

Question

Morgan Michelle Myers, Margie Evonne Wilson, and Danielle Kenneth Branthoover each played a role in preparing, submitting, and coordinating the use of false documents. Under RICO, a person must participate in the operation or management of the enterprise to be held liable (*Reves v. Ernst & Young*, 507 U.S. 170 (1993)). The active roles of the individuals in preparing and submitting false documents indicate their participation in the operation or management of the enterprise.

Answer (U.S. Federal)

Short response

Individuals who actively prepare and submit false documents can be held liable under RICO as they are participating in the operation or management of the enterprise under the [Reves](#) test. The roles played by Morgan Michelle Myers, Margie Evonne Wilson, and Danielle Kenneth Branthoover in preparing, submitting, and coordinating the use of false documents likely constitute sufficient participation to meet the "operation or management" test established in [Reves v. Ernst & Young](#).

Summary

Under the [Racketeer Influenced and Corrupt Organizations](#) Act (RICO), specifically [18 U.S.C. § 1962\(c\)](#), a person must "conduct or participate, directly or indirectly, in the conduct of [the] enterprise's affairs through a pattern of racketeering activity" to be held liable. The Supreme Court in [Reves v. Ernst & Young](#) established the "operation or management" test, which requires that a defendant have "some part in directing the enterprise's affairs" to be liable under RICO. This test does not limit liability to upper management or those with formal positions in the enterprise but extends to those who play some role in directing the enterprise's affairs, including lower-rung participants operating under the direction of upper management.

The activities of Morgan Michelle Myers, Margie Evonne Wilson, and Danielle Kenneth Branthoover in preparing, submitting, and coordinating the use of false documents likely constitute participation in the operation or management of the enterprise under RICO. Multiple courts have held that active involvement in an enterprise's core activities, such as preparing and submitting false documents, can satisfy the [Reves](#) test even for individuals who are not in positions of upper management. Their direct involvement in these activities indicates they had "some part in directing the enterprise's affairs," as required by the Supreme Court, particularly if these activities were integral to the enterprise's pattern of racketeering activity.

Background and Relevant Law

Legislation

RICO's core provision relevant to this analysis is [18 U.S.C. § 1962\(c\)](#), which states: "It shall be unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity or collection of unlawful debt." [18 U.S.C. § 1962](#) (2025). This provision establishes the fundamental requirement that a defendant must participate in the conduct of the enterprise's affairs through a pattern of racketeering activity to be liable under RICO.

Case Law

The Supreme Court's decision in [Reves v. Ernst & Young, 507 U.S. 170 \(1993\)](#) established the authoritative test for determining whether a defendant's actions constitute participation in the "conduct of such enterprise's affairs" as required by § 1962(c). The Court held that to conduct or participate in the conduct of an enterprise's affairs, "one must have some part in directing those affairs." The Court further explained:

"Of course, the word 'participate' makes clear that RICO liability is not limited to those with primary responsibility for the enterprise's affairs, just as the phrase 'directly or indirectly' makes clear that RICO liability is not limited to those with a formal position in the enterprise, but some part in directing the enterprise's affairs is required. The 'operation or management' test expresses this requirement in a formulation that is easy to apply." [Reves v. Ernst & Young, 507 U.S. 170, 179 \(1993\)](#).

This "operation or management" test does not restrict liability to those at the top of an organization. The Supreme Court specifically noted that: "An enterprise is 'operated' not just by upper management but also by lower rung participants in the enterprise who are under the direction of upper management." [Reves v. Ernst & Young, 507 U.S. 170, 184 \(1993\)](#). This clarification is crucial for understanding how individuals at various levels of an enterprise may be subject to RICO liability.

The Ninth Circuit in [U.S. v. Fernandez, 388 F.3d 1199 \(9th Cir. 2004\)](#) reiterated this interpretation of the [Reves](#) test, stating that RICO liability "was limited to 'those who participate in the operation or management of an enterprise through a pattern of racketeering activity.'" [U.S. v. Fernandez, 388 F.3d 1199, 1228 \(9th Cir. 2004\)](#). However, it's important to note that [Fernandez](#) has been stated as abrogated by [Aliff v. Vervent, Inc., 20-cv-697-DMS-AHG \(S.D. Cal. Aug 22, 2022\)](#), though the abrogation likely relates to other aspects of the decision and not the interpretation of the [Reves](#) test, which remains consistent with Supreme Court precedent.

The Second Circuit in [U.S. v. Diaz, 176 F.3d 52 \(2nd Cir. 1999\)](#) also emphasized that liability extends beyond upper management: "The Court

recognized that those who operate or direct a RICO enterprise sufficient to conduct its affairs are not limited to 'upper management,' but might also be 'lower rung participants in the enterprise who are under the direction of upper management.'" [U.S. v. Diaz, 176 F.3d 52, 92 \(2nd Cir. 1999\)](#).

Similarly, the Eighth Circuit in [Handeen v. Lemaire, 112 F.3d 1339 \(8th Cir. 1997\)](#) confirmed that "Liability under § 1962(c) extends only to those persons associated with or employed by an enterprise who 'conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity.'" [Handeen v. Lemaire, 112 F.3d 1339, 1347 \(8th Cir. 1997\)](#).

