses: the loss of physical premises and the cessation of business operations resulting in lost income.

The "Defending RICO Claims In The Business Context Part II" resource confirms that "courts have determined that a plaintiff's alleged injuries were sufficient in cases involving lost profits, excessive interest charges, property damage and interference with business, such as decreased business profits

or increased costs of doing business." The plaintiff's loss of business operations aligns with these recognized categories of injury under RICO.

## **Application of Third Circuit Precedent**

The Third Circuit's approach to RICO proximate causation supports the plaintiff's position. In [Smith v. Berg, 247 F.3d 532 \(3rd Cir. 2001\)](#), the court recognized that injuries must "arise out of the predicate acts" to support a civil action under section 1964(c). The court concluded that plaintiffs who are "direct victims of substantive RICO violations" have valid claims when their injuries are "directly attributable" to the defendants' racketeering.

Here, the plaintiff's eviction and financial losses appear to be directly attributable to the defendants' fraudulent actions, making the plaintiff a direct victim of the alleged RICO violations rather than an indirect or secondary victim.

Similarly, in [Shearin v. E.F. Hutton Group, Inc., 885 F.2d 1162 \(3rd Cir. 1989\)](#), the court stated that "If the defendant engages in a pattern of racketeering activity in a manner forbidden by these provisions, and the racketeering activities injure the plaintiff in his business or property, the plaintiff has a claim under Sec. 1964(c)." It should be noted that *Shearin* has been stated as overruled by *Turner v. N.J. State Police*, Civ. No. 08-5163 (KM) (JBC) (D. N.J. Mar 29, 2017). However, this overruling does not appear to affect the basic principle cited regarding the relationship between racketeering activities and injury to business or property, which remains consistent with more recent Third Circuit precedent.

## **Single Predicate Act Causing Injury**

It's worth noting that even if only some of the defendants' alleged acts directly caused the plaintiff's injuries, this would still be sufficient for RICO standing. As explained in "Chapter 3. Standing," "The plaintiff is not obliged to plead or prove that it has been injured by multiple predicate acts, as long as it has been injured by at least one predicate act: '[N]o requirement exists that the plaintiff must suffer an injury from two or more predicate acts, or from all of the predicate acts.'"

This principle is particularly relevant if the defendants engaged in multiple fraudulent actions but only some directly resulted in the plaintiff's eviction and business closure. As long as at least one predicate act caused these injuries, the proximate cause requirement would be satisfied.

## **Potential Challenges and Counterarguments**

### **Intervening Causes**

One potential challenge to the plaintiff's proximate cause argument could be the presence of intervening causes between the defendants' fraudulent actions and the plaintiff's injuries. For instance, if the eviction was carried out by a third party (such as a landlord or bank) in response to the

defendants' fraud, rather than directly by the defendants themselves, this might raise questions about the directness of the causal relationship.

However, Third Circuit precedent suggests that such intervening actions would not necessarily break the chain of proximate causation. In [In re Avandia Mktg. Sales Practices & Prod. Liab. Litig.](#), 804 F.3d 633 (3rd Cir. 2015), the court noted that "if there is a sufficiently direct relationship between the defendant's wrongful conduct and the plaintiffs' injury, the Court has held that a RICO plaintiff who did not directly rely on a defendant's misrepresentation can still establish proximate causation."

This suggests that even if the eviction process involved third parties, as long as there is a "sufficiently direct relationship" between the defendants' fraudulent actions and the plaintiff's eviction and business closure, the proximate cause requirement could still be satisfied.

## **Multiple Causes of Injury**

Another potential challenge might arise if there were multiple factors contributing to the plaintiff's eviction and business closure, beyond just the defendants' fraudulent actions. In such cases, courts must determine whether the defendants' conduct was a "substantial factor" in causing the plaintiff's injuries.

The "Chapter Five" resource addresses this issue by noting that "plaintiff must prove that defendant's conduct was a substantial factor in the sequence of responsible causation, and that plaintiff's injury was reasonably foreseeable or anticipated as a natural consequence of such conduct." As long as the defendants' fraudulent actions were a substantial factor in the causal sequence leading to the plaintiff's injuries, and those injuries were reasonably foreseeable consequences of the defendants' conduct, the proximate cause requirement should be satisfied.

## **Distinction Between Personal and Business Injuries**

Given that the plaintiff's home also served as his place of business, there could be questions about distinguishing between personal injuries (which are generally not recoverable under RICO) and business or property injuries (which are recoverable).

