Bloomberg Law

Tivity Agrees to Pay $17 Million to End Investor Merger Suit (2)

June 25, 2025, 6:03 AM PDT; Updated: June 25, 2025, 9:45 AM PDT

Tivity Health Inc. agreed to pay just over $17 million to resolve investors' class claims that the wellness company overstated the benefits of its 2019 Nutrisystem Inc. acquisition.

The pension fund serving as the lead plaintiff in the case asked Judge Waverly D. Crenshaw, Jr., of the United States District Court for the Middle District of Tennessee, to preliminarily approve the settlement on Tuesday. The parties had told the court they reached a tentative agreement in May, staving off a trial that was scheduled to start earlier this month. The lawsuit alleged Tivity misled shareholders after the $1.3 billion deal about its newly acquired nutrition segment's performance, omitting an $8.3 million loss in early financial disclosures.

- The class includes those who got Tivity stock from March 8, 2019—when the company announced the closing of its acquisition—through Feb. 19, 2020
- Crenshaw certified a class of investors in 2022 and then re-certified it in 2023 after the US Court of Appeals for the Sixth Circuit asked for more analysis; the appellate court declined to hear that issue again in 2024
- Crenshaw had largely denied Tivity's request for summary judgment in April, paving the way for the trial

"We appreciate the privilege to have been able to obtain this substantial recovery for Tivity investors," Robbins Geller Rudman & Dowd LLP's Chris Wood, lead counsel for the investors, said in an email.

King & Spalding LLP and Bass, Berry & Sims PLC represent Tivity and former executives. None of these law firms nor Tivity immediately responded to emails seeking comment.

The case is Strougo v. Tivity Health, Inc. , M.D. Tenn., No. 3:20-cv-00165, 6/24/25 .

(Updates to add a comment from investors' counsel in the sixth paragraph.)

To contact the reporter on this story: Gillian R. Brassil in Washington at gbrassil@bloombergindustry.com

To contact the editors responsible for this story: Carmen Castro-Pagán at ccastro-pagan@bloomberglaw.com; Martina Stewart at mstewart@bloombergindustry.com

Bloomberg Law

Ex-Barclays CEO Must Face Investor Suit Over Epstein Ties (1)

June 26, 2025, 5:26 AM PDT; Updated: June 26, 2025, 6:32 AM PDT

- **US judge denied ex-CEO's motion to toss investors' lawsuit**
- **Comes as Jes Staley lost legal bid to overturn UK finance ban**

Former Barclays PLC CEO Jes Staley must defend against proposed investor class accusations over his relationship with Jeffrey Epstein, a federal judge ruled.

The former banking giant executive's motion to dismiss shareholder allegations against him was denied by Judge Maame Ewusi-Mensah Frimpong in an order entered on Wednesday. The US District Court for the Central District of California judge also partially denied defendants Barclays and chairman Nigel Higgins' separate motion to toss the investors' lawsuit.

The US court ruling landed as Staley lost his legal battle in London to overturn a ban from UK finance for minimizing to officials his relationship with the late sex offender. A London judge sided with the British Financial Conduct Authority, although reduced Staley's fine, on Thursday.

Staley was CEO of the bank from 2015 to 2021, when he left after facing criticism over his ties to Epstein. The pedophile financier died by suicide in federal jail in 2019 after he was arrested on sex trafficking and conspiracy charges.

The defendants downplayed Staley's Epstein relationship, resulting in investor losses when information about the friendship came to light, said the most recent complaint, filed by Teamsters Local 237 Additional Security Benefit Fund and Teamsters Local 237 Supplemental Fund for Housing Authority Employees, and the Firemen's Retirement System of St. Louis.

The proposed class would include those who got Barclays' American Depository Receipts traded on the New York Stock Exchange or got ordinary shares traded on the London Stock Exchange from July 22, 2019, through Oct. 12, 2023, the year investors sued.

On Oct. 12, the FCA issued a final decision in its investigation into the Epstein ties, finding Staley had "recklessly approved" a 2019 letter from Barclays containing misleading statements about his relationship and their last point of contact. The FCA fined Staley and barred him from holding a senior management position in financial services.

Barclays' ADRs and ordinary share prices declined by almost 5% and more than 3.1% respectively that day, the complaint said.

Robbins Geller Rudman & Dowd LLP is lead counsel for the lead plaintiff. Williams & Connolly LLP represents Staley. Skadden, Arps, Slate, Meagher & Flom LLP represents Barclays and Higgins. None of these law firms immediately responded to emails seeking comment. Nor did Barclays.

The case is Merritt v. Barclays PLC , C.D. Cal., No. 2:23-cv-09217, 6/25/25 .

(Updates with additional context throughout.)

To contact the reporter on this story: Gillian R. Brassil in Washington at gbrassil@bloombergindustry.com

To contact the editor responsible for this story: Carmen Castro-Pagán at ccastro-pagan@bloomberglaw.com

Barclays, ex-CEO Staley must face US shareholder lawsuit over Jeffrey Epstein ties

reuters.com/sustainability/boards-policy-regulation/barclays-ex-ceo-staley-must-face-us-shareholder-lawsuit-over-jeffrey-epstein-2025-06-26

Jonathan Stempel June 26, 2025

Item 1 of 2 Barclays Bank logo is seen in this illustration taken March 12, 2023. REUTERS/Dado Ruvic/Illustration/File Photo

[1/2]Barclays Bank logo is seen in this illustration taken March 12, 2023. REUTERS/Dado Ruvic/Illustration/File Photo Purchase Licensing Rights, opens new tab

NEW YORK, June 26 (Reuters) - Barclays (BARC.L), opens new tab and former Chief Executive Jes Staley must face a lawsuit in Los Angeles claiming they defrauded shareholders about Staley's close ties to the disgraced late financier Jeffrey Epstein.

U.S. District Judge Maame Ewusi-Mensah Frimpong ruled on Wednesday that holders of Barclays' American Depositary Receipts plausibly alleged the defendants intended to mislead them to protect the bank's reputation and prop up its stock price.

Investors said the fraud ran from July 22, 2019, about two weeks after Epstein's arrest, through October 12, 2023, and continued even after Barclays learned about an email cache showing Staley viewed Epstein as "family."

They cited public statements suggesting the relationship was purely professional, and that an inquiry by Britain's Financial Conduct Authority concerned mainly whether Staley was aware of Epstein's alleged sex crimes, not whether he witnessed some.
Frimpong narrowed two claims against a third defendant, Barclays Group Chairman Nigel Higgins.

Pension funds in New York and St. Louis lead the proposed class action, which seeks unspecified damages.

Staley's lawyers did not immediately respond to requests for comment on Thursday. Lawyers for Barclays and Higgins did not immediately respond to similar requests. The shareholders' lawyers also did not immediately respond to such requests.

Epstein was arrested on July 6, 2019, on federal sex trafficking charges, and killed himself in a Manhattan jail cell five weeks later.

Staley was Barclays' chief executive from 2015 to 2021. He was previously a top banker and JPMorgan Chase (JPM.N), opens new tab, where he also had a close relationship with Epstein.
Staley lost his appeal in London on Thursday against a proposed financial industry ban announced by the FCA in 2023 for misleading the regulator about Epstein.
Staley maintained that he didn't know about Epstein's "monstrous activities" and did not remember embarrassing emails. He said he was disappointed with Thursday's decision.

The U.S. shareholder case is Merritt v Barclays Plc et al, U.S. District Court, Central District of California, No. 23-09217.

Reporting by Jonathan Stempel in New York; Editing by Mark Porter

Our Standards: The Thomson Reuters Trust Principles., opens new tab

https://www.wsj.com/finance/jes-staley-loses-appeal-over-jeffrey-epstein-ban-39e809e8

MARKETS & FINANCE

Jes Staley Loses Appeal Over Jeffrey Epstein Ban

Judge says end to former Barclays CEO's career is 'inevitable consequence' of his conduct

By Joe Wallace Follow and Caitlin McCabe Follow

Updated June 26, 2025 9:07 am ET

Jes Staley leaving court in London in April. PHOTO: CARL COURT/GETTY IMAGES

LONDON—Jes Staley has failed in a long-shot bid to clear his name, with a U.K. tribunal upholding a financial-industry ban over his ties to disgraced financier Jeffrey Epstein.

The former Barclays BARC **-0.20%** ▼ chief executive subjected himself to two embarrassing weeks in court this spring, arguing against an earlier finding that he didn't fully disclose the terms of his relationship with Epstein. The British press feasted on the hearings, which detailed the banker's yearslong dealings with the late convicted sex offender.

But a London judge on Thursday sided with the U.K.'s financial regulator, the Financial Conduct Authority.

In a 93-page ruling, Timothy Herrington, an Upper Tribunal judge, said Staley's achievements at Barclays didn't "diminish the seriousness of the misconduct," adding: "The loss of his longstanding career is an inevitable consequence of that conduct."

However, the tribunal ordered that a fine of 1.8 million pounds, the equivalent of about $2.47 million, imposed on Staley should be cut to about £1.1 million.

"I am disappointed by the outcome and the time it took for this process to play out," Staley said in a statement. He added the tribunal had accepted he was never dishonest, and had recognized his long and distinguished career.

Staley's statement didn't say what he plans to do next. He could potentially ask to appeal to the U.K.'s second-highest court, and the case could go all the way to the country's Supreme Court. To do so, however, he would have to contest a point of law, not ask for the facts of the case to be reconsidered.

The FCA said Staley had taken a "calculated risk" and failed.

"He hoped that the truth would never come to light and that he would get away with it. Such a serious lack of integrity flies in the face of the requirements we place on those at the top," said Therese Chambers, joint executive director of enforcement and market oversight at the FCA.

Staley nabbed the top job at Barclays in 2015. He was enjoying a gilded career when, in 2019, Epstein was indicted on federal sex-trafficking charges. When British regulators asked Barclays about its CEO's reported ties to Epstein, the bank's chairman sent a letter saying Staley had told him they weren't close.

The FCA later ruled that Staley had recklessly misled officials by approving that letter, which, the regulatory body said, put him in breach of conduct rules drawn up after the financial crisis and Libor-rigging scandal. The regulator didn't argue Staley had anything to do with Epstein's misconduct.

Much of the regulator's focus in court this year was on emails exchanged between the two men. The FCA painted the duo as friends whose intimacy went beyond the bounds of a normal commercial relationship.

Staley insisted during the hearings that it was a professional relationship. The crux of his argument was that the letter to the FCA was meant to convey he wasn't in a position to know of Epstein's alleged crimes and was never supposed to be a definitive account of their relationship.

In the Thursday ruling, Herrington wrote the tribunal found that "some of his evidence lacked credibility." Staley "could be inconsistent in his answers when he felt that it would suit his case," Herrington wrote. "Accordingly, we have found it necessary to treat some of Mr. Staley's evidence with caution."

Staley, 68, got to know Epstein when he ran JPMorgan Chase's private bank and asset-management divisions in the 2000s. He told the court Epstein, with his legendary Rolodex, connected him to powerful people in finance and government, and brokered the most important deal of his career. Epstein died in jail in 2019.

Write to Joe Wallace at joe.wallace@wsj.com and Caitlin McCabe at caitlin.mccabe@wsj.com

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Ex-Barclays CEO Staley loses appeal against UK ban over Epstein ties

reuters.com/sustainability/boards-policy-regulation/ex-barclays-ceo-staley-loses-appeal-against-uk-ban-over-epstein-ties-2025-06-26

Reuters June 26, 2025

Former Barclays CEO Jes Staley leaves court following the first day of his appeal against the Financial Conduct Authority's proposed fine and ban from senior roles in financial services for allegedly misleading the regulator over his relationship with late sex offender Jeffrey Epstein, in London, Britain, March 3, 2025.... Purchase Licensing Rights, opens new tab
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- Staley's appeal against FCA ban fails, 1.8 million-pound fine cut
- Tribunal says 'overwhelming' evidence that Staley and Epstein had a close relationship
- Ex-Barclays CEO says disappointed with decision

(BARC.L), opens new tab boss Jes Staley on Thursday lost his high-stakes appeal against a proposed financial industry ban for misleading Britain's Financial Conduct Authority over his relationship with Jeffrey Epstein.

Thursday's decision by the Upper Tribunal spells the likely end of Staley's risky attempt to publicly clear his name, which simply once again shone a spotlight on his association with the late disgraced financier.

Staley, who gave evidence he had no idea about Epstein's "monstrous activities" and said he could not remember embarrassing emails between the pair, said he was disappointed with the decision.

The FCA in 2023 said it would ban Staley and fine him 1.8 million pounds ($2.4 million) for misleading the watchdog over his ties to Epstein, a decision which the former Barclays chief executive decided to fight.

The 68-year-old's case centred on a 2019 letter sent by Barclays Chair Nigel Higgins to the FCA, which approached the British bank after Epstein's arrest on sex-trafficking charges brought scrutiny on Staley and other high-profile associates.

The FCA said the letter contained two misleading statements: that Staley "did not have a close relationship" with Epstein and their last contact was "well before he joined Barclays in 2015".

Staley said both statements were accurate and that he did not have the same relationship with Epstein after he left JPMorgan (JPM.N), opens new tab, where Epstein was once a major client.

APPEAL BACKFIRES

Judge Timothy Herrington said, however, that both statements were inaccurate, ruling that "the evidence that Mr Staley had a close relationship with Mr Epstein is overwhelming".

The judge also said that Higgins' letter to the FCA reflected what Staley had told senior Barclays staff about his relationship with Epstein.

Staley's fine, though, was reduced to 1.1 million pounds to take account of Barclays suspending the vesting of deferred shares after Staley left the bank. Barclays did not immediately comment.

His dispute with financial regulators over the case had prompted his shock resignation in November 2021 and a reshuffle of Barclays' leadership in what became a tumultuous period for the lender.

The decision to appeal has backfired for Staley, whose evidence featured his admission he had sex with a member of Epstein's staff in Epstein's brother's apartment.

The appeal also revived scrutiny of previously-reported emails between Staley and Epstein, in which Staley described their friendship as "profound".

In one email chain from 2010, Staley told Epstein: "That was fun. Say hi to Snow White." When Epstein asked "what character would you like next", Staley replied: "Beauty and the Beast."

Staley said he had no recollection of those emails, when asked about them by the FCA's lawyers.

Herrington ruled that the emails pointed towards Staley and Epstein having a "close personal relationship" and that Staley's answers were "either evasive or defensive".

Therese Chambers, joint executive director of enforcement and market oversight at the FCA, said Staley "chose to take a calculated risk that we would take his inaccurate account of his relationship with Mr Epstein at face value".

"Such a serious lack of integrity flies in the face of the requirements we place on those at the top," Chambers added.

Reporting by Sam Tobin and Lawrence White; Editing by Tomasz Janowski

Our Standards:

Jes Staley

Jes Staley fails to overturn ban over Jeffrey Epstein links

Judge says former Barclays chief did not fully disclose relationship with convicted sex offender but trims £1.8mn fine

Jes Staley had mounted a legal challenge against the ban and fine imposed on him by the FCA in 2023 © Andy Rain/EPA-EFE/Shutterstock

Ortenca Aliaj and **Martin Arnold** in London

Published 7 HOURS AGO | Updated 09:47

Jes Staley has failed to overturn a decision by the Financial Conduct Authority that he "recklessly" misled the UK regulator about his ties to convicted sex offender Jeffrey Epstein, in a major setback for the former chief executive of Barclays.

In a judgment handed down on Thursday by the Upper Tribunal, Judge Timothy Herrington said Staley's behaviour represented a "serious failure of judgment" and that he had "acted without integrity" by approving a misleading letter from the bank to its regulator that claimed its chief executive and the convicted paedophile did not have a close relationship.

Staley, who stepped down as Barclays chief in 2021, had "shown no remorse for his conduct", according to the judgment.

The judge, however, ordered that the £1.8mn fine imposed on Staley by the regulator be reduced by almost 40 per cent to £1.1mn to reflect the fact that Barclays had not allowed him to receive deferred shares that he was entitled to.

The former Barclays boss had mounted a legal challenge against the ban and fine imposed on him by the FCA in 2023, with a high-profile trial taking place in March. Witnesses included the governor of the Bank of England, Andrew Bailey — who headed the FCA at the time — and Barclays' chair Nigel Higgins.

During the hearing, Staley addressed numerous intimate emails he sent to Epstein. These included the now-infamous reference to Disney princesses such as Snow White, as well as the sex offender's contacts with Staley's daughter Alexa, to whom the former Barclays boss forwarded correspondence referring to "Uncle Jeffrey".

Thursday's judgment found that Staley's "conduct was such that it could have resulted in confidence in the financial system being adversely affected".