In [U.S. v. Darden, 70 F.3d 1507 \(8th Cir. 1995\)](#), the court elaborated on the scope of the operation or management test, noting that "An enterprise is operated not just by upper management. An enterprise is also operated by lower-rung participants who are under the direction of upper management." [U.S. v. Darden, 70 F.3d 1507, 1543 \(8th Cir. 1995\)](#).

The Supreme Court's decision in [United States v. Turkette, 452 U.S. 576 \(1981\)](#) is also relevant for understanding the scope of RICO's application. The Court interpreted § 1962(c) as making it unlawful "for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity or collection of unlawful debt." [United States v. Turkette, 452 U.S. 576, 580 \(1981\)](#). However, it's important to note that Turkette was abrogated by [United States v. Lane, 474 U.S. 438 \(1986\)](#), though the abrogation likely relates to other aspects of the decision and not this interpretation of § 1962(c).

In a more recent case, [Boyle v. United States, 556 U.S. 938 \(2009\)](#), the Supreme Court reiterated that RICO "makes it 'unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity.'" [Boyle v. United States, 556 U.S. 938, 944 \(2009\)](#). The Court emphasized that an enterprise includes "any group of individuals associated for a common purpose of engaging in a course of conduct." [Boyle v. United States, 556 U.S. 938, 944 \(2009\)](#).

Recent district court decisions have continued to apply the [Reves](#) test consistently. In [Pabst v. The Peoples Gas Light & Coke Co., 22-CV-01124 \(N.D. Ill. Mar 31, 2024\)](#), the court stated that "To state a valid RICO claim, Plaintiffs must allege that Mareno (the new RICO 'person') conducted or participated in the enterprise's affairs. [18 U.S.C. § 1962\(c\)](#). To satisfy this requirement, Plaintiffs must meet the 'operation-or-management' test set forth in [Reves](#), which requires a showing, for substantive RICO violations, that each defendant conducted or participated in the conduct of the enterprise's affairs, i.e., in the 'operation or management of the enterprise itself.'" In another recent case, [Hellman v. Cortland Realty Invs., 1:22-cv-08341 \(ALC\) \(S.D. N.Y. Mar 27, 2024\)](#), the court held that a defendant "must 'have some part in directing' the enterprise's affairs... and 'is liable

under RICO if he or she has discretionary authority in carrying out the instructions of the [enterprise's] principals, or played some part in directing the affairs of the RICO enterprise."

The Fifth Circuit in [U.S. v. Cauble, 706 F.2d 1322 \(5th Cir. 1983\)](#) provided additional context for determining when a defendant's actions indicate participation in the enterprise's affairs: "RICO criminalizes the conduct of an enterprise through a pattern of racketeering activity and not merely the defendant's engaging in racketeering activity. Therefore, there must be a nexus between the enterprise, the defendant, and the pattern of racketeering activity." [U.S. v. Cauble, 706 F.2d 1322, 1332 \(5th Cir. 1983\)](#).

Secondary Materials

Secondary sources provide further clarification on the elements of a RICO claim and the interpretation of the "operation or management" test. [Civil Rico: A Tool of Advocacy](#) (2024) outlines that "To establish a § 1962(c) RICO claim, the following elements must be proven: • Enterprise: A structured group of individuals associated for a common purpose. • Pattern of racketeering activity: At least two acts of racketeering, as specified within the statute, within 10 years. • Conduct: Directly or indirectly conducting the enterprise's affairs through racketeering."

Similarly, [RICO: A Primer](#) (2022) states that "To prove a violation of Section 1962(c), a plaintiff must prove the following elements: ... The defendant conducted or participated, either directly or indirectly, in the conduct of the affairs of the enterprise; and The defendant participated in the affairs of the enterprise through a pattern of racketeering activity or collection of unlawful debt."

The article [Reflections on Reves v. Ernst & Young: its meaning and impact on substantive, accessory, aiding abetting and conspiracy liability under RICO](#) (1996) emphasizes that "The Court held that just as the 'operation or management' test is not limited to those with significant control over the enterprise, 'liability under Section 1962(c) is not limited to upper management.' The Court pointed out that '[a]n enterprise is 'operated' not just by upper management but also by lower-rung participants in the enterprise who are under the direction of upper management.'"

A more recent secondary source, [RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS](#) (2021), notes that "In [Reves v. Ernst & Young](#), the Supreme Court held that the nexus between a pattern of racketeering activity and the enterprise exists only when the defendant participates in the management or operation of the enterprise. The defendant does not need a primary responsibility nor a formal position within the enterprise to participate in its affairs; however, 'some part in directing the enterprise's affairs is required.'"

Analysis

Application of the [Reves](#) "Operation or Management" Test

To determine whether Morgan Michelle Myers, Margie Evonne Wilson, and Danielle Kenneth Branthoover can be held liable under RICO § 1962(c), we must apply the "operation or management" test established in [Reves v. Ernst & Young](#). The key question is whether their roles in preparing, submitting, and coordinating the use of false documents constitute participation in the operation or management of the enterprise.