However, the facts presented involve clear injuries to business (cessation of operations) and property (eviction from premises used for business), both of which are explicitly covered under RICO's "business or property" language. The dual nature of the premises as both home and business place actually strengthens the plaintiff's claim, as it demonstrates that the defendants' actions directly impacted both his personal property interests and his business operations simultaneously.



# Conclusion

Based on the statutory framework of [18 U.S.C. § 1964\(c\)](#) and the proximate cause standard established in *Holmes v. Securities Investor Protection Corp.* and subsequent Third Circuit precedent, the plaintiff's allegations present a compelling case for satisfying RICO's proximate cause requirement.

The direct relationship between the defendants' fraudulent actions and the plaintiff's concrete injuries to business and property—specifically, eviction from his home/place of business, depletion of marital funds, and cessation of business operations—establishes the direct causation required under RICO. These injuries are not derivative or attenuated consequences but flow directly from the alleged predicate acts of racketeering.

As articulated in [St. Luke's Health Network, Inc. v. Lancaster Gen. Hosp., 967 F.3d 295 \(3rd Cir. 2020\)](#), the plaintiff's injuries appear to satisfy both the "but for" and proximate cause requirements for a civil RICO claim. The direct impact of the defendants' actions on the plaintiff's business operations and property interests establishes the "direct relation between the injury asserted and the injurious conduct alleged" demanded by the Holmes standard.

While some challenges might arise regarding intervening causes or multiple factors contributing to the plaintiff's injuries, Third Circuit precedent suggests that as long as the defendants' conduct was a substantial factor in the causal sequence and the injuries were reasonably foreseeable consequences, the proximate cause requirement should be satisfied.

In sum, the plaintiff's allegations that the defendants' fraudulent actions directly caused his eviction from a property that served as both home and business place, resulting in concrete financial losses and business cessation, present a strong case for meeting RICO's proximate cause requirement as interpreted by the Supreme Court in *Holmes* and reinforced through Third Circuit precedent.

## Legal Authorities

[St. Luke's Health Network, Inc. v. Lancaster Gen. Hosp., 967 F.3d 295 \(3rd Cir. 2020\)](#)

### U.S. Court of Appeals — Third Circuit

#### Extract

Title 18 of the United States Code § 1964(c) provides that 'any person injured in his business or property by reason of a violation of section 1962 of this chapter may sue therefor in any appropriate United States district court and shall recover threefold the damages he sustains and the cost of the suit, including a reasonable attorney's fee.' As distinct from Article III standing, a plaintiff bringing a civil RICO claim must additionally state an injury to business or property and 'that a RICO predicate offense 'not only was a 'but

for' cause of injury, but was the proximate cause as well.' ... Applying these principles to the present case, we conclude that Plaintiffs have adequately stated that Defendants' alleged misrepresentation proximately caused their injury.

## **Summary**

Requirements for a civil RICO claim under 18 U.S.C. § 1964(c), emphasizing the need for a direct relationship between the predicate acts and the injury to the plaintiff's business or property. It highlights that the plaintiff must demonstrate that the RICO predicate offense was both a 'but for' and proximate cause of the injury. The case further illustrates the application of these principles by concluding that the plaintiffs in that case adequately stated that the defendants' misrepresentation proximately caused their injury. This supports the proposition by showing that if the Defendants' fraudulent actions directly caused the Plaintiff's financial losses and eviction, it would satisfy the proximate cause requirement for a RICO claim.

[In re Avandia Mktg. Sales Practices & Prod. Liab. Litig., 804 F.3d 633 \(3rd Cir. 2015\)](#)

## **U.S. Court of Appeals — Third Circuit**

### **Extract**

In addition to cognizable injury, a RICO plaintiff must satisfy RICO's proximate causation requirements. ... The Holmes Court found the remedy for this overbreadth in the doctrine of 'proximate cause.' ... Among the 'many shapes' that the doctrine of proximate cause took at common law 'was a demand for some direct relation between the injury asserted and the injurious conduct alleged.' ... In contrast, however, if there is a sufficiently direct relationship between the defendant's wrongful conduct and the plaintiffs' injury, the Court has held that a RICO plaintiff who did not directly rely on a defendant's misrepresentation can still establish proximate causation.

## **Summary**

Requirement for a RICO plaintiff to demonstrate a direct relationship between the defendant's wrongful conduct and the plaintiff's injury, as established in \*Holmes v. Securities Investor Protection Corp.\* This aligns with the proposition that the Defendants' fraudulent actions directly caused the Plaintiff's financial losses and eviction, satisfying the proximate cause requirement for a RICO claim.