At the heart of the dispute were two representations made by Barclays in a letter sent to regulators in October 2019 — two months after Epstein died in a New York jail cell awaiting trial on sex trafficking charges — that stated Staley "did not have a close relationship" with the financier and that the pair last communicated "well before he joined Barclays in 2015".

The FCA opened an investigation into Staley two months later, after his former employer JPMorgan Chase told the regulator it had a trove of documents regarding his relationship with Epstein, which the FCA compelled the US bank to hand over.

"We have noted Mr Staley's achievements as chief executive of Barclays, but in our view these do not diminish the seriousness of the misconduct," the judgment read. "The loss of his long-standing career is an inevitable consequence of that conduct."

Staley said in a statement on Thursday that he was "disappointed by the outcome and the time it took for this process to play out".

The 68-year-old American added: "I have worked tirelessly for my prior employers for the entirety of my career; I am proud of the support I gave to many individuals during that career and the strategy I developed to help Barclays when it faced immense challenges. The Tribunal recognised what they described as 'my long and distinguished career'."

Barclays declined to comment.

Therese Chambers, joint executive director of enforcement and market oversight at the FCA, said Staley had taken "a calculated risk" and "hoped that the truth would never come to light and that he would get away with it". She added: "Such a serious lack of integrity flies in the face of the requirements we place on those at the top."

The judge highlighted several inconsistencies between Staley's witness statement, which "contained evidence that was not reliable", and his testimony in court.

These included claims by Staley that his relationship with Epstein was not a personal one, while conceding during cross-examination that they had been "very close" and once described him as a "friend."

The judgment also highlighted Staley's evidence when he admitted he knew as early as 2010 that the disgraced financier had lied to him in 2006 about the ages of Epstein's accusers.

"We, therefore, cannot accept Mr Staley's evidence in his witness statement that when Mr Epstein had been arrested he was shocked and surprised," the judge wrote. "What he told [the FCA] in interview, which was that he had no idea of the conduct being alleged, was also untrue."

Staley's attempt to overturn the FCA's ban was seen as a long shot, which prompted those who had known and worked with him to question why he had decided to publicly revisit his relationship with the paedophile and drag a cast of the City's most important figures back into Epstein's orbit.

References in court filings to Prince Andrew and Lord Peter Mandelson, now the British ambassador to the US, who were both contacts of Epstein, guaranteed that Staley's challenge against the FCA would attract headlines.

Staley said he had endured public humiliation after it was revealed in court that he had sexual intercourse with one of Epstein's employees at an apartment in New York belonging to the deceased financier's brother, an admission that he said also put his marriage at risk.

Staley has two weeks to appeal the tribunal's judgment. He may now be reeling but insiders report that Barclays — over whom the scandal has cast a long shadow — is hoping that the decision draws a line under the episode.

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Litigation

Jes Staley Loses Bid to Overturn Ban Over Epstein Friendship (2)

June 26, 2025, 5:05 AM PDT

Former Barclays Plc boss **Jes Staley** lost a legal battle to overturn his ban from UK finance over his relationship with **Jeffrey Epstein**, all but ending his attempt to rehabilitate himself in the British financial services industry.

A London judge sided with the Financial Conduct Authority , ruling that the executive misled officials about the nature of the banker's relationship with the late pedophile financier.

"He has shown no remorse for his conduct which has led to the authority's investigation," Judge Timothy Herrington said in his ruling on Thursday.

Jes Staley departs from The Rolls Building in London in March.
Photographer: Jaimi Joy/Bloomberg

Staley had brought the legal challenge, the most high-profile court case between the City regulator and any executive in recent years, in a bid to overturn the watchdog's move to fine and ban him from the industry.

"He hoped that the truth would never come to light and that he would get away with it," **Therese Chambers**, joint executive director of enforcement and market oversight at the FCA, said in a statement after the ruling. "Such a serious lack of integrity flies in the face of the requirements we place on those at the top."

The judge did cut the fine Staley has to pay to £1.1 million ($1.5 million), reduced from £1.8 million to reflect the former banking executive's loss of share awards following the FCA's punishment.

A lawyer for Staley didn't immediately respond to a request for comment. Staley has 14 days to appeal the ruling.

Profound Friendship

During the trial the FCA displayed reams of emails showing the pair's close friendship , detailed Staley's visits to Epstein's Caribbean island and revealed that the banker had sex with an Epstein staffer . Still, Staley argued that the FCA's supervisory head had never been sufficiently clear with Barclays in his preliminary inquiries and that the bank's officials collectively drafted the letter at the center of the case.

"In our view, the evidence that Mr. Staley had a close relationship with Mr. Epstein is overwhelming," the judge said.

Staley turned up in court every day during the trial, giving testimony for four days. He said that Epstein had introduced him to "three of the five wealthiest people in the world" during his days as a senior executive at JPMorgan Chase & Co., saying he had the "best rolodex."

The judge zeroed in on JPMorgan's decision to retain Epstein as a client even after bank officials became concerned about reports of Epstein's involvement in sex trafficking. The judge said it was "more likely than not" that Staley's support for Epstein ensured that the US bank kept the disgraced financier as a client.

While the judge said Staley didn't set out to mislead the tribunal, some of his evidence "lacked credibility."

"It was often the case that his memory was clear on matters which were helpful to his case, but not so in relation to matters that called for an explanation," the judge said.

During the hearings, the FCA argued that Staley's relationship went well beyond a professional one and that he deliberately minimized a "deeper and more profound" affinity.

Epstein was jailed in Florida in June 2008 for soliciting sex from underage girls. He was arrested again in July 2019 on federal charges relating to, among other things, the sex trafficking of minors, shortly before his death in a New York jail cell. Staley stepped down from Barclays two years later.

Staley argued that he never knew the whole story about Epstein. In one exchange, a Barclays executive said Staley had told her, "why would I have introduced my wife and daughters to Mr. Epstein if I thought he was a pedophile?"

The trial saw some of the most senior figures in the City of London, including Bank of England Governor Andrew Bailey and Barclays Chairman Nigel Higgins, give evidence.

"We have noted Mr. Staley's achievements as chief executive of Barclays, but in our view these do not diminish the seriousness of the misconduct," Herrington said in his ruling. "The loss of his longstanding career is an inevitable consequence of that conduct."

(Adds detail throughout.)

To contact the reporters on this story:
Jonathan Browning in London at jbrowning9@bloomberg.net;
Harry Wilson in London at hwilson57@bloomberg.net

To contact the editors responsible for this story:
Ben Bain at bbain2@bloomberg.net

Jeremy Hodges, Marion Dakers

https://www.wsj.com/business/media/mediator-proposes-20-million-settlement-in-trumps-cbs-suit-ed04c3e3

EXCLUSIVE MEDIA

Mediator Proposes $20 Million Settlement in Trump's CBS Suit

Potential package would include a donation, legal costs and public service announcements

By Jessica Toonkel Follow *and Josh Dawsey* Follow

Updated June 25, 2025 1:29 pm ET

Bill Whitaker interviewed Vice President Kamala Harris, the Democratic presidential nominee, on '60 Minutes' in October. PHOTO: CBS NEWS/60 MINUTES

A mediator has proposed that President Trump and Paramount Global PARA **1.02%** ▲ settle his lawsuit over a CBS News "60 Minutes" interview with former Vice President Kamala Harris for $20 million, according to people familiar with the matter.

The proposal would include a $17 million donation to Trump's presidential foundation or museum, the people said. It would also include millions more in legal fees and public service announcements on Paramount-owned networks to fight antisemitism, the people said.

Trump's team has said it wants an apology—something Paramount isn't prepared to do, according to people familiar with the situation. It couldn't be learned whether Trump's team is still seeking an apology.

Settlement talks are still fluid and an agreement might not be reached.

Paramount, which owns CBS News, has been at an impasse with Trump's lawyers for weeks after entering mediation this spring. The company had offered $15 million to settle the suit, but Trump wanted more than $25 million, The Wall Street Journal previously reported.

Trump alleged in October that the network committed election interference by deceitfully editing a "60 Minutes" interview with Democratic presidential candidate Harris, making her sound better. The lawsuit ultimately sought $20 billion in damages. CBS has said it didn't doctor her comments, but rather aired a more succinct version of her response.

Over the past few months, Paramount leaders have been wrestling with how to pay to settle the lawsuit without exposing directors and officers to liability in potential future shareholder litigation or to criminal charges for bribing a public official. By settling within the range of what other companies have paid to end litigation with Trump, some Paramount executives have said they hope to minimize such liability, people familiar with the matter said.

In recent days, Paramount brought in law firm Gibson Dunn to assess whether it could offer more than $15 million without putting its directors and top executives at risk of future litigation or criminal charges, people familiar with the discussions said.

A potential settlement of $20 million, including legal fees, would be in line with what other media and tech companies have paid to settle lawsuits from Trump.

In December, Disney settled a defamation lawsuit against its ABC News division and star anchor George Stephanopoulos. As part of the settlement, Disney agreed to contribute $15 million to Trump's presidential foundation or museum and to pay $1 million in legal fees to Trump's lawyer.

Meta Platforms in January agreed to pay $25 million to settle a 2021 lawsuit from Trump, after the social-media platform suspended his accounts following the Jan. 6, 2021, riot at the U.S. Capitol. And X agreed to pay about $10 million to settle a similar suit.

The CBS suit has hung over Paramount's planned merger with Skydance Media, and the prospect of settling has angered some of the news organization's executives and staff. CBS News Chief Executive Wendy McMahon told staff last month that she was leaving, marking the second high-profile departure from the news unit. One point of tension between McMahon and Paramount was her unwillingness to issue an apology to Trump as part of any potential settlement of the lawsuit, The Wall Street Journal reported.

Brendan Carr, chairman of the Federal Communications Commission, has said that a third-party news distortion complaint about the interview's edit could factor into the agency's review of the Paramount-Skydance merger.

Based on that complaint, Carr is pursuing an inquiry into how CBS News handled the interview edit and demanded the company release the full transcript and raw footage. The company did so earlier this year.

The FCC has authority over the Paramount-Skydance transaction because it would involve the transfer of broadcast television licenses held by CBS. The chairman has broad discretion to block a merger or delay its review.

Write to Jessica Toonkel at jessica.toonkel@wsj.com and Josh Dawsey at Joshua.Dawsey@WSJ.com

Appeared in the June 26, 2025, print edition as 'Mediator Proposes $20 Million CBS Deal in Trump Suit'.

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https://www.wsj.com/opinion/paramount-donald-trump-lawsuit-cbs-fcc-first-amendment-23c10b02

OPINION REVIEW & OUTLOOK Follow

The Paramount Risk in Settling Trump's Lawsuit: 'Bribery'?

Any settlement during merger review will be a Democratic target.

By The Editorial Board Follow

June 25, 2025 5:33 pm ET

PHOTO: LEV RADIN/ZUMA PRESS

Months after Paramount reportedly began talks to settle President Trump's false-advertising claim against CBS, the company is still holding fast. "This is a meritless lawsuit," begins its latest court filing, added to the docket Monday. It says Mr. Trump is trying "to evade bedrock First Amendment principles." Paramount seems to be debating whether paying off the President is a worse idea than not paying off the President.

Mr. Trump is suing for $20 billion, claiming that CBS deceptively edited a 2024 campaign interview with Kamala Harris. The version that aired, his lawyers recently argued, "led to widespread confusion and mental anguish of consumers," including Mr. Trump.

CBS has released the full tape, and it shows that these claims are concocted. Yet the President has leverage over Paramount, because its merger with Skydance Media requires approval from the Federal Communications Commission, or FCC. Mr. Trump has reportedly turned down a $15 million settlement offer, and the Journal reported Wednesday that a mediator has proposed that the two sides settle the lawsuit for $20 million.

The business logic for settling Mr. Trump's grievance is easy to grasp: What's $20 million in grease money, if it might save an $8 billion merger? Unless, that is, a big payout to the President could be viewed as a bribe.

The FCC would categorically deny any connection between its approval and a multi-million-dollar check to Mr. Trump, and the Justice Department under current management wouldn't poke around. But Democrats might run the House again in 18 months.

"Paramount appears to be trying to settle a lawsuit that it has assessed as 'completely without merit,'" Democratic Sens. Elizabeth Warren, Bernie Sanders and Ron Wyden said in a letter last month to Chairwoman Shari Redstone. "Under the federal bribery statute, it is illegal to corruptly give anything of value to public officials to influence an official act. If Paramount officials make these concessions in a quid pro quo arrangement to influence President Trump or other Administration officials, they may be breaking the law."

It's obvious that Mr. Trump is relying on the threat of regulatory disapproval as leverage in the lawsuit. Does this really fit the federal bribery statute? What level of legal frivolousness is required before settling a civil suit becomes pretextual?

Perhaps Paramount executives wonder if it's better to avoid pondering these questions in public on Capitol Hill, after being dragged there by subpoena. An inquiry by the House two years from now could be followed in 2029 by the Justice Department of Mr. Trump's successor—say, a President Gavin Newsom, Wes Moore or J.B. Pritzker.

The better alternative for Paramount and its reputation? Win the legal case, vindicate its CBS journalists and the First Amendment, and trust that the FCC has enough integrity to operate as something more than the President's personal protection racket.

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Securities Law News

Brookdale Investor’s Appeal Paused for Parallel Case Settlement

June 25, 2025, 3:32 PM PDT

Brookdale Senior Living Inc. investors’ appeal against the board over choices that allegedly led to poor care is on pause at the Sixth Circuit while a lower court considers a settlement in a parallel case.

The appeals court on Wednesday granted the parties’ request to put the proceedings on hold while the US District Court for the Middle District of Tennessee decides whether to approve an agreement for corporate reforms in the other derivative suit on behalf of Brookdale.

- Brookdale was hit with a proposed class action by residents in April 2020, alleging understaffing and neglect, and in March 2021, California’s then-attorney general, Xavier Becerra, sued Brookdale for allegedly ignoring patient-safety laws and giving false information to the Centers for Medicare & Medicaid to improve its rating
- Brian Davis and other shareholders sued Brookdale directors and top executives, blaming them for harm to the company, including having to face lawsuits and conduct internal investigations
- Judge Aleta A. Trauger, who also oversees the settling derivative suit, dismissed Davis’s claims in January 2024

Attorneys for Davis include the Brown Law Firm PC. Counsel for Brookdale includes Jones Day and Bass Berry & Sims PLC.

The case is Davis v. Baier , 6th Cir., No. 24-05147, 6/25/25 .

To contact the reporter on this story: Martina Barash in Washington at mbarash@bloomberglaw.com

To contact the editor responsible for this story: Kiera Geraghty at kgeraghty@bloombergindustry.com

Class Action

Kronos Bio Shareholder Drops Suit as Concentra Buyout Completes

June 26, 2025, 9:16 AM PDT

A Kronos Bio Inc.'s stockholder relinquished her lawsuit alleging that the struggling company's sale to Concentra Biosciences LLC was misleadingly contrived as the company has told the Securities and Exchange Commission the deal closed.

Investor Susan Bowen told the US District Court for the Northern District of California she was dropping her claims that Kronos' acquisition paperwork misrepresented the sales process and potential conflicts of interest on Wednesday. It follows the merger's closing on June 20, according to an SEC filing from last week. Bowen's complaint had sought an injunction blocking the merger, or an order rescinding the deal, setting it aside, or award her rescissory damages if it went through.

- Kronos announced in May that Concentra would acquire it for $0.57 in cash per share plus one non-tradeable contingent value right, offering shareholders additional proceeds depending on various potential outcomes for the sale of the biopharmaceutical company's assets
- The offer expired last week, according to the SEC filing, with more than 44.5 million shares validly tendered—almost 73% of Kronos' outstanding shares—meeting the minimum required for the agreement

Brodsky Smith represents Bowen. Goodwin Procter LLP was Kronos' legal counsel for the deal. Neither law firm immediately responded to an email seeking comment.

The case is Bowen v. Kronos Bio, Inc. , N.D. Cal., No. 3:25-cv-04322, voluntarily dismissed 6/25/25 .

To contact the reporter on this story: Gillian R. Brassil in Washington at gbrassil@bloombergindustry.com

To contact the editor responsible for this story: Andrew Harris at aharris@bloomberglaw.com

Guest Post: GoFundMe Securities

dandodiary.com/2025/06/articles/director-and-officer-liability/guest-post-gofundme-securities

Kevin LaCroix June 26, 2025

Posted in Director and Officer Liability

Sarah Abrams

For a variety of reasons, alternative fundraising vehicles are currently gaining in popularity. In the following guest post, Sarah Abrams, Head of Claims Baleen Specialty, a division of Bowhead Specialty, takes a closer look at Equity Crowdfunding and RegA offerings and related potential liability issues. I would like to thank Sarah for allowing me to publish her article as a guest post on this site. I welcome guest post submissions from responsible authors on topics of interest to this site's readers. Please contact me directly if you would like to submit a guest post. Here is Sarah's guest post.