The Supreme Court in [Reves](#) established that a defendant must have "some part in directing the enterprise's affairs" to be held liable under RICO, but explicitly noted that liability is "not limited to those with primary responsibility for the enterprise's affairs" and "not limited to those with a formal position in the enterprise." [Reves v. Ernst & Young, 507 U.S. 170, 179 \(1993\)](#). Furthermore, the Court clarified that an enterprise is operated not just by upper management but also by "lower rung participants in the enterprise who are under the direction of upper management." [Reves v. Ernst & Young, 507 U.S. 170, 184 \(1993\)](#).

The activities described—preparing, submitting, and coordinating the use of false documents—are substantive activities that directly further the enterprise's affairs, particularly if the enterprise's pattern of racketeering activity involves fraud or deception. These are not peripheral activities but actions that are integral to the operation of the enterprise if its criminal purpose involves the use of false documents.

In [Hellman v. Cortland Realty Invs., 1:22-cv-08341 \(ALC\) \(S.D. N.Y. Mar 27, 2024\)](#), the court held that a defendant "is liable under RICO if he or she has discretionary authority in carrying out the instructions of the [enterprise's] principals, or played some part in directing the affairs of the RICO enterprise." The preparation and submission of false documents almost certainly involves discretionary authority—decisions about what information to falsify, how to present it, and when and where to submit it. This discretionary element suggests that Myers, Wilson, and Branthoover were not merely following explicit instructions but were exercising judgment in furthering the enterprise's affairs.

The Eighth Circuit in [U.S. v. Darden, 70 F.3d 1507 \(8th Cir. 1995\)](#) emphasized that enterprises are operated by both upper management and "lower-rung participants who are under the direction of upper management." [U.S. v. Darden, 70 F.3d 1507, 1543 \(8th Cir. 1995\)](#). This supports the proposition that even if Myers, Wilson, and Branthoover were not in leadership positions within the enterprise, their active roles in preparing and submitting false documents could still constitute participation in the operation of the enterprise.

Additionally, [Pabst v. The Peoples Gas Light & Coke Co. \(N.D. Ill. Mar 29, 2024\)](#) notes that "where 'persons associate 'in fact' for criminal purposes [forming a RICO enterprise], each person' may also be 'held liable under RICO for his, her or its participation in conducting the affairs of the

association-in-fact through a pattern of racketeering activity.'" This supports the view that all three individuals could be held liable for their roles in the enterprise's activities.

The Nature of the Activities: Preparing and Submitting False Documents

The specific activities of preparing, submitting, and coordinating the use of false documents are particularly significant in determining whether they constitute participation in the operation or management of the enterprise. These activities are not passive or ministerial tasks but involve active decision-making and furthering the core activities of the enterprise.

If the enterprise's pattern of racketeering activity involves fraud, false statements, or other deceptive practices, then the preparation and submission of false documents would be central to the enterprise's affairs, not peripheral. In such cases, individuals responsible for these activities would be directly participating in the operation of the enterprise.

The Fifth Circuit in [U.S. v. Cauble, 706 F.2d 1322 \(5th Cir. 1983\)](#) emphasized that "RICO criminalizes the conduct of an enterprise through a pattern of racketeering activity and not merely the defendant's engaging in racketeering activity. Therefore, there must be a nexus between the enterprise, the defendant, and the pattern of racketeering activity." [U.S. v. Cauble, 706 F.2d 1322, 1332 \(5th Cir. 1983\)](#). In this case, the preparation and submission of false documents establishes a clear nexus between the individuals, the enterprise, and the pattern of racketeering activity if these documents were part of the predicate acts constituting the pattern.

Lower-Rung Participants and RICO Liability

A critical aspect of the [Reves](#) test, as interpreted by subsequent courts, is that liability extends to lower-rung participants who operate under the direction of upper management. The preparation and submission of false documents, even if done at the direction of others within the enterprise, can constitute participation in the operation of the enterprise if these activities involve discretionary authority or decision-making.

In [U.S. v. Diaz, 176 F.3d 52 \(2nd Cir. 1999\)](#), the court recognized that liability extends to "lower rung participants in the enterprise who are under the direction of upper management." [U.S. v. Diaz, 176 F.3d 52, 92 \(2nd Cir. 1999\)](#). This supports the proposition that even if Myers, Wilson, and Branthoover were not in leadership positions, their active involvement in preparing and submitting false documents could still make them liable under RICO.

The article [Reflections on Reves v. Ernst & Young](#) (1996) emphasizes that "The Court held that just as the 'operation or management' test is not limited to those with significant control over the enterprise, 'liability under Section 1962(c) is not limited to upper management.'" This further supports the view that individuals at various levels within the enterprise can be held liable if they participate in its operation.