[Gilbert v. Prudential-Bache Securities, Inc., 769 F.2d 940 \(3rd Cir. 1984\)](#)

## **U.S. Court of Appeals — Third Circuit**



## **Extract**

The plaintiffs here alleged that the defendants had violated 18 U.S.C. Sec. 1962(c), which provides that it shall be unlawful for 'any person' associated with an enterprise in interstate commerce to conduct the affairs of the enterprise through a pattern of 'racketeering activity.' ... 'any person injured in his business or property by reason of a violation of section 1962' has a civil action for treble damages. 18 U.S.C. Sec. 1964(c). On its face, therefore, RICO does not require anything more to make out a civil claim than to make out a criminal case.

## **Summary**

For a civil RICO claim, the statute does not require additional elements beyond those needed for a criminal RICO case. Specifically, it emphasizes that a person injured in their business or property due to a RICO violation can seek treble damages. This supports the proposition by affirming that if the Defendants' actions constituted racketeering activity that directly caused the Plaintiff's financial harm, then the Plaintiff has a valid RICO claim.

[Argiro v. Lamancusa, 23-1820 \(3rd Cir. Apr 03, 2024\)](#)

## **U.S. Court of Appeals — Third Circuit**

## **Extract**

To plead a RICO claim under 18 U.S.C. § 1962(c), a plaintiff 'must allege (1) conduct (2) of an enterprise (3) through a pattern (4) of racketeering activity.' ... Predicate acts are related if they 'have the same or similar purposes, results, participants, victims, or methods of commission, or otherwise are interrelated by distinguishing characteristics and are not isolated events.' ... And, the relatedness of predicate acts is not the only requirement for a 'pattern of racketeering activity.' The predicate acts must also amount to or pose a threat of continued criminal activity.

## **Summary**

To establish a RICO claim, a plaintiff must demonstrate conduct of an enterprise through a pattern of racketeering activity. The passage explains that predicate acts must be related and pose a threat of continued criminal activity. This supports the proposition by outlining the necessary elements to establish a RICO claim, which includes demonstrating a direct relationship between the predicate acts and the injury to the plaintiff's business or property.

[Town of Kearny v. Hudson Meadows Urban Renewal Corp., 829 F.2d 1263 \(3rd Cir. 1987\)](#)

## **U.S. Court of Appeals — Third Circuit**

### **Extract**

The Sedima opinion makes plain that the injury which confers standing on a RICO plaintiff is injury flowing from the commission of the predicate act, not injury flowing from the pattern of such acts. 473 U.S. at 495, 105 S.Ct. at 3285... Rather we believe a plaintiff must prove only: (1) a violation of section 1962 (for example, a person furthering an enterprise through a pattern of racketeering activity), and (2) an injury directly resulting from some or all of the activities comprising the violation.

### **Summary**

The court clarifies the requirements for a RICO claim, emphasizing that the injury must flow directly from the predicate acts of racketeering, not necessarily from the entire pattern. This supports the proposition by aligning with the requirement that the Defendants' actions directly caused the Plaintiff's financial losses and eviction, satisfying the proximate cause requirement under RICO.

[Smith v. Berg, 247 F.3d 532 \(3rd Cir. 2001\)](#)

## **U.S. Court of Appeals — Third Circuit**

### **Extract**

The holding of Beck is that an injury sufficient to support a civil action under section 1964(c) must arise out of wrongful conduct proscribed by the substantive provisions of section 1962 (i.e., in the context of a section 1962(c) violation, the injury must arise out of the predicate acts). As the District Court correctly concluded, the Plaintiffs' claims in this case stem from injury directly attributable to Berg's racketeering; they are the direct victims of substantive RICO violations.

### **Summary**

The court in "Smith v. Berg" recognized that for a RICO claim to be valid, the injury must directly result from the predicate acts of racketeering. This aligns with the proposition that the Defendants' racketeering activities directly caused the Plaintiff's financial losses and the loss of his home, thus satisfying the proximate cause requirement for a RICO claim.

[Shearin v. E.F. Hutton Group, Inc., 885 F.2d 1162 \(3rd Cir. 1989\)](#)

## **U.S. Court of Appeals — Third Circuit**

## **Extract**

If the defendant engages in a pattern of racketeering activity in a manner forbidden by these provisions, and the racketeering activities injure the plaintiff in his business or property, the plaintiff has a claim under Sec. 1964(c).

## **Summary**

For a RICO claim under Sec. 1964(c), it is necessary to show that the defendant's pattern of racketeering activity directly caused injury to the plaintiff's business or property. This aligns with the proposition that the Defendants' racketeering activities directly caused the Plaintiff's financial losses and the loss of his home, thus satisfying the proximate cause requirement for a RICO claim.