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As Equity Crowdfunding (CF) and Regulation A (RegA) offerings gain traction as capital fundraising vehicles and the Atkins SEC signals support for regulatory changes, will business that lever CF or RegA face increased risk of D&O exposure? The following provides a brief history of the creation of CF and RegA before examining the potential impact of restriction-easing by the SEC on raising capital under CF and RegA and follow-on potential for increased liability to private or public company issuers.

CF and RegA were created and modified, respectively, by the The Jumpstart Our Business Startups Act (JOBS Act). The JOBS Act was passed with bipartisan support and was signed into law on April 5, 2012, with the intent to increase funding for small businesses by easing securities regulations. The JOBS Act amended the Securities Act of 1933 (1933 ACT), which governs private securities offerings, and created new exemptions to capital raising from certain securities offerings.

Before the JOBS Act, RegA restricted issuers (companies issuing private securities for fundraising) to raising $5 million from the public, and issuers had to register offered securities with each state. RegA's amendment (RegA+) increased the amount that could be raised from the public and introduced fundraising in two tiers; up to $20 million in a 12-month period for Tier 1 and up to $75 million for Tier 2. For Tier 1, there are no investor requirements, but issuers must register or qualify in each state where securities are sold ("Blue Sky" laws). For Tier 2, the amount of money a non-accredited investor may invest is limited, issuers are exempt from state registration and audited financials, and ongoing SEC reporting is required.

In addition, U.S. securities laws before the JOBS Act generally prohibited equity crowdfunding, which, by definition, involves a public offering to the crowd (public). CF allows companies to raise up to $5 million over a 12-month period, typically through a FINRA-registered online funding portal, with fewer disclosures than public offerings or RegA Tier 2. There is a limit on the amount individual non-accredited investors can invest across all crowdfunding offerings in a 12-month period. Accredited investors, largely defined as those with a net worth of at least $1 million excluding home value or an annual salary of $200,000 for an individual, $300,000 for a couple, can invest as much as they wish in private offerings.

With a general understanding of what RegA and CF are as well as the current regulatory guardrails, the following discusses the SEC reporting of offerings raised by CF and RegA securities offered. From May 2016 to December 2024, the SEC reported that 3,869 CF offerings raised $1.3 billion in proceeds. The agency cautioned that such numbers are likely a low estimate given variations in filing practices. From June 2015 to December 2024, the SEC reported that 817 Reg A issuers have raised $9.4 billion through such offerings. That is way short of the RegA 1,400 qualified offerings seeking to raise about $28 billion.

The SEC has signaled that it will focus on the impetus for fundraising shortfalls under CF and RegA. Below discusses various proposals to ease restrictions on RegA and CF security issuance and potential D&O exposure for company issuers.

The SEC's Small Business Capital Formation Advisory Committee has recommended that the SEC address liquidity problems with RegA by, among other things, providing federal relief from existing state regulations over secondary trading of RegA-issued securities. The committee also recommended that the SEC increase the current thresholds required for crowdfunding issuers to obtain an independent review of their financial statements, to lower costs for smaller businesses.

In February, interim SEC Commissioner Mark Uyeda signaled that the commission should explore ways to make CF more appealing. Uyeda noted that "[n]otwithstanding the availability of Regulation CF, along with other rules available to entrepreneurs to raise capital without registration, 77% of small business owners reported being concerned about their ability to access capital." In that same speech, he stated that easing limits on the definition of an accredited investor would deepen the pool of capital available to crowdfunding and Reg A issuers.

Whether easing restrictions or altering the definition of accredited investor will be accomplished by the Atkins SEC remains to be seen. However, if restrictions ease, risks may increase with an increase in unaccredited investor purchases of private securities. Decreasing state regulation, "blue sky laws", may have unintended consequences, including the potential for complaints alleging fraud against company issuers.

In particular, an increase in the promotion of company securities sold under CF or RegA on social media platforms may increase allegations of misrepresentations against issuers. Notably, the Ninth Circuit found that a company can solicit a securities purchase, within the meaning of the provision of the Securities Act of 1933 forbidding the sale or offer of securities by promoting the sale of a security in a mass communication, such as through social media.

In the case *Pino v. Cardone Capital, et. al,* the Appellate Court found a plaintiff investor could bring a putative securities fraud class action against a promoter of real-estate-investment funds (Cardone), Cardone's "funds," and Cardone's limited-liability company (LLC), for Securities Act violations stemming from untrue statements of material fact or concealment made on social media. In one YouTube video, Cardone stated, "it doesn't matter whether [the investor] [is] accredited [or] non-accredited … you're gonna walk away with a 15% annualized return. If I'm in that deal for 10 years, you're gonna earn 150%.

While egregious, most companies have a social media footprint that may be leveraged to raise capital. Depending on the number of followers, there may be a deep bench of unaccredited investors in a company that may be considering a private security offering under RegA or CF. Understanding the current Rules' limitations, potential for easing of restrictions and the potential for increased litigation, may inform D&O underwriters of companies looking to raise capital under RegA or CF.

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Class Action

Konica Minolta $900,000 Retirement Plan Settlement Gets Final OK

June 26, 2025, 7:59 AM PDT

Konica Minolta Business Solutions USA Inc. received final approval for a $900,000 class settlement with employees challenging their retirement plan's fees and investment options.

The deal resolves an 8,000-person class action and represents about 70% of class members' anticipated damages at trial, according to court filings. Magistrate Judge Jessica S. Allen granted final approval to the deal and awarded class counsel nearly $320,000 in attorneys' fees and expenses in a pair of orders issued Wednesday in the US District Court for the District of New Jersey.

- The deal is in line with other recent settlements in 401(k) fee challenges, including those negotiated by Whole Foods Market Inc. for $2 million, American National Red Cross for $950,000, Dartmouth-Hitchcock Clinic for $850,000, and Giant Eagle Inc. for $668,750
- The five-year-old lawsuit says the imaging and printing device manufacturer's 401(k) committee mismanaged the $800 million plan by offering poorly performing funds and paying excessive recordkeeping fees
- Prior court rulings allowed the lawsuit to advance and certified it as a class action

Groom Law Group and Gibbons PC represent the defendants. Berger Montague and Edelson Lechtzin LLP represent the employees.

The case is Luense v. Konica Minolta Bus. Sols. USA, Inc. , D.N.J., No. 2:20-cv-06827, 6/25/25 .

To contact the reporter on this story: Jacklyn Wille in Washington at jwille@bloombergindustry.com

To contact the editor responsible for this story: Brian Flood at bflood@bloombergindustry.com

LAW.COM

News **Artificial Intelligence**

Judge Sides With Meta in Key AI Copyright Case, But Says Better Lawyering Might Carry Future Plaintiffs to Victory

June 25, 2025

A federal judge handed Meta a major win Tuesday in a closely watched copyright case over its use of books to train large language models, but the ruling stopped well short of giving tech companies blanket protection to scrape creative works for artificial intelligence.

In a 40-page opinion, U.S. District Judge Vince Chhabria of the Northern District of California granted Meta's motion for partial summary judgment, finding that the social media giant's use of copyrighted books by 13 prominent authors, including comedian Sarah Silverman and award-winning author Ta-Nehisi Coates, to train its Llama AI models qualifies as fair use under current law.

"This ruling does not stand for the proposition that Meta's use of copyrighted materials to train its language models is lawful," Chhabria wrote. "It stands only for the proposition that these plaintiffs made the wrong arguments and failed to develop a record in support of the right one."

The decision marks one of the most significant AI copyright rulings to date and arrives amid a wave of lawsuits targeting tech companies for how they acquire and use training data. The case was filed by a group of authors who alleged Meta violated their copyrights by ingesting their books, acquired through "shadow libraries" like LibGen and Anna's Archive, into its Llama large language model without permission or payment.

Chhabria did not dispute that Meta reproduced the books. Instead, he found the company's use was "highly transformative" and supported fair use because it trained a tool that performs new functions, such as drafting emails or summarizing documents, rather than serving as a substitute for reading the original works.

While Meta's use was clearly commercial, with Meta projecting as much as $1.4 trillion in AI-related revenue over the next decade, Chhabria concluded that the transformative nature of the LLM training weighed more heavily under the first fair use factor.

“Copying the books to develop a tool that can perform those functions is a use with a different purpose and character than the books themselves,” he wrote.

Chhabria was most critical of the plaintiffs’ approach to the fourth and most important fair use factor: market harm.

The plaintiffs argued that Meta harmed their ability to license their books for AI training, a market they said should be protected. But Chhabria rejected this theory, writing that copyright law does not allow authors to claim infringement simply because someone failed to pay for a license to use their work for a transformative purpose.

“Meta has defeated the plaintiffs’ half-hearted argument that its copying causes or threatens significant market harm. That conclusion may be in significant tension with reality, but it’s dictated by the choice the plaintiffs made to put forward two flawed theories of market harm while failing to present meaningful evidence on the effect of training LLMs like Llama with their books on the market for those books,” Chhabria wrote.

Another argument, that Llama could reproduce parts of the authors’ books verbatim, also failed. Both parties’ experts agreed the model could not generate more than 50 words from the plaintiffs’ books, even with adversarial prompting.

Crucially, the one theory Chhabria acknowledged could have prevailed—that Meta’s AI models might produce competing works in the same genre, thus substituting for the originals—was barely addressed by the plaintiffs.

“They present no evidence about how the current or expected outputs from Meta’s models would dilute the market for their own works,” the judge wrote. “The consequences of this ruling are limited.”

Despite ruling in Meta’s favor, Chhabria cautioned that generative AI poses serious threats to the market for human creativity and that courts must remain vigilant.

“If using copyrighted works to train the models is as necessary as the companies say, they will figure out a way to compensate copyright holders for it,” he wrote, noting that the models are expected to generate potentially billions or trillions of dollars for companies.

He also criticized a decision this week by U.S. District Judge William Alsup, a fellow Northern District of California judge, in *Bartz v. Anthropic*, where Alsup dismissed concerns about market harm from AI training, likening it to using books to teach schoolchildren to write. Chhabria called that analogy “inapt,” saying generative AI poses a fundamentally different threat by enabling mass production of competing works with minimal effort.

The ruling does not resolve all issues in the case. The plaintiffs' separate claim that Meta unlawfully distributed their works via torrenting remains active. A pending motion on the plaintiffs' claim under the Digital Millennium Copyright Act is expected to be resolved separately.

Chhabria acknowledged that while this decision bars only the 13 plaintiffs from recovery, "countless others whose works Meta used to train its models" are still free to bring their own lawsuits with better arguments and evidence.

Attorneys representing Meta did not immediately respond to requests for comment on Chhabria's ruling. Attorneys representing the plaintiffs also did not immediately respond to requests for comment. Joseph Saveri Law Firm in San Francisco represents the plaintiffs, while Meta is being represented by Cooley.

Meta fends off authors' US copyright lawsuit over AI

reuters.com/sustainability/boards-policy-regulation/meta-fends-off-authors-us-copyright-lawsuit-over-ai-2025-06-25

Blake Brittain June 25, 2025

Meta AI logo is seen in this illustration created on May 20, 2024. REUTERS/Dado Ruvic/Illustration/File Photo Purchase Licensing Rights, opens new tab

- AI companies say training on copyrighted work is fair use
- Judge rules for Meta in dispute with authors
- Judge says "plaintiffs made the wrong arguments"

June 25 (Reuters) - A federal judge ruled on Wednesday for Meta Platforms (META.O), opens new tab against a group of authors who had argued that its use of their books without permission to train its artificial intelligence system infringed their copyrights.
U.S. District Judge Vince Chhabria, in San Francisco, said in his decision, opens new tab that the authors had not presented enough evidence that Meta's AI would dilute the market for their work to show that the company's conduct was illegal under U.S. copyright law.
Chhabria also said, however, that using copyrighted work without permission to train AI would be unlawful in "many circumstances," splitting with another federal judge in San Francisco who found on Monday in a separate lawsuit that Anthropic's AI training made "fair use" of copyrighted materials.
"This ruling does not stand for the proposition that Meta's use of copyrighted materials to train its language models is lawful," Chhabria said. "It stands only for the proposition that these plaintiffs made the wrong arguments and failed to develop a record in support of the right one."

A spokesperson for the authors' law firm Boies Schiller Flexner said that it disagreed with the judge's decision to rule for Meta despite the "undisputed record" of the company's "historically unprecedented pirating of copyrighted works."

A Meta spokesperson said the company appreciated the decision and called fair use a "vital legal framework" for building "transformative" AI technology.

The authors sued Meta in 2023, arguing the company misused pirated versions of their books to train its AI system Llama without permission or compensation.
The lawsuit is one of several copyright cases brought by writers, news outlets and other copyright owners against companies including OpenAI, Microsoft (MSFT.O), opens new tab and Anthropic over their AI training.
The legal doctrine of fair use allows the use of copyrighted works without the copyright owner's permission in some circumstances. It is a key defense for the tech companies.

Chhabria's decision is the second in the U.S. to address fair use in the context of generative AI, following U.S. District Judge William Alsup's ruling in the Anthropic case.

AI companies argue their systems make fair use of copyrighted material by studying it to learn to create new, transformative content, and that being forced to pay copyright holders for their work could hamstring the burgeoning AI industry.
Copyright owners say AI companies unlawfully copy their work to generate competing content that threatens their livelihoods. Chhabria expressed sympathy for that argument during a hearing in May, which he reiterated on Wednesday.
The judge said generative AI had the potential to flood the market with endless images, songs, articles and books using a tiny fraction of the time and creativity that would otherwise be required to create them.

"So by training generative AI models with copyrighted works, companies are creating something that often will dramatically undermine the market for those works, and thus dramatically undermine the incentive for human beings to create things the old-fashioned way," Chhabria said.

Reporting by Blake Brittain in Washington; Editing by David Gregorio, Alexia Garamfalvi, Nia Williams and Leslie Adler

Our Standards: The Thomson Reuters Trust Principles., opens new tab

Blake Brittain reports on intellectual property law, including patents, trademarks, copyrights and trade secrets, for Reuters Legal. He has previously written for Bloomberg Law and Thomson Reuters Practical Law and practiced as an attorney.

The AI Strategy Potluck: Law Firms Showing Up Empty-Handed, Hungry, And Weirdly Proud Of It

abovethelaw.com/2025/06/the-ai-strategy-potluck-law-firms-showing-up-empty-handed-hungry-and-weirdly-proud-of-it

Joe Patrice June 26, 2025

Everyone's talking about AI in legal — for better (Opens in a new window) or worse (Opens in a new window) — and lawyers are mostly using some mix of AI tools in some form or another occasionally. But how many firms out there have a strategy beyond, "I dunno, you all figure it out"? It seems the answer is "not many," which is unfortunate because *having a strategy* is far more important than whether or not anyone's using it.

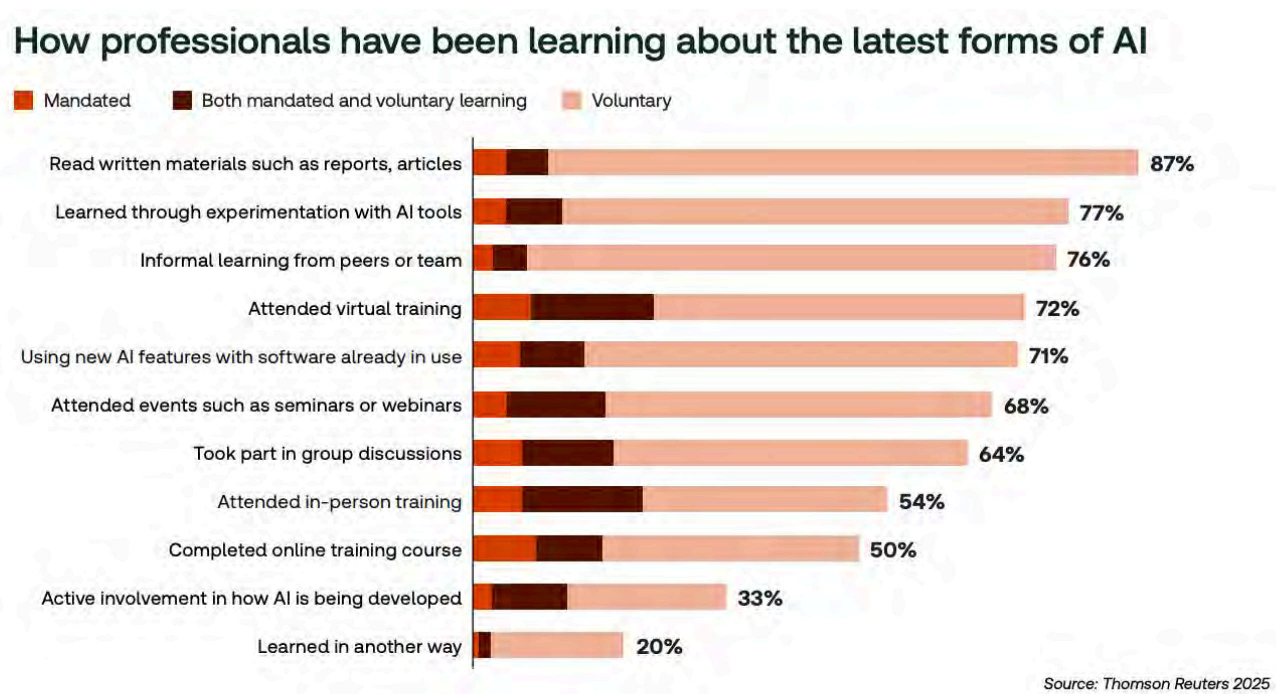
The Thomson Reuters "Future of Professionals" report (Opens in a new window) just dropped and one stat standing out among its insights is that organizations with a visible AI strategy are not only *twice as likely* to report growth, they're also *3.5 times more likely* to see actual, tangible benefits from AI adoption.