The Coordination Element: A Higher Level of Involvement

The fact that Myers, Wilson, and Branthoover were involved in "coordinating" the use of false documents suggests a higher level of involvement that goes beyond mere preparation or submission. Coordination implies strategic planning, oversight, and direction—activities that align closely with the management aspect of the "operation or management" test.

As noted in [RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS](#) (2021), "The defendant does not need a primary responsibility nor a formal position within the enterprise to participate in its affairs; however, 'some part in directing the enterprise's affairs is required.'" Coordination activities strongly suggest a role in directing some aspect of the enterprise's affairs, which would satisfy the [Reves](#) test.

Exceptions and Caveats

Ministerial Actions vs. Discretionary Authority

While the [Reves](#) test extends liability to lower-rung participants, there is a distinction between those who merely perform ministerial tasks under explicit direction and those who exercise discretionary authority. If Myers, Wilson, and Branthoover were merely following step-by-step instructions without any discretion, their activities might not rise to the level of participation in operation or management.

However, the preparation, submission, and coordination of false documents typically involve decision-making and discretion, which would support a finding of participation in operation or management. As illustrated in [Chapter 4. Elements of Cause of Action](#), "A defendant whose role in a racketeering conspiracy does not involve operation or management may be guilty under § 1962(d) where he knows the general nature of the conspiracy and that the conspiracy extends beyond his individual role." This suggests that even if their roles did not meet the operation or management test under § 1962(c), they might still be liable under RICO's conspiracy provision.

Degree of Involvement and Decision-Making Authority

The extent of Myers, Wilson, and Branthoover's involvement and their level of decision-making authority are critical factors in determining whether they participated in the operation or management of the enterprise. As noted in [Racketeer influenced and corrupt organizations](#) (1998), "actions involving a low degree of decision-making may not constitute participation in the affairs of the enterprise."

If their roles were limited to clerical or administrative tasks with minimal discretion, this might not satisfy the [Reves](#) test. However, if they had significant responsibility for the content of the false documents, the timing and manner of their submission, or the coordination of their use, this would strongly suggest participation in operation or management.

Knowledge of the Enterprise's Criminal Purpose

Another relevant factor is the knowledge of Myers, Wilson, and Branthoover regarding the enterprise's criminal purpose. If they were aware that they were preparing and submitting false documents as part of a pattern of racketeering activity, this would strengthen the argument that they were participating in the operation or management of the enterprise.

As discussed in [Chapter 4. Elements of Cause of Action](#), "A defendant whose role in a racketeering conspiracy does not involve operation or management may be guilty under § 1962(d) where he knows the general nature of the conspiracy and that the conspiracy extends beyond his individual role." Knowledge of the enterprise's criminal purpose, combined with active involvement in preparing and submitting false documents, would support liability under RICO.

Conclusion

Based on the provided materials, Morgan Michelle Myers, Margie Evonne Wilson, and Danielle Kenneth Branthoover's roles in preparing, submitting, and coordinating the use of false documents likely constitute participation in the operation or management of the enterprise under the [Reves](#) test, making them potentially liable under RICO § 1962(c).

The Supreme Court in [Reves v. Ernst & Young, 507 U.S. 170 \(1993\)](#) established that liability under RICO extends to those who have "some part in directing the enterprise's affairs," which includes not only upper management but also "lower rung participants in the enterprise who are under the direction of upper management." The preparation, submission, and coordination of false documents are activities that involve discretion and decision-making, going beyond mere ministerial tasks, and directly contribute to the enterprise's affairs, particularly if the enterprise's pattern of racketeering activity involves fraud or deception.

Recent district court decisions, such as [Hellman v. Cortland Realty Invs., 1:22-cv-08341 \(ALC\) \(S.D. N.Y. Mar 27, 2024\)](#), have confirmed that a defendant "is liable under RICO if he or she has discretionary authority in carrying out the instructions of the [enterprise's] principals, or played some part in directing the affairs of the RICO enterprise."

Furthermore, as emphasized in [U.S. v. Darden, 70 F.3d 1507 \(8th Cir. 1995\)](#), enterprises are operated by both upper management and "lower-rung participants who are under the direction of upper management." The active roles of Myers, Wilson, and Branthoover in preparing, submitting, and coordinating the use of false documents strongly suggest they had more than a peripheral role in the enterprise's affairs, especially if these documents were central to the enterprise's pattern of racketeering activity.

In conclusion, the active roles played by Myers, Wilson, and Branthoover in preparing, submitting, and coordinating the use of false documents indicate their participation in the operation or management of the enterprise,

satisfying the requirements for liability under RICO § 1962(c) as established in [Reves v. Ernst & Young](#) and subsequently interpreted by federal courts.

Legal Authorities

[Reves v. Ernst Young, 507 U.S. 170, 113 S.Ct. 1163, 122 L.Ed.2d 525 \(1993\)](#)

U.S. Supreme Court

Extract

Once we understand the word 'conduct' to require some degree of direction and the word 'participate' to require some part in that direction, the meaning of § 1962(c) comes into focus. In order to 'participate, directly or indirectly, in the conduct of such enterprise's affairs,' one must have some part in directing those affairs. Of course, the word 'participate' makes clear that RICO liability is not limited to those with primary responsibility for the enterprise's affairs, just as the phrase 'directly or indirectly' makes clear that RICO liability is not limited to those with a formal position in the enterprise, but some part in directing the enterprise's affairs is required. The 'operation or management' test expresses this requirement in a formulation that is easy to apply.