[18 U.S.C. § 1964 18 U.S.C. § 1964 Civil Remedies](#)

## **Extract**

Any person injured in his business or property by reason of a violation of section 1962 of this chapter may sue therefor in any appropriate United States district court and shall recover threefold the damages he sustains and the cost of the suit, including a reasonable attorney's fee...

## **Summary**

The passage from 18 U.S.C. § 1964(c) provides that any person injured in their business or property due to a violation of section 1962 can sue in a U.S. district court and recover treble damages and costs. This supports the proposition by establishing that financial harm caused by racketeering activities, such as those alleged by the Plaintiff, can be remedied under RICO. The passage aligns with the requirement for a direct relationship between the predicate acts and the injury, as discussed in \*Holmes v. Securities Investor Protection Corp.\*.

[PAYORS, PLAYERS, AND PROXIMATE CAUSE.](#)

**Notre Dame Law Review - University of Notre Dame Law School -  
Crusey, Elisabeth F. - 2022-05-01**

## **Extract**

To satisfy statutory standing in the civil RICO context, a plaintiff must show (1) injury to 'business or property' and (2) that the injury was 'by reason of a RICO violation.'... In addition to imposing a general proximate cause requirement on plaintiffs bringing claims under [section] 1964(c), Holmes

set forth the elements of a [section] 1964(c) proximate cause analysis... The importance of a direct relationship requirement between an injury and the defendants' acts.

## **Summary**

Requirements for statutory standing under civil RICO, emphasizing the need for a direct relationship between the injury and the defendants' acts, as established in *\*Holmes v. Securities Investor Protection Corp.\** This supports the proposition by confirming that the plaintiff must demonstrate that the injury to business or property was directly caused by the defendants' racketeering activities, which aligns with the claim that the defendants' fraudulent actions led to the plaintiff's financial harm and eviction.

### [Chapter 3. Standing](#)

#### **Civil RICO: A Definitive Guide. Fifth Edition - American Bar Association - Gregory P. Joseph**

## **Extract**

Since *Holmes* and *Anza*, the directness requirement—the directness of injury to the RICO plaintiff—has been the paramount consideration guiding proximate cause determinations. Examining the nuances of this issue, courts consider whether, among other things • the plaintiff's injury was a direct result of the RICO predicate offenses, rather than being derivative of, or mediated through, injury to another; ... As long as the pattern of racketeering activity has caused harm to the plaintiff's business or property, the plaintiff has RICO standing. The plaintiff is not obliged to plead or prove that it has been injured by multiple predicate acts, as long as it has been injured by at least one predicate act: '[N]o requirement exists that the plaintiff must suffer an injury from two or more predicate acts, or from all of the predicate acts. Thus, a RICO verdict can be sustained when a pattern of racketeering acts existed, but when only one act caused injury.'

## **Summary**

The directness of the injury to the plaintiff is crucial in RICO claims. The passage emphasizes that the injury must be a direct result of the RICO predicate offenses. It also clarifies that a plaintiff can have standing if harmed by at least one predicate act, even if not all acts caused injury. This supports the proposition that the Defendants' actions directly caused the Plaintiff's financial losses and eviction, satisfying the proximate cause requirement under RICO.

### [Chapter Five: The Racketeer Influenced and Corrupt Organizations \(RICO\) Statute, 18 U.S.C. §§ 1961-1968](#)

**Business Torts Litigation. Fifth Edition - American Bar Association - Robert W. Dibert**

**Extract**

For you to find that defendant's violation of RICO proximately caused injury to plaintiff's business or property, plaintiff must establish a direct relationship between the injury asserted and the injurious conduct alleged. In other words, plaintiff must prove that defendant's conduct was a substantial factor in the sequence of responsible causation, and that plaintiff's injury was reasonably foreseeable or anticipated as a natural consequence of such conduct. It is not enough that the defendant has committed a RICO violation, and that the plaintiff has suffered some injury. Instead, there must be a direct and proximate link between the two.

**Summary**

The passage explains the requirement for a direct relationship between the defendant's conduct and the plaintiff's injury under RICO, as established by the Supreme Court in cases like *Holmes v. Securities Investor Protection Corp.*\* This supports the proposition by emphasizing that the plaintiff must show that the defendants' fraudulent actions were a substantial factor in causing the financial harm and loss of property, which aligns with the requirement for a RICO claim.