And yet, of a profession that fancies itself a bunch of 4D chess players, only 22 percent of organizations have such a plan. Come on! This isn't like the nation's Iran policy… you actually need to do some strategic planning for this one.

While headlines have focused on the gap between the 31 percent with no plans for adoption and everyone else, the more pressing concern might be the 43 percent just winging it. That 31 percent may be left behind while they fax their Word Perfect drafts to co-counsel, but they'll be relatively harmless in their Faraday cage of sadness. The 43 percent are going to reap fewer of the benefits while taking on a whole lot of the risk. Sort of "malpractice slow motion."

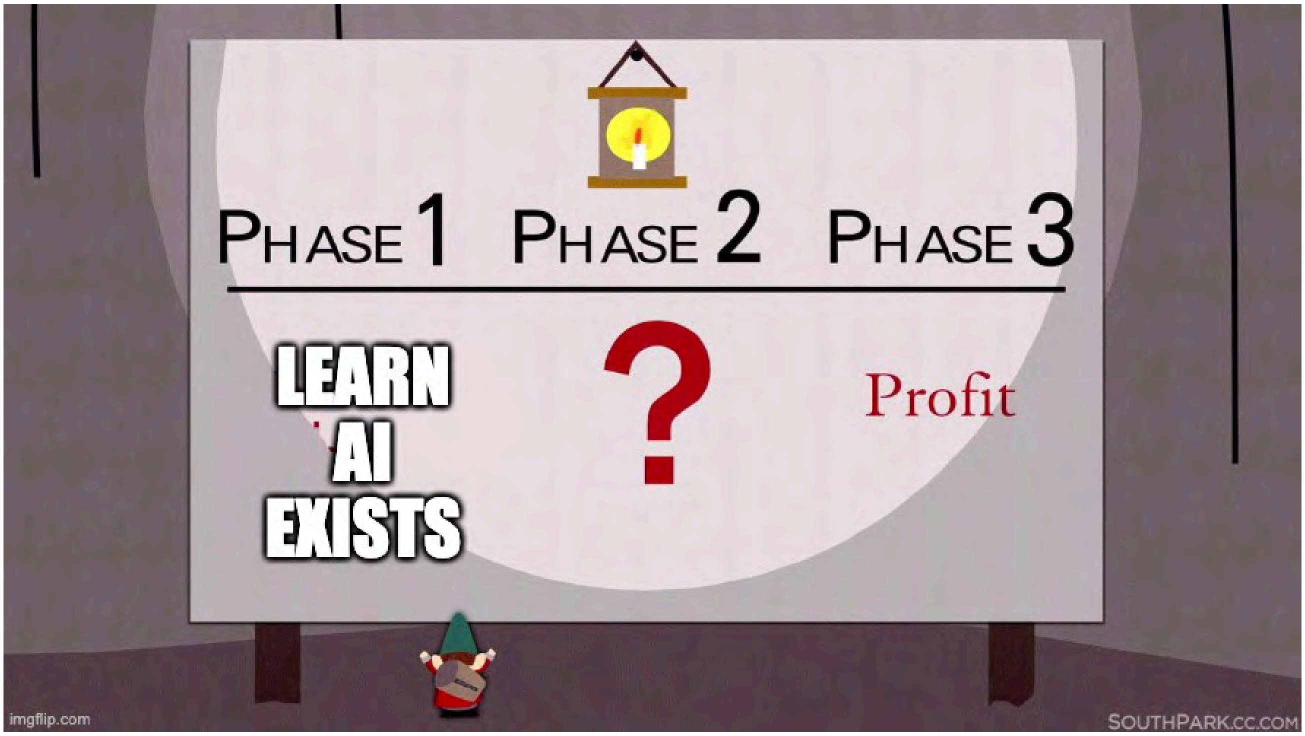
Or, if it's not malpractice, it's at least leaving money on the table. Thomson Reuters estimates AI will save professionals five hours a week — or nearly 240 hours per year — which they estimate as about $19,000 per professional annually. That scales up to about $32 billion in unlocked capacity across the industry. But that industry estimate assumes an hourly rate of less than a hundred (because it's mixed to include the whole range of legal professionals). Assuming lawyers think their time is more valuable — and they definitely think that — and that there's five hours a week worth of work that a junior associate can offload to AI, that's like $150K in time they can be forced to toil on other projects. They can't double bill time of course, but [adopt some fixed fee projects to capture the value of saved time (Opens in a new window)] and that's money waiting to be grabbed BY YOU.

One of the biggest stumbling blocks in legal tech is adoption. Many firms have savvy tech professionals who can go out and buy the right products, but they're only valuable if lawyers know they exist. That's where a good strategy would come in. The good news is that roughly 96 percent of respondents have a grasp that AI exists. The bad news is that most lawyers are finding out about AI by randomly hunting and pecking on their own:



To all of you learning about AI strategy by voluntarily coming to Above the Law right now… welcome! Please enjoy your stay. Learn about [federal chewing gum caselaw (Opens in a new window)]() while you're here.

This is Underpants Gnome territory:



The question for law firms isn't "Should we adopt AI?" That ship's left the harbor, and it's firing on your position. The question is how to harness the tech, leverage the firm's years of intellectual capital, avoid pitfalls, protect client data, and turn all that free time into new revenue.

Thankfully for firms, most of your competitors are lagging behind too so there's plenty of time to get ahead on this. Those that don't, as the report concludes, "will find themselves floundering and ultimately failing to maintain a competitive advantage or deliver value to their businesses or clients."

Headshot

is a senior editor at Above the Law and co-host of [Thinking Like A Lawyer (Opens in a new window)](). Feel free to [email (Opens in a new window)]() any tips, questions, or comments. Follow him on [Twitter (Opens in a new window)]() or [Bluesky (Opens in a new window)]() if you're interested in law, politics, and a healthy dose of college sports news. Joe also serves as a [Managing Director at RPN Executive Search (Opens in a new window)]().

How much does Hunter Biden's lawyer charge?

reuters.com/legal/legalindustry/how-much-does-hunter-bidens-lawyer-charge-2025-06-26

David Thomas, Mike Scarcella June 26, 2025

Attorney Abbe Lowell arrives at the federal court for Hunter Biden's trial on criminal gun charges, in Wilmington, Delaware, U.S., June 10, 2024. REUTERS/Hannah Beier/File Photo [Purchase Licensing Rights, opens new tab](#)

- Jackson Walker, U.S. Trustee in mediation over fee dispute
- Preliminary approval of $177 million settlement tees up attorney fee request in AT&T data-breach lawsuit

June 26 (Reuters) - (Billable Hours is Reuters' weekly report on lawyers and money. Please send tips or suggestions to D.Thomas@thomsonreuters.com, opens new tab)
Court documents filed last week shed light on what Hunter Biden, the son of former U.S. President Joe Biden, was charged per hour by lawyers at Winston & Strawn to defend him from federal gun and tax crime charges.

Biden's lawyer Abbe Lowell billed $1,510 an hour for his services, according to a December 2022 contract, opens new tab that was disclosed on Friday as part of a lawsuit Winston filed against Biden, opens new tab in D.C. Superior Court. The billing document said other Winston partners at that time charged an hourly rate ranging from $890 to $1,945. The firm alleged that Biden owes more than $50,000 in unpaid legal fees.
"Despite repeated requests for payment, Mr. Biden has failed to pay W&S for the outstanding amount due," the firm said in its lawsuit. A spokesperson for Winston did not respond to a request for comment.

Hunter Biden could not be reached for comment.

Lowell, who left Winston to open his own law firm last month, did not respond to a request for comment, including questions on how much he is charging per hour. His past clients have included former U.S. Senator Bob Menendez, Ivanka Trump and Jared Kushner.
Lowell's hourly rate referenced in Biden's contract, by comparison, is lower than the $1,980 per hour rate that Jeffrey Kessler, co-executive of Winston, charged for his work helping negotiate a landmark $2.8 billion settlement with the National Collegiate Athletic Association over compensation for student-athletes.

Lowell's representation of Biden spanned from criminal trials in Wilmington, Delaware, to the halls of Congress. Biden was found guilty of making false statements on a gun background check and of illegally possessing a firearm in June 2024. Biden also pleaded guilty to failing to pay $1.4 million in taxes while spending lavishly on drugs, sex workers and luxury items.

President Joe Biden pardoned his son Hunter in December, before he left office.
-- Jackson Walker and the U.S. Justice Department's bankruptcy watchdog have been in mediation, opens new tab over the latter's demand that the law firm disgorge millions of dollars in legal fees that were awarded by former U.S. Bankruptcy Judge David Jones, who was in a romantic relationship with one of Jackson Walker's partners.
Jackson Walker and the U.S. Trustee are poised to inform U.S. District Judge Alia Moses about the status of their mediation effort by July 1. So far, the two sides have met three times before retired bankruptcy judge Joan Feeney.

Spokespersons for Jackson Walker and the U.S. Trustee declined to comment.

Feeney, who retired from the bankruptcy bench in Massachusetts after 26 years and is now an arbitrator and mediator at JAMS, declined to comment through a spokesperson.

The U.S. Trustee has opposed Jackson Walker's efforts to reach settlements with three of its former bankruptcy clients, in which the firm would return $1.5 million to those clients. The U.S. Trustee has argued that those settlements are an "end-run" around the bankruptcy rules and "short circuit" its mission to "to restore and maintain integrity in the bankruptcy system."
Jones was once the busiest bankruptcy judge in the U.S. and presided over the bankruptcies of JCPenney, Neiman Marcus, Party City and Chesapeake Energy, among many others.
Jones resigned from the bench in October 2023 after admitting to sharing a home with Elizabeth Freeman, who was a bankruptcy partner at Jackson Walker until December 2022.
Lawyers for Jones did not immediately respond to a request for comment. A lawyer for Freeman declined to comment.
-- A Dallas federal judge's preliminary approval of a $177 million settlement resolving data-breach claims against AT&T last week tees up class attorneys to seek up to $58.9 million of those funds as their legal fee.

Two sets of firms will seek their own fees, opens new tab based on the scope of the breaches AT&T disclosed in May and July last year. Some of the firms poised to seek attorney fees are The Lanier Law Firm, Seeger Weiss, Carella, Byrne, Cecchi, Brody & Agnello and Morgan & Morgan.
"We will at the right time make a request for fees that are commensurate with the work done and necessary for the future, the success of the work, as well as the risk and investment," said Mark Lanier of The Lanier Law Firm.

U.S. District Judge Ada Brown last week preliminarily approved the settlement over the breaches, which exposed personal information of tens of millions of the telecom giant's customers.
AT&T denied any wrongdoing in agreeing to settle the consumer claims. Brown said she would hold a final hearing on the settlement in December.

Read more:

Litigation funder fires back at Tyson Foods over settlement interference claims
Oregon contract shows law firms' stake in Coinbase securities fight
Madison Square Garden wants sanctions, lawyers' fees in ex-NBA player's case
Our Standards: The Thomson Reuters Trust Principles., opens new tab

David Thomas
Thomson Reuters

David Thomas reports on the business of law, including law firm strategy, hiring, mergers and litigation. He is based out of Chicago. He can be reached at d.thomas@thomsonreuters.com and on Twitter @DaveThomas5150.

Litigation

CVS Caremark Whistleblower Gets $95 Million Win in Drug Suit (1)

June 26, 2025, 4:35 AM PDT; Updated: June 26, 2025, 7:56 AM PDT

- **Drug fraud award could be trebled, increased by penalties**
- **Whistleblower said CVS caused insurers to misrepresent price**

CVS Caremark Corp. owes the government $95 million for making misrepresentations about its prescription drug prices which caused Medicare to overpay subsidies in violation of the False Claims Act, a federal judge said.

Judge Mitchell S. Goldberg, of the US District Court for the Eastern District of Pennsylvania, made this determination in a Wednesday order after conducting a bench trial, which started March 10. The parties' opening briefs on the trebling of the damages award and statutory penalties are due July 9, Goldberg said in a separate order.

Whistleblower Sarah Behnke, who sued in 2014, alleged that CVS Caremark, a pharmacy benefits manager, violated the FCA by causing insurers to misrepresent to the government the amount spent on prescription drugs on behalf of Medicare beneficiaries, which caused Medicare to overpay subsidies.

She said CVS Caremark contracted with pharmacies to pay a fixed average price for drugs, but actually reported individual sale prices that were higher.

The government declined to intervene.

The court ruled in 2020 that the suit could proceed, stating that she alleged with sufficient detail that CVS Caremark's failure to satisfy its obligation to report lower prices negotiated with pharmacies caused Medicare to overpay for drugs.

Medicare Part D helps cover beneficiaries' drug prescription costs. Under this program, the government contracts with health insurers to sell insurance plans that partially cover the costs, and the insurers can then delegate to pharmacy benefit managers the responsibility to negotiate costs with retail pharmacies, the court said.

Behnke established that CVS Caremark caused the submission of false claims to US Centers for Medicare & Medicaid associated with the company's price agreements with Walgreens and Rite Aid, the court said.

Medicare regulations required insurers to report to the government costs insurers actually paid for Part D drugs, and CVS Caremark's pricing misrepresentations under agreements with those pharmacies made those reports false, the court said.

Behnke satisfied the FCA's materiality requirement by showing that CMS conditioned payments on accurate drug price reporting, and that CMS wouldn't have paid subsidies had it known about the inaccurate pricing reports to the insurers, the court said.

The "reporting failures" were "neither minor nor insubstantial," because they resulted in tens of millions of dollars of overpayments, the court said.

CMS didn't have actual knowledge that CVS Caremark's pricing terms and price reporting violated relevant requirements, the opinion said.

Goldberg also found that Behnke proved scienter by showing that CVS Caremark acted recklessly or with deliberate ignorance of the truth.

She showed that Caremark knew that it paid more for Part D drugs and less for commercial drugs, and knew that any profit "earned on the commercial side was thus enabled by inflating the price of Part D drugs," the court said.

And Caremark failed to show that scienter could be negated by CMS's awareness of the pricing scheme, the court said. An email from a CVS Caremark executive to CMS concerning pricing left CMS with an "incomplete picture," it said.

Williams & Connolly LLP represents CVS Caremark. Berger Montague PC and Miller Shah LLP represent Behnke.

The case is United States ex rel. Behnke v. CVS Caremark Corp. , E.D. Pa., No. 14-cv-824, 6/26/25 .

(Updates throughout with additional details from opinion.)

To contact the reporter on this story: Daniel Seiden in Washington at dseiden@bloombergindustry.com

To contact the editors responsible for this story: Carmen Castro-Pagán at ccastro-pagan@bloomberglaw.com; Martina Stewart at mstewart@bloombergindustry.com

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REAL ESTATE

David Murdock, Corporate Investor Who Made Nutrition an Obsession, Dies at 102

Murdock, a high-school dropout, made a fortune in real estate and agriculture, owning Dole Food

By James R. Hagerty Follow

June 26, 2025 11:00 am ET

David Murdock in 1989 on his pineapple plantation in Hawaii. PHOTO: SLIM AARONS/GETTY IMAGES

All people really needed, David H. Murdock often said, was more determination.