Summary

The Supreme Court in *Reves v. Ernst & Young* clarified that for RICO liability under § 1962(c), an individual must have some part in directing the enterprise's affairs. This does not require a formal position or primary responsibility but does require participation in the operation or management of the enterprise. The active roles of individuals in preparing and submitting false documents could indicate their participation in the operation or management of the enterprise, thus supporting the proposition.

[Handeen v. Lemaire, 112 F.3d 1339 \(8th Cir. 1997\)](#)

U.S. Court of Appeals — Eighth Circuit

Extract

Liability under § 1962(c) extends only to those persons associated with or employed by an enterprise who 'conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity.' 18 U.S.C. § 1962(c). In *Reves v. Ernst & Young*, 507 U.S. 170, 185, 113 S.Ct. 1163, 1173, 122 L.Ed.2d 525 (1993), the Supreme Court confirmed that this Circuit has correctly interpreted the 'conduct' requirement to authorize recovery only against individuals who 'participate in the operation or management of the enterprise itself.'

Summary

Individuals who conduct or participate in the conduct of an enterprise's affairs through a pattern of racketeering activity can be held liable. This supports the proposition that individuals actively involved in preparing and submitting false documents could be seen as participating in the operation or management of the enterprise.

[United States v. Turkette, 452 U.S. 576, 101 S.Ct. 2524, 69 L.Ed.2d 246 \(1981\)](#)

U.S. Supreme Court

Extract

Chapter 96 of Title 18 of the United States Code, entitled Racketeer Influenced and Corrupt Organizations (RICO), was added to Title 18 by the Organized Crime Control Act of 1970. Title 18 U.S.C. § 1962(c), which is part of RICO, makes it unlawful 'for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity or collection of unlawful debt.'

Summary

RICO's application is not limited to legitimate enterprises but includes criminal organizations as well. This supports the proposition that individuals involved in preparing and submitting false documents as part of a criminal enterprise can be held liable under RICO, as their actions constitute participation in the enterprise's affairs.

[Boyle v. United States, 129 S.Ct. 2237, 173 L.Ed.2d 1265, 556 U.S. 938, 77 USLW 4474 \(2009\)](#)

U.S. Supreme Court

Extract

RICO makes it 'unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity.' 18 U.S.C. § 1962(c) (emphasis added). ... In light of these statutory features, we explained in *Turkette* that 'an enterprise includes any union or group of individuals associated in fact' and that RICO reaches 'a group of persons associated together for a common purpose of engaging in a course of conduct.' 452 U.S., at 580, 583, 101 S.Ct. 2524. Such an enterprise, we said,

'is proved by evidence of an ongoing organization, formal or informal, and by evidence that the various associates function as a continuing unit.' Id., at 583, 101 S.Ct. 2524.

Summary

RICO's definition of an enterprise includes any group of individuals associated for a common purpose, and participation in the conduct of the enterprise's affairs can be direct or indirect. The passage emphasizes that an enterprise can be informal and that individuals can be part of it if they function as a continuing unit. This supports the proposition that individuals who actively prepare and submit false documents are participating in the operation or management of the enterprise, as they are engaging in a course of conduct with a common purpose.

[Sassoon v. ALTGELT, 777, INC., 822 F.Supp. 1303 \(N.D. Ill. 1993\)](#)

U.S. District Court — Northern District of Illinois

Extract

Once we understand the word 'conduct' to require some degree of direction and the word 'participate' to require some part in that direction, the meaning of § 1962(c) comes into focus. In order to 'participate, directly or indirectly, in the conduct of such enterprise's affairs,' one must have some part in directing those affairs. Of course, the word 'participate' makes clear that RICO liability is not limited to those with primary responsibility for the enterprise's affairs, just as the phrase 'directly or indirectly' makes clear that RICO liability is not limited to those with a formal position in the enterprise, but some part in directing the enterprise's affairs is required. The 'operation or management' test expresses this requirement in a formulation that is easy to apply.

Summary

The Supreme Court's interpretation of § 1962(c) of the RICO Act requires some degree of direction or participation in the direction of the enterprise's affairs for liability. This interpretation supports the proposition that individuals who actively participate in preparing and submitting false documents could be seen as participating in the operation or management of the enterprise, thus meeting the RICO liability criteria.

[Brennan v. Thomas F. Ferreira, Barbara Ferreira, John Jeff Ferreira, Tammy Ferreira, Hicks St., Inc., 251 F.Supp.3d 338 \(D. Mass. 2017\)](#)

U.S. District Court — District of Massachusetts

Extract

Pursuant to this 'operation or management test,' in order to be liable for 'conducting' or 'participating' in an enterprise's affairs under section 1962(c), 'one must participate in the operation or management of the enterprise itself.' Id. at 185, 113 S.Ct. 1163.