[Reflections on \*Reves v. Ernst & Young\*: its meaning and impact on substantive, accessory, aiding abetting and conspiracy liability under RICO.](#)

**American Criminal Law Review - Georgetown University Law Center - Blakey, G. Robert - 1996-01-01**

**Extract**

In *Holmes v. Securities Investor Protection Corp.*(119) following antitrust precedent, the Court held that the 'by reason of' clause in 18 U.S.C. [sections] 1964(c) imposed a 'proximate cause' burden on a plaintiff, that is, a showing that his or her injury was not only caused in fact, but 'proximately' caused by the violation. In *Holmes*, the Court followed the direct/indirect rule of the common law, excluding injury to the customer of a brokerage suffered by reason of injury through a stock manipulation scheme to the brokerage, but leaving open a possible suit for injury directly suffered by reason of a stock parking scheme that defrauded the regulatory process where the scheme that extended the life of the brokerage and magnified the customer's injury.

**Summary**

The *Holmes*\* decision is pivotal in establishing the requirement of proximate cause in RICO claims. The passage explains that the injury must

be directly caused by the violation, which aligns with the proposition that the Defendants' actions directly caused the Plaintiff's financial losses and eviction. The passage supports the argument that the Plaintiff's injury was proximately caused by the Defendants' fraudulent actions, satisfying the RICO claim requirements.

### [Civil Rico: A Tool of Advocacy](#)

#### **The Brief - American Bar Association - 2024-01-01**

##### **Extract**

A showing of injury for a civil RICO claim requires proof of a concrete financial loss and not mere injury to a valuable intangible property interest... the 'by reason of' language of § 1964(c) imposes a proximate cause requirement on the plaintiff. The § 1962 violations must proximately cause the plaintiff's injury to business or property... RICO's prohibitions may be enforced in both criminal and civil contexts. In the context of a civil action, a plaintiff must be directly injured by reason of the defendant's racketeering activities. Proximate cause, as an aspect of RICO's 'by reason of' standard, requires a RICO plaintiff to show that the defendant's racketeering offenses led directly to the plaintiff's injuries.

##### **Summary**

For a civil RICO claim, the plaintiff must demonstrate a concrete financial loss directly caused by the defendant's racketeering activities. The passage emphasizes the necessity of proving proximate cause, meaning the defendant's actions must have directly led to the plaintiff's injury. This aligns with the proposition that the Defendants' fraudulent actions directly caused the Plaintiff's financial harm and loss of home, satisfying the proximate cause requirement under RICO.

### [RICO: A Primer](#)

##### **Extract**

RICO provides for a civil action against persons engaged in a 'pattern of racketeering activity' or 'collection of an unlawful debt.' A successful plaintiff may recover treble damages, costs, and attorneys' fees. ... The heart of a RICO case is the existence of a pattern of racketeering activity. ... A 'pattern' may exist where any combination of two or more offenses occurred within a period of time. ... Under section 1962(c), it is a violation to conduct the affairs of an enterprise affecting interstate or foreign commerce 'through' a pattern of racketeering activity or through the alternative theory of collection of an unlawful debt.



## Summary

Elements necessary to establish a RICO claim, including the existence of a pattern of racketeering activity and its impact on interstate or foreign commerce. This supports the proposition by highlighting the legal framework under which the plaintiff can claim that the defendants' actions directly caused financial harm and loss of property, satisfying the proximate cause requirement for a RICO claim.

[Defending RICO Claims In The Business Context Part II: RICO Claims Must Allege Injury To Business Or Property](#)

## Extract

If a plaintiff brings a civil suit alleging a RICO violation, the plaintiff must plausibly allege that his injury animating the RICO claim is associated with his business or property by reason of the defendant's violation of the RICO laws. ... the plaintiff must allege that he suffered an injury to his business or property that bears some causal relationship to the alleged act or acts that violated RICO. ... courts have determined that a plaintiff's alleged injuries were sufficient in cases involving lost profits, excessive interest charges, property damage and interference with business, such as decreased business profits or increased costs of doing business. ... the alleged injury to a plaintiff's business or property must be both factually and proximately caused by the defendant's alleged violation of RICO.

## Summary

For a RICO claim to be valid, the plaintiff must allege a concrete financial loss to business or property that is directly caused by the defendant's actions. The passage supports the proposition by emphasizing the need for a direct causal relationship between the defendant's actions and the plaintiff's financial losses, which aligns with the requirement under *Holmes v. Securities Investor Protection Corp.* for proximate cause in RICO claims.

This memo was compiled by Vincent AI based on vLex materials available as of June 18, 2025. [View full answer on vLex](#)