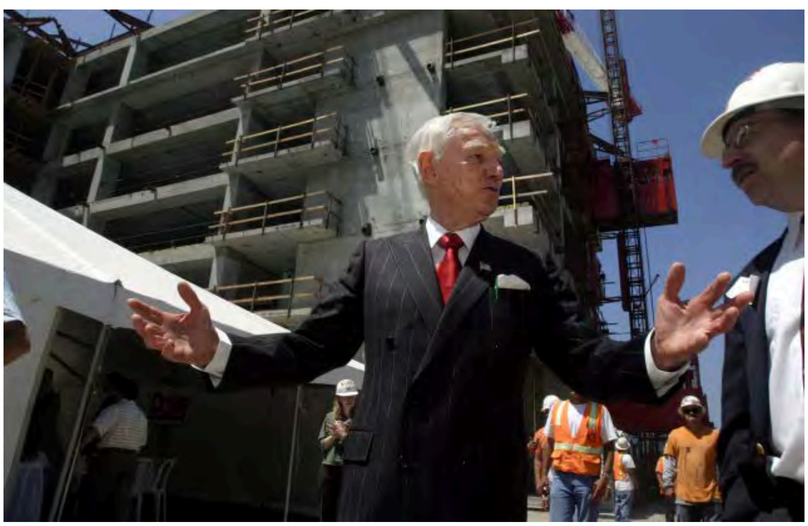
To win the war against obesity, people needed to train their brains to say no to sugar and carbohydrates and yes to large helpings of fruits and vegetables, including those from Dole Food, which he headed for more than three decades.

Murdock himself was remarkably determined. After dropping out of high school, he took charge of his education, read hundreds of biographies and other books, survived a brief spell of homelessness, and made a fortune in real estate and agriculture. Over the past two decades, he spent hundreds of millions of dollars to support nutritional research. He also prodded anyone who would listen to adopt more-healthful habits.

Though he chopped zucchini for his smoothies, Murdock never minced words. “We have to somehow drive it into people’s brains that anytime they can’t see their shoes because their belly is in the way, they are headed for their deathbed,” he told The Wall Street Journal in 2006.

Two years later, in an interview at North Carolina State University, he confessed to having gained 2½ pounds but said he wasn’t worried. “I’m perfectly willing to starve myself for one day and watch it go,” he said, adding: “I consult and communicate with my brain by being a dictator, and I tell my brain what it is that we’re going to do that day if what we did yesterday wasn’t satisfactory.”

Murdock often said he hoped to live to 125. In this case, no amount of determination would suffice. He died on June 9 at his home in Thousand Oaks, Calif. He was 102.



Murdock in 2005 at a Four Seasons hotel construction site. PHOTO: SPENCER WEINER/LOS ANGELES TIMES/GETTY IMAGES

Murdock’s friends recalled his dramatic, impromptu recitals of poetry. His favorites included Henry Wadsworth Longfellow’s “Psalm of Life” and William Ernest Henley’s “Invictus,” with its defiant final lines: “I am the master of my fate, I am the captain of my soul.”

Nickel and diner

David Howard Murdock was born April 11, 1923, in Kansas City, Mo., and grew up in tiny Wayne, Ohio. His father was a traveling salesman. His mother washed clothes and cleaned houses for other families. Young David floundered in school and later concluded he had dyslexia. He dropped out of school around age 15. When his mother was dying of cancer a couple of years later, he promised her he would become a lawyer.

Instead, he was drafted into the Army and served as a gunnery instructor in the U.S. during World War II, and then moved to Detroit, where he was so broke that he spent weeks sleeping in a park. With only “a nickel and a penny” in his pocket, as he recalled, Murdock managed to line up loans to buy a 14-seat diner for $1,200. He sold it about a year later for a profit and moved to Phoenix to seek bigger opportunities.

Murdock started by building a small house, for which, he said, he dug the ditches himself. After selling that house, he built thousands more and diversified into office-building construction. He built up a publicly traded company, Financial Corp. of Arizona, or FCA, which owned a bank, a savings and loan, two title-insurance companies and a property-management firm. Caught by a cooling property market in 1964, FCA began losing money. An executive at one of the title insurers was indicted on charges of embezzling funds, sparking a run on deposits at Murdock’s bank.

He sold parts of FCA and closed other operations. “I learned I wasn’t invincible, and it brought me down to earth,” he told the Journal later.

After moving to California, he invested in more real estate and bought stakes in companies including Occidental Petroleum, Iowa Beef Processors and Zapata, an offshore drilling company.

In 1985, Murdock acquired a controlling interest in Castle & Cooke, a struggling real-estate company whose holdings included Dole Food, an agricultural concern that owned nearly the entire Hawaiian island of Lanai, known for pineapples. He quickly set about upgrading Dole’s pineapple-processing facilities and later renamed the entire company Dole.

No dumb deals?

In the early 1990s, Murdock sought to transform Lanai into a center for luxury tourism, despite opposition from some residents, who feared they and the pineapples would be squeezed out. He dismissed suggestions that Hawaii might be heading into a hotel glut.

"There's a tremendous cadre of people that can afford to stay anywhere," he told the Journal in 1991. "I do not make dumb deals. I've got a reason for everything. If I'm right I've got a private island that is worth a king's ransom."

Dole spent $400 million building two hotels, featuring million-dollar sculptures and championship golf courses, only to face a slump in Hawaiian tourism. In 1995, Murdock told the Journal he had made "a tactical error" by spending so much on the hotels. In 2012, he sold the island to Larry Ellison, a co-founder of Oracle, for $300 million.

Murdock with Sen. Elizabeth Dole at a groundbreaking ceremony for the North Carolina Research Campus in 2006. PHOTO: ROSS TAYLOR/ASSOCIATED PRESS

Murdock had made a less-glamorous investment in the depressed textile-company town of Kannapolis, N.C., in 1982, when he bought Cannon Mills, a maker of towels and sheets. He laid off around 2,000 of Cannon's mill workers and, in a videotaped speech, told the others they would have to work harder to keep their jobs. Murdock also built a private lodge to entertain Cannon customers at a company-owned lake. In 1986, he sold most of the Cannon business to Fieldcrest Mills.

Emboldened by Longfellow, Murdock was determined to leave footprints on the sands of time, or at least in Kannapolis. After those Kannapolis textile operations ended up in bankruptcy, Murdock in 2004 bought a big Cannon plant at an auction. The plant was torn down to make way for a biotech-research hub called the North Carolina Research Campus, founded by Murdock, who aimed to foster breakthroughs in health, nutrition and agriculture.

"I want this to be the greatest scientific center in America," Murdock told a local newspaper in 2014. Though it hasn't come close to that goal, the campus currently hosts about 75 scientists, representing eight universities and a community college, a spokeswoman said.

'Murdock time'

Mary Ann Lila, a plant biologist recruited by Murdock to lead some of the research at the campus, said work there has allowed scientists to compile much more precise information on how various fruits and vegetables can ward off diseases, and how their effects vary from person to person. One goal is to tailor diets to individuals on the basis of genetics.

She recalled Murdock's impatience for results. "There was regular time, and there was Murdock time," she said, "and Murdock time was 'you should have done it yesterday.' " As for his habit of declaiming poetry on almost any occasion, she said, "It was nice. It was different."

Murdock's other interests included raising Arabian horses and black Welsh sheep, collecting antiques and shopping at Costco. At one point, he had 800 koi swimming in a man-made lake. In 2011, the New York Times reported that he drank fruit-and-vegetable smoothies containing ground-up banana peels and orange rinds. If he spotted a butter dish on a restaurant table, he sometimes ordered the server to "take the death off the table."

Murdock said obesity was best fought by fruits and vegetables, including those from Dole Food. PHOTO: PHIL MISLINSKI/GETTY IMAGES

His family life was traumatic. He was married and divorced several times. With one of his wives, Gabriele, he had three sons, one of whom he adopted. She died of cancer in 1985. Murdock believed that her cancer was related to a suboptimal diet, and that belief spurred his interest in nutritional research. One of their sons died in a swimming accident and another in a car crash. His survivors include a third son, Justin, and a granddaughter.

Work and his nutritional crusade helped divert him from those sorrows. Now and then, Murdock relaxed. “All of us are lazy,” he said in a 2011 interview at Pepperdine University. “I’m lazy. Fortunately for me, it happens only once in a while, maybe two or three times out of the year.”

Write to James R. Hagerty at reports@wsj.com

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Opinion

Matt Levine's Money Stuff: You Can't Quite Buy Stock in Athletes

June 25, 2025, 11:12 AM PDT

Fernando Tatis

One thing that sometimes happens is that a small startup needs some money to keep the lights on, so it finds an investor who is willing to put in $100,000 but wants 10% of the company in exchange. The startup says yes, because (1) without the $100,000 the lights will go off and there won't be a startup anymore, and (2) $100,000 for 10% of the company — a $1 million valuation — seems pretty generous, given that the startup has no revenue and can't keep the lights on. The investor is putting up real money that the startup needs, and getting back nothing but a share of the startup's very uncertain future success.

And then the startup invents some fundamental world-changing thing like cold fusion or AI or the "like" button, and it becomes a $100 billion company, and the investor's $100,000 investment is worth $10 billion. And then:

1. Everyone high-fives the investor, who becomes a venture capital celebrity for getting in early on a huge success story.
- 2. At some theoretical level the startup's founder should be annoyed, because she gave up 10% of her company — now worth $10 billion! — to the investor for only $100,000 in cash.

But she is probably not *that* annoyed. For one thing, she is the founder of a $100 billion company and has made many billions of dollars for herself, so it seems greedy to want more. More fundamentally, though, she is a venture-backed startup founder and is acculturated into a world that understands these kinds of bets. She understands that she got to where she is today — $100 billion — not only through her own skill but also because she had access to capital along the way. She understands that investors are constantly writing checks to small startups in exchange for equity stakes, and that a lot of those stakes turn out to be worthless, and some turn out to be kind of meh, and a very very few turn into multi-billion-dollar paydays. And you, as a founder, *want* to be one of those multi-billion-dollar paydays. The investor only makes a lot of money in states of the world that are also very good for you. Your interests are aligned.

On the other hand, we talked the other day about Financial Technologies Partners, a boutique investment bank that advises emerging financial technology startups in exchange for 5% to 20% of their equity. Or, not quite. FT Partners takes its fees in the form of long-term contracts promising it 5% to 20% of the proceeds of various future deals for the company, including sales of the whole company. These future fees are not *actually* equity; FT Partners does not own stock. But an arrangement like "if you sell your company we get 10% of the proceeds" is economically pretty similar to "we own 10% of your company."

It is *emotionally* different, however. If you sell 10% of your company to a venture capitalist in the early days, you think of that VC as a partner on your journey, you are all in it together, and eventually you rejoice in the shared success of selling your company for $100 billion. If you hire an investment banker in the early days, and then later your company is worth $100 billion and the banker comes to you and says "$10 billion please," your natural reaction will be to say "no" or "who are you" or "man you did not do $10 billion worth of work for us."

And so in fact FT Partners is involved in litigation against several of its clients who do not want to pay it fees that are, in hindsight, ridiculously huge. And there is something sympathetic about saying "you did a little investment banking work for us a decade ago, and it's ridiculous that you now expect to get a billion dollars for that." Whereas "you gave us a little cash for our stock a decade ago, and it's ridiculous that you now expect to own a billion dollars' worth of stock" does not get much sympathy. Everyone understands that if you buy stock in a small company, and then it becomes a giant company, you get back much more money than you put in. *Form* matters; getting a 100x return on your actual equity is normal, but getting a 100x return on your equity-like-but-not-really-equity claim rubs people the wrong way.

We talk occasionally around here about the classic dorm-room financial question, "what if people could sell stock in themselves?" There are some real businesses that do versions of this — paying upfront for a share of people's future earnings — and often they specialize in young athletes. Sports prospects often need money but don't have much, and they have a venture-capital-like return distribution: Most minor league baseball players or junior tennis players will never make much money, but a few of them will make hundreds of millions of dollars. So if you found 100 promising players and gave them $500,000 each for a 10% stake in their future big-league professional earnings, (1) a lot of them would take the deal, (2) probably without a lot of adverse selection against you, (3) 90 of them would end up repaying you $0, (4) nine of them would have nice careers and pay you a few million dollars each and (5) one of them would be a superstar, make $500 million of lifetime earnings, and return your entire fund.

As I have written before, though, there is a technical problem with this sort of thing. As a dorm-room question, "what if you could sell stock in yourself" is terrific. But of course you can't. You're not a corporation; you don't have stock. You can sign a contract that is the *approximate economic equivalent* of selling stock in yourself: You can sign a contract saying "I will give you 10% of my lifetime earnings," which is pretty close to selling a 10% ownership stake. But it is not *the same* as selling a 10% ownership stake.

So if you sell someone 10% of your lifetime earnings for $500,000, and then your lifetime earnings turn out to be hundreds of millions of dollars, you might say "you gave me a little cash a decade ago, and it's ridiculous that you now expect me to pay you tens of millions of dollars." Again, a startup mostly wouldn't say that to a venture capitalist that bought its stock, but you are not a startup and nobody actually bought your stock.

One more technical point. Nobody bought your stock, because you are not a company and you don't have stock. But somebody did give you money, and you signed a contract promising to give them money later. What was that money, if not an equity investment? What would you call that contract? Your first instinct might be to call it a "loan." It is an unusual loan — instead of paying back a fixed amount with interest, you agree to pay back an amount that varies depending on your future income and that could be zero — but I don't think it is crazy to characterize it as a loan.

This is a problem, because there are consumer-protection rules requiring disclosure of loan terms, and many states have usury laws capping the interest rate on loans. If you get $500,000 from an investor for 10% of your future earnings, and then end up making $500 million and owing $50 million to the investor, that is going to work out to an annualized return that is way way way higher than the usury cap. And the investor will say "no, see, I was taking equity-like risk on a portfolio of athletes, and this was the only one that worked out, and it's not a fixed rate of return at all." But you might say "nope, technically a loan, you can't charge me more than 16%." And this can work: We talk from time to time around here about transactions that are characterized as roughly equity purchases, but that then get recharacterized as loans and subject to usury rate caps.

Anyway:

San Diego Padres outfielder Fernando Tatis Jr. filed a legal complaint Monday against Big League Advance Fund and Big League Advantage, LLC (BLA), a company that offers players upfront payments in exchange for a percentage of future MLB earnings. Tatis owes millions to BLA after agreeing to a deal with them in 2017.

The complaint, filed in the Superior Court of California, County of San Diego, seeks to hold BLA accountable for "exploitative, predatory business practices, which shamelessly push illegal loans on young, vulnerable athletes — most from economically disadvantaged Latin American countries," according to a press release from Tatis' legal team.

Tatis, who signed a 14-year, $340-million deal with the Padres in 2021, initially praised the agreement with BLA, telling The Athletic's Ken Rosenthal in 2018 that he signed the agreement because he needed the money to hire a personal trainer, rent a better apartment and buy better food. At the time, Tatis was a prospect in the minor leagues and said he wasn't worried about the BLA bill that would come if and when he made it to the big leagues. …

That thinking has apparently changed. According to the release, the suit alleges that "BLA has for years run an unlicensed lending business that evades legal oversight and siphons millions in earnings from California workers." …

The money BLA gives players is not a loan, per se. If a player doesn't reach the big leagues, he owes nothing. If he does reach the major leagues, however, the price — a portion of pre-tax major-league earnings — can be hefty.

See, if Tatis was a promising but cash-poor startup in 2017, and he sold 10% of his equity to an investor to raise cash to pay for rent and food, and four years later he was worth $340 million, then (1) the investor would get $34 million and (2) everyone would be happy about it. But that's not *quite* what happened. What did happen? One possibility is "Tatis got a $2 million loan and now has to pay back $34 million," which, when you put it like that, can sound a bit predatory.

Private credit trading

One possibility is that private credit will eventually trade in a more or less open liquid market. Another possibility is that it won't. I tend to bet that it will: On a long enough horizon, everything ends up trading in a more or less open liquid market, and there are very powerful forces — forces like " leveraged buyout exits are delayed and limited partners are antsy for liquidity" and "everyone wants to sell private credit to retail investors, who need liquidity" — that are pushing private credit to become tradable. And so you see plans for private credit trading desks and marketplaces, and exchange-traded funds that presume liquidity.

But the view that private credit won't trade is also quite respectable. The argument there is that the main selling point of private credit is that the borrower can have a long-term relationship with a single lender, or a carefully chosen handful of lenders, rather than with whoever decides to buy its debt on the market each day. Private credit, in this theory, charges borrowers higher interest rates, but in exchange gives them a better and more comfortable relationship. If the borrower runs into trouble, it will call one or two or five people whom it knows, and they will work out some reasonable accommodation. It won't wake up one day to find out that all of its loans are owned by a vulture firm looking to take over the company. Companies — and particularly private equity sponsors who run a lot of leverage — are willing to pay for this sort of flexibility and stability. Freely tradable private credit would be oxymoronic; it would defeat the purpose of private credit.