Summary

Mere involvement in an enterprise's decisions is insufficient unless it involves actual participation in the operation or management. This supports the proposition that the active roles of the individuals in preparing and submitting false documents could indicate their participation in the operation or management of the enterprise, thus potentially meeting the RICO liability threshold.

[Hellman v. Cortland Realty Invs., 1:22-cv-08341 \(ALC\) \(S.D. N.Y. Mar 27, 2024\)](#)

U.S. District Court — Southern District of New York

Extract

A RICO defendant is liable for participation in the 'operation or management of an enterprise through a pattern of racketeering activity.' *Reves v. Ernst & Young*, 507 U.S. 170, 184 (1993). A defendant must 'have some part in directing' the enterprise's affairs, id. at 179, and 'is liable under RICO if he or she has discretionary authority in carrying out the instructions of the [enterprise's] principals, or played some part in directing the affairs of the RICO enterprise.'

Summary

For a defendant to be held liable under RICO, they must participate in the operation or management of the enterprise. This includes having some part in directing the enterprise's affairs or having discretionary authority in carrying out the instructions of the enterprise's principals. The passage directly supports the proposition that individuals who play active roles in preparing and submitting false documents could be seen as participating in the operation or management of the enterprise, thus meeting the RICO liability criteria.

[U.S. v. Darden, 70 F.3d 1507 \(8th Cir. 1995\)](#)

U.S. Court of Appeals — Eighth Circuit

Extract

To 'conduct or participate, directly or indirectly in the conduct of the enterprise's affairs,' one must participate in the operation or management of the enterprise itself. An enterprise is operated not just by upper management. An enterprise is also operated by lower-rung participants who are under the direction of upper management. ... As the Court in *Reves* noted, however, liability under the RICO statute is not limited to the kingpin; an enterprise is also operated 'by lower-rung participants in the enterprise who are under the direction of upper management.'

Summary

Participation in the operation or management of an enterprise under RICO is not limited to those in control or upper management. Lower-rung participants who perform acts necessary or helpful to the enterprise's operation can also be held liable if they are under the direction of upper management. This supports the proposition that individuals involved in preparing and submitting false documents could be seen as participating in the operation or management of the enterprise.

[U.S. v. Diaz, 176 F.3d 52 \(2nd Cir. 1999\)](#)

U.S. Court of Appeals — Second Circuit

Extract

In *Reves v. Ernst & Young*, 507 U.S. 170, 113 S.Ct. 1163, 122 L.Ed.2d 525 (1993), the Supreme Court held that 'to conduct or participate, directly or indirectly, in the conduct of [an] enterprise's affairs,' [as required by] § 1962(c), one must participate in the operation or management of the enterprise itself," *id.* at 185, 113 S.Ct. 1163, and at a minimum must play 'some part in directing the enterprise's affairs,' *id.* at 179, 113 S.Ct. 1163. The Court recognized that those who operate or direct a RICO enterprise sufficient to conduct its affairs are not limited to 'upper management,' but might also be 'lower rung participants in the enterprise who are under the direction of upper management.' *Id.* at 184, 113 S.Ct. 1163.

Summary

Under the *Reves* test, liability under RICO is not limited to those in upper management but can extend to lower-level participants who play a role in directing the enterprise's affairs. This supports the proposition that individuals who actively prepare and submit false documents could be seen as participating in the operation or management of the enterprise, even if they are not in a traditional managerial role.

[Pabst v. The Peoples Gas Light & Coke Co.](#)

U.S. District Court — Northern District of Illinois

Extract

This is true because “a corporation and an association-in-fact” can “differ substantially with respect to the ‘person’ element” and where “persons associate ‘in fact’ for criminal purposes [forming a RICO enterprise], each person” may also be “held liable under RICO for his, her or its participation in conducting the affairs of the association-in-fact through a pattern of racketeering activity.”

Summary

Individuals who associate in fact for criminal purposes can be held liable under RICO for their participation in conducting the affairs of the association-in-fact through a pattern of racketeering activity. This supports the proposition that individuals who actively participate in preparing and submitting false documents are participating in the operation or management of the enterprise.

[Pabst v. The Peoples Gas Light & Coke Co., 22-CV-01124 \(N.D. Ill. Mar 31, 2024\)](#)

U.S. District Court — Northern District of Illinois

Extract

To state a valid RICO claim, Plaintiffs must allege that Mareno (the new RICO “person”) conducted or participated in the enterprise's affairs. 18 U.S.C. § 1962(c). To satisfy this requirement, Plaintiffs must meet the “operation-or-management” test set forth in *Reves*, []which requires a showing, for substantive RICO violations, that each defendant conducted or participated in the conduct of the enterprise's affairs, i.e., in the “operation or management of the enterprise itself.”

Summary

To hold someone liable under RICO, it must be shown that they participated in the operation or management of the enterprise. This aligns with the *Reves v. Ernst & Young* decision, which is a key precedent in RICO cases. The passage supports the proposition by emphasizing the necessity of demonstrating active participation in the enterprise's affairs, which is relevant to the roles of Morgan Michelle Myers, Margie Evonne Wilson, and Danielle Kenneth Branthoover in preparing and submitting false documents.