And so private credit agreements generally say that the loans can't be transferred without the permission of the borrower, which (1) protects the borrower's interest in having its debt owned only by people it knows but (2) makes trading kind of tough. If you agree on a trade and then the borrower says no, you have wasted your time; it's hard to get excited about a market where each trade has only a slim chance of going through.

Still, it is also respectable to bet that private credit will become more tradable, which means that people really are setting up trading desks to trade it. They don't always have much to do. Here is a funny report from Bloomberg's Ellen Schneider and Carmen Arroyo about the tumbleweed blowing through JPMorgan's private credit trading desk:

It's become something of a running joke in the world of private credit.

About once a month, JPMorgan Chase & Co. traders send out a list of dozens of loans they're looking to buy and then, on most occasions, fail to get their hands on a single one. It's not about the price. They're willing to pay up. The problem is almost no one in private credit is willing to sell, let alone to a Wall Street bank.

The us-versus-them mentality is so strong that the lists, known as runs in the lingo of traders, often get no more than a perfunctory glance inside some private credit shops—just long enough to know what JPMorgan is trying to buy. The bank's struggles are evident, money managers say, in the lists themselves—full of outdated pricing and repeat requests to acquire the same loans—and in the follow-up calls its traders make to reiterate and push the purchase offers. …

Of the more than 20 private credit shops Bloomberg News spoke with for this story, including many of the biggest firms in the industry, none had ever sold a direct loan to JPMorgan. What's more, several of those money managers, who asked not to be identified discussing internal deliberations, said they never will.

One problem is the borrower preferences I mentioned above:

In the world of private credit, the borrowers, their private equity owners and the lead lenders typically have to sign off on trades. This essentially gives each of them veto power over every single transaction.

The owners, known as sponsors, often push back the hardest. For one thing, they like to limit the group of investors who have access to sensitive financial information about their companies, and loan trading would suddenly put those numbers in the hands of more people. More importantly, trades carried out at declining prices could expose stress in their companies and, in extreme cases, drag down the value of their equity stakes.

Another problem is that liquid trading markets create accurate mark-to-market valuations, which is maybe not what private-market managers want. This is what Cliff Asness calls "volatility laundering": If your assets never trade, then you never need to mark them down, so your returns look less volatile than public-market returns. Schneider and Arroyo write:

[Private credit funds] fear that if JPMorgan, or any of the other banks following in its footsteps, is successful in creating a vibrant trading market for the loans, it could shatter the perception—or mirage, as critics would argue—of price stability that they've spent years selling to investors. The value of the loans, the pitch goes, won't ever get whipsawed around, and dragged down, by the vagaries of the broader markets because they are privately held assets. But if they trade regularly, price levels get marked, day after day, and private credit suddenly doesn't look all that different than its public market counterparts.

Sure. I assume that every new trading business starts like this, and that part of what makes a good trading pioneer is the ability to call every potential seller every day even though they never trade and laugh at you. Eventually it will become a booming business, or it won't, but not for lack of effort.

Also here's a wild non-trade:

The trading push has led to some embarrassing moments for JPMorgan. Like last summer, when its traders sent out a run that included price quotes on loans made to educational software company Pluralsight Inc. The run pegged going prices at above 90 cents on the dollar. But Pluralsight, it turns out, was so mired in financial trouble at the time that it was restructuring that debt. Some creditors had marked its value all the way down to 50 cents.

Okay okay okay, fine, you are a private credit fund, you do not want to sell your loans to JPMorgan because that sets a bad precedent, I get it. But you are in the middle of the *Pluralsight* restructuring, you have *already* marked your loans down to 50, and JPMorgan lobs in an unsolicited bid to buy whatever you've got at 90? And you say *no*? Really? I would have been very tempted to call them back and say "hey guys, guess what, today is your lucky day."

PRIMEs and SCOREs

We talked yesterday about a proposed exchange-traded fund that would split Microsoft Corp. stock into two parts. One part would be a claim on the stock's stream of dividends; the other part would be whatever's left, its capital appreciation. I thought this was nifty, but several readers pointed out to me that Americus Trust got there decades ago. In the 2020s, the way you do any sort of nifty financial structuring idea is through an ETF, but in the 1980s, the market was very different, and the important thing then was to find a good acronym for every new product you did. Americus had PRIMEs and SCOREs:

The Americus Trust program, a derivative security innovation of the early 1980s, provided a means of splitting the return of dividend paying firms into its two basic sources. For about five years, stockholders in 27 large companies had the opportunity to tender their shares to the Americus Shareowner Service Corporation in exchange for a new security known as a unit. The certificate for each unit was perforated and divisible into a prime (Prescribed Right to Income and Maximum Equity) and a score (Special Claim On Residual Equity), each of which traded separately. Primes gave investors the right to the firm's quarterly dividend income plus a fixed termination value, on or before a stated termination date. A prime closely resembled a corporate bond, especially when the stock price exceeded the termination value. Scores represented the right to a stock's capital gains, that for Americus Trusts are the excess of the underlying stock's price over the termination value. Scores, that shared the primes' termination dates, were much like long-term call options.

I have to say, I arrived in derivatives structuring in the 2000s, just after the golden age of giving acronyms to everything, and I was keenly aware that I was living in a fallen world. I did my share of "mandatory convertible units," which is what we called them in my day, but I would see precedents from the days when giants strode the earth and called them FELINE PRIDES. Reading about PRIMEs and SCOREs really took me back. Now it's just "dividend certificates" and "asset certificates," whatever.

Things happen

Shell in Early Talks to Acquire Rival BP. Shell Says It Isn't in Talks to Take Over Oil Rival BP. How oil traders called the Middle East conflict. Spain Blocks Legal Merger of BBVA and Sabadell for Up to Five Years. US liability insurance on verge of 'breakdown' from tide of claims. Texas Lottery Commission to be disbanded as state game gets new restrictions. (Earlier.) Citadel Securities Seeks to Stop Launch of IEX Options Venue. Abridge, Whose AI App Takes Notes for Doctors, Valued at $5.3 Billion at Funding. Builder.ai 'Chief Wizard' Sachin Dev Duggal made $20mn in share sales. Crypto coin for Russian shadow payments moves $9bn. Trump Coin Israel Edition. Big Four firms fined in new exam cheating scandal. "It's officially hot commie summer." Jane Street Boss Says He Was Duped Into Funding AK-47s for Coup.

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To contact the author of this story:
Matt Levine at mlevine51@bloomberg.net

To contact the editor responsible for this story:
Michael Newman at mnewman43@bloomberg.net

- 1. That is, the most promising ones would probably be about as likely to take the deal as the least promising ones, because they all need money. This is not true in all sports, I don't think, and particularly as US college athlete NIL rights become a bigger thing this is probably a harder business.
- 2. You could trivially form a corporation, but the point is that the earning power is with you, not any corporation you form, and the investor wants your earnings. Forming a corporation, selling 10%, and then signing your baseball contract in your own name doesn't work.
- 3. Two qualifications there. First: I am simplifying, but most of the actual deals are not literally "I will give you 10% of my lifetime earnings." They will tend to have a floor ("my earnings over $X per year" or "my salary if I am playing in Major League Baseball"), they might have a cap ("until you earn back 10x your investment"), and they'll often have a time limit ("for 10 years"). Second: Actual shareholders of companies do not get a check for their attributable percentage of the company's profits each year. They "own" those profits in some loose sense, but the company can decide to dividend them out to shareholders, reinvest them in the business, use them for acquisitions, etc. Shareholders have no right to *demand* to get paid the profits. But the sports arrangements normally involve regular payments of X% of current earnings, which does feel rather un-equity-like.
- 4. One reason that I tend to bet on tradability is that this was arguably once the selling point of *bank loans*, until it wasn't; now "bank loans" trade liquidly among collateralized loan obligations and nobody has any sort of relationship with anybody.
- 5. I'm kidding, of course; it looks like the bid sizes on JPMorgan's runs tend to be $5 million; Pluralsight had about $1.7 billion of debt. If you owned $400 million of it, selling $5 million to JPMorgan at 90 wouldn't really move the needle. I guess it would allow you to mark the rest at 90, but only for like a week, so hardly worth it. Still would be funny to call them and say "today's your lucky day, I can hit your bid but only for my full $400 million." I assume they'd say no, but there would be an amusing 10 seconds of silence first.
- 6. PRIDES stands for Preferred Redeemable Increased Dividend Equity Security. I doubt anyone ever knew what FELINE stood for.

https://www.wsj.com/business/autos/longtime-musk-aide-and-fixer-omead-afshar-leaves-tesla-de7614bc

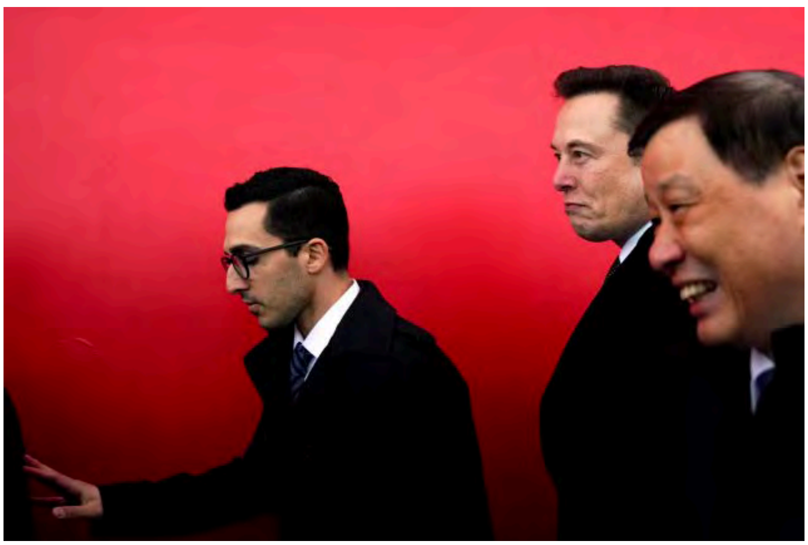
BUSINESS | AUTOS

Longtime Musk Aide and Fixer Omead Afshar Leaves Tesla

Afshar ran sales and manufacturing operations in North America and Europe

By *Becky Peterson* Follow

June 26, 2025 12:31 pm ET



Omead Afshar, left, had been promoted less than a year ago. PHOTO: ALY SONG/REUTERS

Tesla TSLA **0.51%** ▲ parted ways with a top aide to Chief Executive Elon Musk who was in charge of sales and manufacturing operations in North America and Europe, according to people familiar with the matter.

Omead Afshar, who was promoted less than a year ago, has left the company, the people said. The company's director of human resources for North America, Jenna Ferrua, also left the company, some of the people said.

Afshar, Ferrua and Tesla didn't return requests for comment. Bloomberg earlier reported the news of Afshar's departure.

Tesla's core business of manufacturing vehicles is enduring its deepest sales slump in years. Sales are declining in markets around the world as a result of increased competition, an aging vehicle lineup, and a backlash over Musk's work with the Trump administration.

Tesla's new vehicle deliveries globally fell 13% in the first quarter, and profit slumped 71%. That trend appears to be continuing. New data this week showed May sales in the European Union were down 40%.

At the end of May, Musk ended his time in Washington, saying he would return to work at his companies.

"Back to spending 24/7 at work and sleeping in conference/server/factory rooms," he posted on X in May. "I must be super focused on X/xAI and Tesla."

These are the latest departures at Tesla. Earlier this month, one of its top artificial-intelligence executives left the company. Milan Kovac, a vice president of engineering, oversaw Tesla's development of Optimus, a humanoid robot that is central to Musk's vision of transforming the electric-vehicle maker into a robotics and artificial-intelligence company.

Write to Becky Peterson at becky.peterson@wsj.com

Videos

Tesla sales skid in Europe in May despite EV rebound

courthousenews.com/tesla-sales-skid-in-europe-in-may-despite-ev-rebound

A Tesla car charges at a Tesla charging station on the grounds of the Euref-Campus in Berlin, Germany, May 20, 2025. (Jens Kalaene / dpa Picture-Alliance via AFP)

PARIS (AFP) — Tesla sales sank again in Europe last month as rising competition and Elon Musk's ties to U.S. President Donald Trump cut into demand despite a growing electric car market, industry figures showed on Wednesday.

Sales of battery-electric vehicles jumped by 25% in Europe in May compared to the same month last year, according to the ACEA, the trade association of European car manufacturers.

Tesla, meanwhile, sold 40.2% fewer cars in May.

The drop in demand for Tesla cars has been linked to its aging fleet, competition from European and Chinese rivals, and consumer distaste for Musk's work in the Trump administration.

Musk left his role as the U.S. government's cost-cutter at the end of May and had a public falling-out with Trump earlier this month over the U.S. president's spending bill.

During the first five months of 2025, Tesla sales fell 45.2% from the same period last year.

The U.S. company's market share of Europe's total automobile market has fallen to 1.1% from 2% last year.

Tesla's slump comes as EV sales in Europe rebounded by 26.1% in the first five months of the year.

Battery-electric cars accounted for 15.4% of all cars sold in May, up from 12.1% in the same month last year.

The EV market share is "still far from where it needs and was expected to be," said ACEA chief Sigrid de Vries.

The EU aims to end sales of new internal combustion engine cars in 2035, but high prices and a perceived lack of charging infrastructure have given consumers pause.

"Consumer reluctance is by no means a myth, and we need to incentivize a supportive ecosystem — from charging infrastructure to fiscal incentives — to ensure the uptake of battery-electric models can meaningfully accelerate," added de Vries.

Overall, car sales rose by 1.6% in Europe last month, but were down by 0.6% in the first five months of the year.

—

By Agence France-Presse

Categories / Business, Energy, Environment, International, Politics, Technology

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Tesla's robotaxi peppered with driving mistakes in Texas tests

reuters.com/business/autos-transportation/teslas-robotaxi-peppered-with-driving-mistakes-texas-tests-2025-06-25

Abhirup Roy, Rachael Levy, Chris Kirkham June 25, 2025

- Traffic problems, driving mistakes feature in Tesla's robotaxi - passenger videos
- Robotaxis entered wrong lane, dropped passengers off in the middle of roads among other issues
- Problems show limitations of Tesla's self-driving software - safety expert
- Driverless vehicle rivals Waymo and Cruise also faced issues in their rollouts

June 25 (Reuters) - A first public test of robotaxis by Tesla in Austin, Texas led to multiple traffic problems and driving issues, videos from company-selected riders showed over the first few days.

Chief Executive Elon Musk has tied Tesla's financial future to self-driving technology, and with Tesla sales down, the stakes are high. He said Tesla would roll out the service to other U.S. cities later this year and predicted "millions of Teslas" operating "fully autonomously" by the second half of next year.

The Tesla fans invited to the trial were strongly supportive and posted videos of hours of trouble-free driving, but issues drew questions from federal road safety regulators and auto safety experts.

Issues included Tesla robotaxis entering the wrong lane, dropping passengers off in the middle of multiple-lane roads, opens new tab or at intersections, sudden braking, speeding, opens new tab and driving over a curb.

In one instance, a robotaxi drove into a lane meant for oncoming traffic, opens new tab for about 6 seconds. It had pulled into an intersection in its left-turn lane with its turn blinker on. Then the steering wheel wobbled momentarily, and instead of turning it proceeded straight into the lane meant for oncoming traffic, prompting a honk from a car behind it.

In another incident, the car suddenly braked, opens new tab with no obstruction apparent in the video. The passenger jerked forward and their belongings were thrown to the floor. In a third video, taken from another vehicle, a robotaxi abruptly stopped twice in the middle of the road while passing police vehicles with flashing lights.

Tesla is conducting the test with human safety monitors in the front passenger seat. A fourth video showed the safety monitor hitting a button to stop the robotaxi when a delivery truck in front of it started backing up.

"This is awfully early to have a bunch of videos of erratic and poor driving," said Philip Koopman, a Carnegie Mellon University computer-engineering professor and autonomous-technology expert. "I was not expecting as many videos of problematic driving on the very first day," he said. Tesla is testing about 10 to 20 robotaxis, which are standard Model Ys with advanced software, and has been giving rides since Sunday afternoon.

Item 1 of 2 A Tesla robotaxi drives on the street along South Congress Avenue in Austin, Texas, U.S., June 22, 2025. REUTERS/Joel Angel Juarez/File Photo

[1/2]A Tesla robotaxi drives on the street along South Congress Avenue in Austin, Texas, U.S., June 22, 2025. REUTERS/Joel Angel Juarez/File Photo Purchase Licensing Rights, opens new tab

Reuters was able to independently verify the locations of at least 11 videos showing issues. Tesla did not respond to a request for comment.