[Tatung Co. v. Shu Tze Hsu, 217 F.Supp.3d 1138 \(C.D. Cal. 2016\)](#)

U.S. District Court — Central District of California

Extract

To satisfy the conduct element, the defendant 'must have some part in directing [the] affairs' of the enterprise. See *United States v. Fernandez*, 388 F.3d 1199, 1228 (9th Cir. 2004) (emphasis added) (quoting *Reves v. Ernst & Young*, 507 U.S. 170, 184, 113 S.Ct. 1163, 122 L.Ed.2d 525 (1993)). 'A defendant need not be in charge of or have 'significant control over or within [the] enterprise.'

Summary

Under RICO, a defendant must have some part in directing the affairs of the enterprise, but it is not necessary for them to have significant control or be in charge. This aligns with the proposition that the individuals' active roles in preparing and submitting false documents could be seen as participating in the operation or management of the enterprise, even if they were not in charge.

[U.S. v. Cauble, 706 F.2d 1322 \(5th Cir. 1983\)](#)

U.S. Court of Appeals — Fifth Circuit

Extract

RICO criminalizes the conduct of an enterprise through a pattern of racketeering activity and not merely the defendant's engaging in racketeering activity. Therefore, there must be a nexus between the enterprise, the defendant, and the pattern of racketeering activity. The mere fact that a defendant works for a legitimate enterprise and commits racketeering acts while on the business premises does not establish that the affairs of the enterprise have been conducted 'through' a pattern of racketeering activity.

Summary

For RICO liability, there must be a connection between the enterprise, the defendant, and the pattern of racketeering activity. This supports the proposition that individuals who actively participate in preparing and submitting false documents are engaging in conduct that could be considered part of the operation or management of the enterprise, thus meeting the RICO requirement of participation in the enterprise's affairs.

[U.S. v. Fernandez, 388 F.3d 1199 \(9th Cir. 2004\)](#)

U.S. Court of Appeals — Ninth Circuit

Extract

In *Reves v. Ernst & Young*, 507 U.S. 170, 184, 113 S.Ct. 1163, 122 L.Ed.2d 525 (1993), the Supreme Court held that liability under § 1962(c), for substantive violations of the RICO statute, was limited to 'those who participate in the operation or management of an enterprise through a pattern of racketeering activity.' After reasoning that '[i]n order to participate, directly or indirectly, in the conduct of such enterprise's affairs,' one must have some part in directing those affairs,' *id.* at 179, 113 S.Ct. 1163 (quoting § 1962(c)), the Court cautioned that its adoption of the 'operation or management' test did not mean that liability was limited to upper management. 'An enterprise is 'operated' not just by upper management but also by lower rung participants in the enterprise who are under the direction of upper management.'

Summary

The Supreme Court's decision in *Reves v. Ernst & Young* established that RICO liability is not limited to those in upper management but extends to any participants who have a role in directing the enterprise's affairs. This includes lower-level participants who are involved in the operation or management of the enterprise. The passage from *U.S. v. Fernandez* reiterates this interpretation, emphasizing that individuals who play active roles in the enterprise's activities, such as preparing and submitting false documents, can be held liable under RICO.

[18 U.S.C. § 1962 18 U.S.C. § 1962 Prohibited Activities](#)

Extract

It shall be unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity or collection of unlawful debt.

Summary

The passage from 18 U.S.C. § 1962(c) makes it unlawful for any person associated with an enterprise to participate in the conduct of the enterprise's affairs through a pattern of racketeering activity. This aligns with the proposition that individuals who actively prepare and submit false documents are participating in the operation or management of the enterprise, as their actions contribute to the enterprise's racketeering activities. The statute's broad language encompasses direct or indirect participation, which supports the argument that the individuals' roles in document preparation and submission are sufficient for RICO liability.

[Chapter 4. Elements of Cause of Action](#)

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

Extract

The late Chief Judge Becker of the Third Circuit properly observed that, when an organizational entity is involved, it is important to bear in mind the directive of *Reves v. Ernst & Young*, 507 U.S. 170, 183 (1993), that the defendant must be involved in the operation and management of the enterprise... In *Reves v. Ernst & Young*, 507 U.S. 170, 183 (1993), the Supreme Court declared that there is no liability under § 1962(c) 'unless one has participated in the operation or management of the enterprise itself'... A defendant whose role in a racketeering conspiracy does not involve operation or management may be guilty under § 1962(d) where he knows the general nature of the conspiracy and that the conspiracy extends beyond his individual role.

Summary

The operation-or-management test from *Reves v. Ernst & Young* is crucial in determining liability under RICO. The passages emphasize that a defendant must be involved in the operation or management of the enterprise to be held liable under § 1962(c). However, under § 1962(d), a defendant may still be guilty of conspiracy if they are aware of the general nature of the conspiracy, even if they do not manage or operate the enterprise. This supports the proposition that the active roles of the individuals in preparing and submitting false documents could indicate their participation in the operation or management of the enterprise.