A City of Austin spokesperson said officials are aware of the Tesla issues documented on social media and that "when a potential legal or safety concern is brought to our attention, we promptly share it with the company." The spokesperson added that the police department is "actively collaborating with Tesla" to ensure officers can safely interact with the robotaxis.

'CAUGHT ON CAMERA'

The incidents caught on camera did not involve accidents, and one expert said some reflected a decision to focus on safety.

"So far so good. It handled the situations very well and likely better than even good drivers," Alain Kornhauser, Princeton University professor of operations research and financial engineering, said by email. He added that it would be more dangerous to drive at less than the speed of prevailing traffic, for instance.

Tesla's experiment is unusually public. Other companies faced similar issues: Alphabet's (GOOGL.O), opens new tab Waymo and General Motors'(GM.N), opens new tab Cruise had their own share of traffic mishaps after showing up on Austin streets. City officials logged dozens of instances over the past two years where residents and authorities reported that robotaxis blocked traffic by stopping in the middle of roads, failed to respond to police directions and could not deal with emergency vehicles and road closures.

A serious accident involving a pedestrian in 2023 led Cruise to shut down last year. Waymo is the only robotaxi service in the U.S. to ferry paying customers without a human backup driver or in-car safety monitor. It started offering rides to the general public through Uber in Austin earlier this year.

Musk for years has failed to deliver on promises that self-driving Teslas are just around the corner. Tesla rolled out the service for a flat fee of $4.20 to a limited number of handpicked

riders. The service is not available to the broader public and the robotaxis operate in a limited area, and avoid difficult intersections and bad weather.
Riders were rarely bothered much by driving issues. Farzad Mesbahi, a former Tesla program manager, and his co-passenger hit the "drop off early" option during a ride. The vehicle stopped in an intersection with a stoplight, his video showed. They exit quickly and walk to the sidewalk. "The car should have known to not stop there," Mesbahi is heard saying after the ride. "Opportunities for improvement," the co-passenger says.

That is an example "most companies would not be comfortable with," said Kara Kockelman, a professor of transportation engineering at the University of Texas at Austin, adding that she was surprised by the traffic mistakes.

"Dropping off people in the middle of a six-lane road or edge of a busy intersection when the traffic is going in the opposite direction is pretty dangerous. They definitely did not want to do this or be caught on camera," she said.

Reporting by Abhirup Roy in San Francisco, Rachael Levy in Washington and Chris Kirkham in Los Angeles; Additional reporting Inaki Malvido, Fernando Robles and Richa Singh; by Editing by Peter Henderson and Nick Zieminski

Our Standards: The Thomson Reuters Trust Principles., opens new tab

Rachael Levy
Thomson Reuters

Rachael Levy is a Pulitzer Prize-winning enterprise correspondent. She has written about Wall Street, Elon Musk's companies, American health care and national security, among other topics. She earlier reported for the Wall Street Journal and other outlets. Phone: 202-967-6233 Contact her securely on Signal: levy.99 https://www.pulitzer.org/winners/staff-reuters

Chris Kirkham
Thomson Reuters

Chris Kirkham is a business reporter in Los Angeles who writes about Tesla, electric vehicles and the wider automotive industry. He previously worked at The Wall Street Journal and the Los Angeles Times, and has covered topics including tobacco, worker safety, gambling, and the economy over a two-decade career. Contact him at chris.kirkham@thomsonreuters.com or on Signal at chris_kirkham.51

Tesla executive, Elon Musk confidant leaves EV maker, source says

reuters.com/legal/transactional/tesla-executive-elon-musk-confidant-leaves-ev-maker-bloomberg-news-reports-2025-06-26

Alexandra Ulmer June 26, 2025

Tesla Chief Executive Officer Elon Musk gets in a Tesla car as he leaves a hotel in Beijing, China May 31, 2023. REUTERS/Tingshu Wang/File Photo Purchase Licensing Rights, opens new tab

June 26 (Reuters) - Tesla (TSLA.O), opens new tab executive and longtime Elon Musk confidant Omead Afshar has left the company, a person familiar with the matter said on Thursday, marking another senior departure as the electric-vehicle maker grapples with slowing global demand.
Afshar was part of the CEO's office and began overseeing sales and manufacturing operations in Europe and North America last year. He joined Tesla in 2017 and quickly rose through the ranks to become one of Musk's trusted lieutenants, playing a central role in major projects including the construction of the Texas Gigafactory.

Demand for Tesla's EVs has tumbled in Europe and North America as Musk embraced right-wing politics and supported U.S. President Donald Trump, spearheading the White House's Department of Government Efficiency that alienated some potential buyers.

Afshar's departure was reported earlier by Bloomberg News.

In late May, Musk ended his Washington stint, offering some reassurance to investors concerned about brand damage and his limited focus on Tesla. Still, the shares remain down about 19% for the year, after initially rising on optimism that Trump's victory would clear the regulatory path for robotaxis.

On Sunday, Tesla deployed a small group of self-driving taxis that picked up paying passengers in Austin, Texas. The company plans to expand the service to more cities in the U.S., but some analysts and experts have warned that the mass roll-out could be tough, given concerns about safety and the technology.

Afshar's departure also follows a wave of executive exits in 2024, triggered by company-wide restructuring as Tesla cut thousands of jobs and reoriented its focus toward artificial intelligence-based self-driving technology and robotics.

Several top executives left Tesla then, amid restructuring and layoffs, including CFO Zach Kirkhorn, chief battery engineer Drew Baglino, and Rebecca Tinucci, who led the Supercharging division.

Separately, Jenna Ferrua, who headed human resources operations in Austin, has also quit, according to latest media reports.

Tesla, Ferrua and Musk did not immediately respond to Reuters requests for comment, while emails to Afshar were not delivered.

Analysts expect Tesla to report a second straight annual decline in global deliveries, a first in the company's about two-decade history.

Reporting by Akash Sriram in Bengaluru and Alexandra Ulmer in Washington; Editing by Shinjini Ganguli

Our Standards: [The Thomson Reuters Trust Principles., opens new tab]

Alexandra covers the 2024 U.S. presidential race, with a focus on Republicans, donors and AI. Previously, she spent four years in Venezuela reporting on the humanitarian crisis and investigating corruption. She has also worked in India, Chile and Argentina. Alexandra was Reuters' Reporter of the Year and has won an Overseas Press Club award.

https://www.wsj.com/business/autos/tesla-robotaxi-waymo-alphabet-23837d43

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Tesla’s Robotaxi Launch Shows Google’s Waymo Is Worth More Than $45 Billion

Waymo was last valued at just $45 billion, while autonomous technology drives most of Tesla’s $1 trillion value

By Dan Gallagher Follow

June 26, 2025 5:30 am ET

A Waymo driverless vehicle arriving for a passenger pickup in Mesa, Ariz. PHOTO: ROSS D. FRANKLIN/ASSOCIATED PRESS

Tesla’s TSLA **0.23%** ▲ long-awaited robotaxi service has finally hit the road. But rather than help justify the electric-car maker’s sky-high valuation, it really highlights how underappreciated Google-parent Alphabet GOOGL **1.32%** ▲ might be for its own, much more advanced self-driving venture.

The robotaxi service Tesla launched in Austin, Texas, last weekend involves fewer than two dozen cars offering rides to handpicked adults in a small area of the city between the hours of 6 a.m. and midnight. The vehicles are Tesla’s Model Y SUVs outfitted with the most robust version of the company’s full-self-driving software.

The purpose-built Cybercab that Tesla unveiled last year isn't expected to roll off production lines until at least sometime in 2026.

A small-scale launch, in other words. And not a lucrative one. Tesla is charging its initial riders only $4.20 per trip, which would barely cover the cost of the Tesla employee riding as a "safety monitor" in the passenger seat of the vehicles involved if that employee is making the Texas minimum wage of $7.25 an hour.

And yet, robotaxis are among the moonshots supposedly underpinning Tesla's $1.1 trillion market capitalization. That is more than the combined market cap of the world's next 20 automakers by market value, according to data from S&P Global Market Intelligence. Tesla's share price is down 19% this year, but the stock still trades around 150 times projected earnings for the next four quarters. That is far above Alphabet's multiple of 18.5 times, while Ford Motor, General Motors, Toyota, Mercedes-Benz and Honda currently average multiples of about 7.6 times forward earnings, according to FactSet data.

"We have long argued that robotaxis are critical to the Tesla investment case," Tom Narayan of RBC Capital Markets wrote in a report last week. He says robotaxis alone account for about 60% of his estimated valuation of the company.

Waymo vehicles at a charging station in Santa Monica, Calif. PHOTO: DANIEL COLE/REUTERS

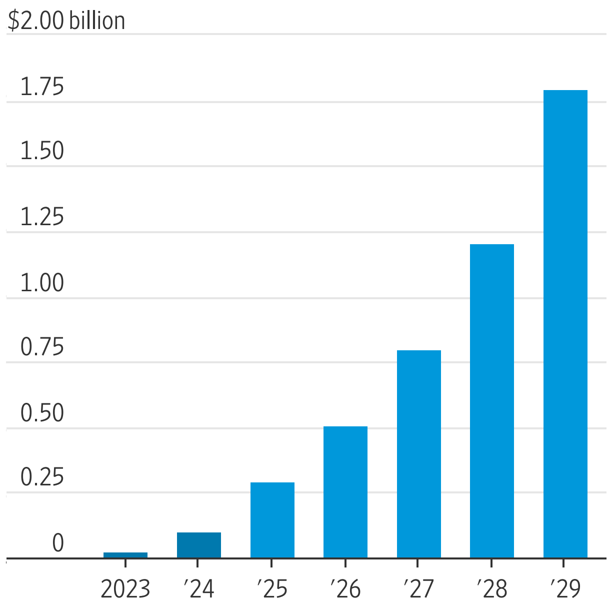
Tesla has to start somewhere. But the launch also serves as a reminder of how much road remains between it and Waymo. The robotaxi service, majority-owned by Alphabet, started service in Atlanta this week. That makes five cities served by a fleet of over 1,500 autonomous vehicles in total. Waymo plans to more than double that fleet by the end of next year, thanks to a new manufacturing facility in Arizona.

Investors are on board. Waymo raised $5.6 billion in a late-stage funding round last year. That deal valued Waymo at $45 billion, which put it among the 10 most-valuable, venture-backed companies that haven't yet gone public, according to data from PitchBook.

Some Wall Street analysts covering Alphabet have higher estimates now, given Waymo's strong lead in the robotaxi service market and a partnership with Uber that is expected to boost usage. Josh Beck of Raymond James put a "base case" valuation of Waymo around $150 billion in a report last month. He projects the company's gross bookings will average 129% growth annually for the next five years.

Stepping On It

Waymo's annual revenue



Note: 2025-29 are projections
Source: Morgan Stanley

That sort of blistering growth rate certainly isn't guaranteed. And the design of Tesla's service still leaves open the possibility that it could quickly catch up since much of the company's existing fleet could be theoretically converted into revenue-generating robotaxis through a software update. That design represents a major bet by Tesla Chief Executive Elon Musk, who has shunned the use of self-driving systems that include the more expensive Lidar technology that uses laser beams like radar to sense its surroundings.

Tesla's autonomous system is based on cameras and software, which is cheaper to deploy but adds potential for new problems, such as cars getting blinded by sunlight. And the company's large base of both friends and foes has given this launch unprecedented levels of scrutiny, with user-generated videos of the Tesla robotaxis flooding social platforms. Regulators are reportedly already making inquiries about instances where the cars appeared to violate local traffic laws.

A trillion dollars buys an awful lot of eyeballs on Tesla stock. But investors could be missing the more obvious bargain right in front of them in Alphabet.

Write to Dan Gallagher at dan.gallagher@wsj.com

Videos

SEC, Ripple wants to settle crypto lawsuit, but US judge rebuffs them

reuters.com/legal/government/sec-ripple-wants-settle-crypto-lawsuit-us-judge-rebuffs-them-2025-06-26

Jonathan Stempel June 26, 2025

The seal of the U.S. Securities and Exchange Commission (SEC) is seen at their headquarters in Washington, D.C., U.S., May 12, 2021. Picture taken May 12, 2021. REUTERS/Andrew Kelly/File Photo Purchase Licensing Rights, opens new tab

- Judge says both sides cannot escape permanent injunction
- SEC proposed reducing fine over XRP token sales
- Ripple has not decided next legal move

NEW YORK, June 26 (Reuters) - A federal judge on Thursday rejected an unusual joint motion by Ripple Labs and the U.S. Securities and Exchange Commission to endorse the cryptocurrency company's reduced $50 million fine to settle a civil lawsuit over the sale of unregistered securities.
U.S. District Judge Analisa Torres in Manhattan chastised both sides for claiming that their settlement in March should excuse Ripple from honoring her permanent injunction against violating the law.

Ripple's chief legal officer Stuart Alderoty posted on X that the company has not decided its next legal steps. An SEC spokesman had no immediate comment.

The case concerned sales of the XRP token, and has been one of the SEC's highest-profile cryptocurrency cases.

In July 2023, Torres ruled that while XRP sold by Ripple on public exchanges did not meet the legal definition of a security, $728 million of XRP sales to institutional investors should have complied with securities laws.
Ripple and the SEC appealed, but agreed to settle if Torres set aside her injunction and approved lowering the $125 million fine she imposed last August.

The SEC has been easing oversight of cryptocurrencies, and the judge agreed it can change course on enforcement cases.

Torres said, however, that both sides had "not come close" to showing that exceptional circumstances outweighing the public interest and administration of justice justified the settlement.

"The parties do not have the authority to agree not to be bound by a court's final judgment that a party violated an Act of Congress in such a manner that a permanent injunction and a civil penalty were necessary to prevent that party from violating the law again," she wrote.

"Accordingly, if jurisdiction were restored to this court, the court would deny the parties' request to vacate the injunction and reduce the civil penalty," she added.

Torres said the SEC and Ripple remain free to withdraw their appeals, or appeal her injunction.

XRP is the fourth-largest cryptocurrency by market value, trailing bitcoin, Ethereum and Tether, the market service CoinMarketCap said on Thursday.

Since Donald Trump began his second term as U.S. president, the SEC has ended civil lawsuits against crypto exchanges Binance, Coinbase (COIN.O), opens new tab and Kraken. The case is SEC v Ripple Labs Inc, U.S. District Court, Southern District of New York, No. 20-10832.

Reporting by Jonathan Stempel in New York; Editing by Marguerita Choy

Our Standards: The Thomson Reuters Trust Principles., opens new tab

Securities Law News

Fannie, Freddie Ordered to Find Ways to Count Crypto as an Asset

June 25, 2025, 1:03 PM PDT

Bill Pulte, who leads the Federal Housing Finance Agency, ordered Fannie Mae and Freddie Mac to propose ways to consider cryptocurrencies when the entities assess risk for mortgage loans.

"Today I ordered the Great Fannie Mae and Freddie Mac to prepare their businesses to count cryptocurrency as an asset for a mortgage," Pulte said in a post on X.

The move could help expand how the mortgage industry determines homebuyers' potential creditworthiness, allowing borrowers to count cryptocurrency as an asset without having to convert it to cash before loan closing.

Not all cryptocurrencies would be accepted. The order specifies that they'd have to be stored on a US-regulated centralized exchange that's subject to all applicable laws.

It's still early days. Pulte directed the entities to prepare proposals about the prospect, given that the FHFA is the conservator of both Fannie and Freddie. Both entities must then have any changes passed by their board of directors and the FHFA, according to the order posted on X Wednesday.

--With assistance from **Nicola M White**.

To contact the reporter on this story:
Katherine Chiglinsky in New York at kchiglinsky@bloomberg.net

To contact the editor responsible for this story:
Sarah Halzack at shalzack@bloomberg.net

Securities Law News

Deep Dive

Wall Street Pressure Looms as SEC Eyes Trade-Monitoring Changes

June 26, 2025, 2:00 AM PDT

- **Consolidated Audit Trail scrutinized by Atkins, exchanges**
- **Think tank says SEC must 'kill the CAT' to end litigation**

A controversial system to monitor Wall Street trading under development since the Obama administration is at a critical juncture, as SEC Chairman Paul Atkins attempts to rework the market surveillance tool and some plaintiffs push to abolish it entirely.

The Securities and Exchange Commission this month moved to pause litigation challenging its Consolidated Audit Trail, first proposed following the 2010 "flash crash" that wiped out $1 trillion in market value.

The SEC is reviewing the tool, which requires broker-dealers, exchanges, and clearing firms to report equity and options trade data in real time, following industry concerns about data security and costs to market participants now approaching $250 million a year.