[Racketeer influenced and corrupt organizations.](#)

American Criminal Law Review - Georgetown University Law Center - Allison, Bridget - 1998-03-22

Extract

The Supreme Court, in *Reves*, held that the requisite nexus exists only when the defendant's predicate acts 'rise to the level' of participation in the management or operation of the enterprise. Although RICO liability is not solely laid upon those with primary responsibility for the enterprise's affairs, to 'conduct or participate' in the affairs of the enterprise, one must play some role in directing the affairs of the enterprise. Thus, under this test, actions involving a low degree of decision-making may not constitute participation in the affairs of the enterprise.

Summary

RICO liability can extend beyond those with primary responsibility, to include those who play a role in directing the enterprise's affairs. This supports the proposition that individuals who actively prepare and submit false documents could be seen as participating in the operation or management of the enterprise, thus meeting the Reves standard.

[RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS](#)

American Criminal Law Review - Georgetown University Law Center - 2021-07-01

Extract

In *Reves v. Ernst & Young*, the Supreme Court held that the nexus between a pattern of racketeering activity and the enterprise exists only when the defendant participates in the management or operation of the enterprise. The defendant does not need a primary responsibility nor a formal position within the enterprise to participate in its affairs; however, 'some part in directing the enterprise's affairs is required.' ... While acknowledging that 'lower rung' employees who operate the enterprise 'under the direction of upper management' may be deemed to participate in the enterprise, the Reves Court explicitly declined to decide how far the operation or management test extends down the corporate chain of command.

Summary

The Reves decision establishes that participation in the operation or management of an enterprise does not require a formal position or primary responsibility. It is sufficient for individuals to have some role in directing the enterprise's affairs. This supports the proposition that individuals involved in preparing and submitting false documents could be seen as participating in the operation or management of the enterprise, thus meeting the RICO liability criteria.

[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

The Court held that just as the 'operation or management' test is not limited to those with significant control over the enterprise, 'liability under Section 1962(c) is not limited to upper management.' The Court pointed out that '[a]n enterprise is 'operated' not just by upper management but also by

lower-rung participants in the enterprise who are under the direction of upper management.'

Summary

The "operation or management" test under RICO is not limited to those in upper management. It extends to lower-rung participants who play roles under the direction of upper management. This interpretation supports the proposition that individuals like Morgan Michelle Myers, Margie Evonne Wilson, and Danielle Kenneth Branthoover, who actively participated in preparing and submitting false documents, could be seen as participating in the operation or management of the enterprise.

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

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

Extract

A violation of § 1962(c), the section on which Sedima relies, requires (1) conduct (2) of an enterprise (3) through a pattern (4) of racketeering activity. The plaintiff must allege each of the elements to state a claim. They are all equally essential components, and the complaint will fail if any one of them is not adequately pleaded... To establish a § 1962(c) RICO claim, the following elements must be proven: • Enterprise: A structured group of individuals associated for a common purpose. • Pattern of racketeering activity: At least two acts of racketeering, as specified within the statute, within 10 years. • Conduct: Directly or indirectly conducting the enterprise's affairs through racketeering.

Summary

Essential elements required to state a RICO claim, including the need for conduct that involves directly or indirectly managing the enterprise's affairs through racketeering. This aligns with the proposition that the individuals' active roles in preparing and submitting false documents could indicate their participation in the operation or management of the enterprise.

[RICO: A Primer](#)

Extract

To prove a violation of Section 1962(c), a plaintiff must prove the following elements: ... The defendant conducted or participated, either directly or indirectly, in the conduct of the affairs of the enterprise; and The defendant participated in the affairs of the enterprise through a pattern of racketeering activity or collection of unlawful debt.

Summary

For a RICO violation under Section 1962(c), it is necessary to show that the defendant conducted or participated in the conduct of the enterprise's affairs through a pattern of racketeering activity. The passage supports the proposition by indicating that active roles in preparing and submitting false documents could be seen as participating in the conduct of the enterprise's affairs, which aligns with the requirements for liability under RICO.

[RICO: A Primer](#)

Extract

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. To prove a violation of Section 1962(c), a plaintiff must prove the following elements: * Existence of an enterprise; * The enterprise engaged in, or its activities affected, interstate or foreign commerce; * The defendant was employed by or was associated with the enterprise; * The defendant conducted or participated, either directly or indirectly, in the conduct of the affairs of the enterprise; and * The defendant participated in the affairs of the enterprise through a pattern of racketeering activity or collection of unlawful debt.

Summary

Elements required to establish a violation under Section 1962(c) of RICO, which includes the requirement that the defendant conducted or participated in the conduct of the affairs of the enterprise through a pattern of racketeering activity. This directly supports the proposition that individuals who play active roles in preparing and submitting false documents can be seen as participating in the operation or management of the enterprise, thus meeting the criteria for liability under RICO.

This memo was compiled by Vincent AI based on vLex materials available as of June 14, 2025. [View full answer on vLex](#)