But the only step that suffices would be to "kill the CAT," a conservative think tank and investor plaintiffs said in a brief in Texas federal court last week, arguing the "dystopian surveillance scheme" was never endorsed by Congress and that it amounts to spying on US traders.

"No action taken by the SEC can cure the CAT's structural and liberty-invading constitutional defects," said Peggy Little, senior litigation counsel at the New Civil Liberties Alliance who represents the plaintiffs. "Neither the SEC's original motion nor its reply suggests that it plans to terminate the CAT."

As a practical matter, tweaking the tool would make more sense than a sweeping overhaul or quick teardown, securities lawyers said, citing the SEC's limited resources and the amount of money already spent on the system.

"The SEC is understaffed, so they use data analytics," said Lenin Lopez, a corporate securities attorney at Woodruff Sawyer. "If we had more visibility into how useful it was, I think that would make the SEC's case if they want to keep it."

An SEC spokesperson declined to comment.

Transparency, Security Fights

The SEC for now must fight in court to preserve a system that Atkins readily admits is due for a revamp, while Judge Alan Albright, a Trump appointee, decides whether to put the litigation on hold.

Meanwhile, leading industry players including the Securities Industry and Financial Markets Association, Nasdaq, and Cboe Global Markets Inc. have pitched smaller changes to streamline the CAT, rather than scrapping it altogether.

Among other recommendations, SIFMA this month urged the SEC to include the system's cost in its budget so that congressional appropriators can keep a closer eye on the fees industry pays to fund the tool.

A separate lawsuit brought by the American Securities Association and Citadel Securities LLC sought to block the SEC and self-regulatory organizations from collecting those fees for the CAT, but the US Court of Appeals for the Eleventh Circuit rejected the bid to block fee-based funding last November.

The SEC is also considering a proposal that would end the CAT's collection and storage of personal customer information, the agency said in a brief this week, highlighting an audit trail format that would collect only anonymized trade data. The agency in February already issued an exemptive order limiting the system's access to sensitive customer data.

"It's not surprising that the industry would like there to be less transparency, but I think the CAT is designed exactly to promote transparency," said Benjamin Schiffrin, the director of securities policy at Better Markets, a group that advocates for stricter financial regulations. "If we did away with the CAT, we go back to a more opaque environment."

The SEC this month also withdrew a proposal from Trump's first term that would have boosted the CAT's security, suggesting the Atkins-led agency wants to take a different approach.

'Slicing and Dicing'

Atkins has embraced some concerns about the CAT, saying last month that "the financial services industry and Congress have rightly pushed back on the seemingly endless cost increases and the risks of storing so much sensitive data together"

But kicking off a review rather than declaring the system dead on arrival indicates an open discussion of pending proposals that may sustain the CAT amid the backdrop of legal challenges and industry pressure.

Modifying the CAT may require a good degree of "slicing and dicing" to determine which core data regulators truly need to respond to scenarios like the flash crash or other emergencies, said Russell Fecteau, of counsel at Davis Wright Tremaine LLP who advises broker-dealers and other financial institutions.

"I don't think they can responsibly go to a place where they drop it completely," he said. "But I see them looking at it and critically saying, 'there's parts of this we want to use and we want to get this right-sized.'"

The case is Davidson v. Atkins , W.D. Tex., No. 6:24-cv-00197, 6/23/25 .

To contact the reporter on this story: Ben Miller in New York at bmiller2@bloombergindustry.com

To contact the editor responsible for this story: Michael Smallberg at msmallberg@bloombergindustry.com

Securities Law News

Podcast

US Audit Board's Role Still Sparks Debate Two Decades Post-Enron

June 25, 2025, 11:43 AM PDT

Congress is reconsidering the accounting guardrails it put in place more than two decades ago to ensure investors can trust the revenues and asset values listed companies publish.

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Republican budget proposals would abolish the US audit regulator and reassign its work to the Securities and Exchange Commission. While lawmakers negotiate over what will end up in a final version of their tax and spending bill, the proposals have prompted debate over how best to regulate auditors and the role of the Public Company Accounting Oversight Board.

A member of the board and two former executives turned whistleblowers of once-corporate titans Enron Corp. and WorldCom Inc. spoke with Bloomberg Tax reporter Amanda Iacone about whether the audit regulator should remain independent or whether it would benefit from being folded into the federal government.

On this episode of Talking Tax, Sherron Watkins, a former Enron finance executive, and Cynthia Cooper, a former WorldCom chief audit executive, argue that Congress shouldn't scrap an agency that oversees auditors that act as investors' last line of defense.

To Christina Ho, a current PCAOB member who has objected to the board's approach, moving auditor oversight to the SEC would counter what she sees as regulatory overreach and provide new opportunities to improve audit quality.

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Securities Law News

Access to Chinese Auditors at Risk Under GOP Plan, Democrats Say

June 25, 2025, 11:08 AM PDT

A GOP plan to eliminate the US audit board would jeopardize an agreement with Chinese regulators and put US investors at risk, House Democrats said Wednesday.

Beijing could walk away from a 2022 agreement enabling the Public Company Accounting Oversight Board to scrutinize the work of auditors in China and Hong Kong under a Republican plan to hand the board's role to the Securities and Exchange Commission, Democrats warned during a House Financial Services subcommittee hearing.

"The PCAOB is the only regulator that has access to auditors of large public companies in China," said Rep. Maxine Waters (D-Calif.), ranking member of the committee. "Shutting this regulator down doesn't just hurt US investors, but it helps the Chinese Communist Party."

- Agreements the PCAOB has cut with regulators around the world wouldn't transfer to the SEC, board Chair Erica Williams has said. Audit regulators in the EU have warned that inspections there would be halted without a valid agreement in place.
- Congress during the first Trump administration passed a law that threatened to delist Chinese stocks from US exchanges unless the PCAOB could inspect and investigate those companies' auditors. The law led to the current deal opening China- and Hong Kong-based auditors to board scrutiny for the first time.

To contact the reporter on this story: Amanda Iacone in Washington at aiacone@bloombergtax.com

To contact the editors responsible for this story: Amelia Gruber Cohn at agrubercohn@bloomberglindustry.com; Kathy Larsen at klarsen@bloombergindustry.com

Securities Law News

Bandera Fund Questions Loews Legal Advice in Pipeline Buyout (1)

June 25, 2025, 11:34 AM PDT; Updated: June 25, 2025, 12:43 PM PDT

- **Trial court declined to reinstate $690 million damages award**
- **Baker Botts originated legal opinion, Skadden's advice followed**

Legal advice that Loews Corp. considered in its take-private buyout of Boardwalk Pipeline Partners LP is at the heart of a hedge fund's effort to reclaim $690 million in damages after being squeezed out of the deal.

One's law firm's underlying recommendation must be considered even if a second law firm separately supports the guidance, an attorney for affiliates of Bandera Partners LLC argued Wednesday before the Delaware Supreme Court.

"Does the substance of the first opinion even matter so long as you have a second opinion blessing the form of analysis and process?" Justice Karen L. Valihura asked during arguments before the high court's full five-member panel.

Ruling otherwise would be inconsistent with precedent focused on the good faith of the attorneys rendering the initial opinion, which doesn't consider subsequent advice as to whether it's acceptable, said Bandera's attorney, A. Thompson Bayliss of Abrams & Bayliss LLP.

Considering both the substantive conditions and acceptability conditions together also would be inconsistent with the contract involved in the dispute, he said.

Loews' attorney, William Savitt of Wachtell, Lipton, Rosen & Katz, said Bandera's arguments aren't focused on the correct standard. The second law firm's expertise was unchallenged, and it concluded the initial recommendation was reasonable, he said.

"The relevant question ultimately isn't whether it was right or wrong—it was whether it was reasonable," he said.

Bandera seeks to reverse a Sept. 9 Delaware Chancery Court decision declining to restore damages the hedge fund says it's owed.

In November 2021, the trial court decided Loews had relied on a “contrived” legal opinion from Baker Botts LLP to take Boardwalk private at an artificially low price while proposed tax policy changes were pending. Loews received a windfall in the deal when federal energy regulators adopted a different tax policy that favored master limited partnerships like Boardwalk.

The Chancery Court initially said Loews had to pay $690 million in damages over the deal. The Delaware Supreme Court overturned the damages award in 2022, saying Loews had been justified in relying on Baker Botts’ opinion because the company had received separate advice saying it could from Skadden, Arps, Slate, Meagher & Flom LLP.

“There is a great distinction in the opinion literature between advising on acceptability and rendering the underlying opinion,” Bayliss said. “Skadden doesn’t protect the defendants here.”

However, even the trial court would acknowledge that Skadden “played a much greater role than just someone saying, ‘This checks all the boxes on the form of the opinion,’” Chief Justice Collins J. Seitz Jr. said.

“So, Skadden was duped?” Seitz asked. “Somehow they just missed it all?”

Bayliss said Skadden “didn’t have the visibility it needed” to reach its opinion on Baker Botts’s advice. “It certainly didn’t have the Baker Botts notes that acknowledged that they were going to screw the minority unit holders.”

Skadden “shadowed” the work done by Baker Botts, and Bandera’s allegations that Baker Botts concealed information is “a new argument for the remand” that isn’t supported by any evidence, Savitt said.

If Skadden had “found anything unreasonable, it surely would have said so,” he said.

The Chancery Court’s September decision found the high court’s justices hadn’t clarified whether the legal advice Loews followed was adequate, or just could have been followed in good faith—but the result was the same either way. Attorneys with the of the American Bar Association Business Law Section Legal Opinions Committee and two other organizations filed an amicus brief asking the high court to clarify “what appear to be divergent decisions of the Delaware courts in this case.”

Loews is also represented by Richards, Layton & Finger PA; Young Conaway Stargatt & Taylor LLP; and Paul, Weiss, Rifkind, Wharton & Garrison LLP.

The case is Bandera Master Fund, LP v. Boardwalk Pipeline Partners, LP, Del., No. 439,2024, oral arguments 6/25/25 .

(Updates with additional details from the oral arguments.)

To contact the reporter on this story: Jennifer Kay in Philadelphia at jkay@bloombergindustry.com

To contact the editors responsible for this story: Andrew Harris at aharris@bloomberglaw.com; Kiera Geraghty at kgeraghty@bloombergindustry.com

Securities Law News

World Liberty Token Draws Accumulators' Attention, Folkman Says

June 25, 2025, 12:52 PM PDT

World Liberty Financial Inc., the Trump family affiliated decentralized finance platform, is getting a "lot of interest" from public companies wanting to use its token as a treasury asset, according to co-founder Zak Folkman.

Folkman made the comments at Permissionless, a crypto industry conference in New York on Wednesday. He also announced the launch of a new World Liberty Financial App.

"We're very close to **Michael Saylor** — we're huge fans of everything that he's done both with Strategy as well as the way he's been able to disseminate this idea of holding corporate reserves in crypto," said Folkman. "There has been a lot of interest from several public vehicles who want to use WLFI to be held in their treasuries as well."

Crypto treasury companies have surged in popularity following the success of Strategy, which has amassed over $60 billion of Bitcoin and seen its market capitalization jump to over $100 billion. Semler Scientific Inc., Goodfood Market Corp., and Trump Media & Technology Group Corp. are among the companies which have announced plans or launched their own crypto-holding efforts.

Firms are also mixing up the Strategy playbook, holding alternative tokens instead of Bitcoin in their implementation of the tactic. Upexi, for example, raised $100 million to buy the Solana token to hold in their treasury last week, while Sharplink Inc. holds $425 million of the second-largest cryptocurrency, Ether.

Folkman also commented on the prospects of World Liberty's USD1 stablecoin, which has a market value of about $2.1 billion. Tether's USDT is the largest stablecoin, with about $156.8 billion in circulation.

"I truly believe that we've overcome the challenges as a company that we're going to face, and now it's literally just a matter of time before USD1 is the largest stablecoin by market cap," Folkman said. "I think that everybody is going to agree with that when they see a bunch of the developments that happen over the coming months."

Stablecoins have become more attractive to investors with the Genius Act, a key stablecoin legislation in the US, poised to be approved by lawmakers.

To contact the reporter on this story:
Kirk Ogunrinde in New York at kogunrinde@bloomberg.net

To contact the editors responsible for this story:
stacy-marie ishmael at sishmael@bloomberg.net

Dave Liedtka

The Trump Phone Is Already a Lot Different From Last Week

wired.com/story/the-trump-phone-is-already-a-lot-different-from-last-week

Verity Burns June 26, 2025

Apparently, things change quickly in the world of the Trump phone. It's been 10 days since the Trump Organization announced it would be launching the $499 T1 smartphone, and in that time, there have already been a confusing series of changes to a product that was initially supposed to be arriving as soon as August.

Now, you can only expect it "later this year," according to the most recent update of the Trump Mobile website, with all mention of it "coming soon" gone. That is not the only change. The core details of the phone also seem to be somewhat transient, so much so that at the moment it is something of a mystery as to what exactly would arrive at your door if you were to put down your $100 pre-order today.

The most notable change is the not-entirely unexpected pivot away from a phone that the press release said would be "designed and built in the United States" to one that is "brought to life" in the USA, with "American values in mind" and with "American hands behind every device." How conveniently vague.

Eric Trump had already tried to pull back on the American-made claims during interviews on the first day of the announcement, stating this was merely aspirational—something that could happen "eventually." It seems now that the website has conceded that, too—even if a Trump Mobile customer service employee doubled down on the original claim, telling WIRED "we don't have the name of the manufacturer yet, but they are going to be made here in America."

The actual specs of the phone have also been mysteriously changed, *almost* as if the phone that was first announced was more a wish-list of features rather than a locked down production model. The T1 no longer has a 6.78-inch screen, but one that is 6.25 inches, and there is now no promise of 12GB RAM, or any mention of it at all.

There have also been some much-needed technical corrections—it doesn't have a "5000 mAh long-life camera," but a "5000 mAh battery," and the T1 has been given the correct legal superscript, changing from an "SM" service mark to a "TM" trademark. Also, thankfully the strange promise of "front cameras" has now been qualified as just the one "front camera."

And it’s not just the phone itself that has seen changes. The coverage map for the Trump Mobile wireless service has been nuked from the site entirely, and now 404s. As WIRED previously reported, the now vanished map had been borrowed from a cell service provider called Ultra Mobile, and referenced the Gulf of Mexico rather than Donald Trump's preferred "Gulf of America" nomenclature.

The relatively cheap $499 price tag of the smartphone has been clarified as requiring an ongoing subscription to Trump Mobile (“You acknowledge you will be charged $100 today for your first month of Trump Mobile service and shipping and activation fees. You also authorize a charge of $399 plus sales tax to be collected at the time your T1 phone is shipped.”). And there have been some additional liability protections added in the legal footer, particularly around the third-party services offered on the T1.

For now, the T1 smartphone seems to very much be a work in progress. Whether it ever makes it out of pre-orders, and in what final form it materializes, if it does—that all remains to be seen. We had questions last week. If anything, we have even more now.
Most Popular

Trump phone ditches 'made in America' claim and shrinks in size

rawstory.com/trump-phone-2672437435

Erik De La Garza June 26, 2025

Trump phone ditches 'made in America' claim and shrinks in size

U.S. President Donald Trump looks on as he addresses the media on board Air Force One on the way to West Palm Beach, Florida, U.S., April 13, 2025. REUTERS/Nathan Howard
Just days after launch, the Trump-branded smartphone is already shifting its promises – and ditching its "Made in America" claim.

According to a new report in The Verge, the T1 Phone 8002 "gold version," sold through the recently launched Trump Mobile wireless carrier, no longer advertises itself as "Made in the USA." That claim, once prominently featured on its webpage, has been scrubbed entirely.

"Instead, the Trump Mobile website now includes what can only be described as vague, pro-American gestures in the direction of smartphone manufacturing," The Verge reported Wednesday. "The T1's new tagline is "Premium Performance. Proudly American.'"

The website now says only that the device is "designed with American values in mind."

Veteran tech reporter David Pierce, The Verge's editor-at-large, noted that those phrases don't actually mean the phone is made – or even designed – in the United States. Another line says there are "American hands behind every device," but offers no specifics.

"There are just… some hands. In America," Pierce wrote Wednesday.

That's not the only change, The Verge report added.

"It was originally advertised to have a 6.78-inch AMOLED screen, but now the T1's site says it's 6.25 inches," according to the tech publication. "The site used to list the phone as having 12GB of RAM, and now doesn't list RAM at all."

The launch time has also become blurred. The T1 was originally promised to ship in September, but has shifted that timeframe to "later this year."

As Pierce put it: "It's not entirely clear what's happening here." The Trump Organization didn't respond to a request for comment, but the writer pointed out that "it looks like Trump Mobile may have switched suppliers for the T1."

“Whatever’s going on, it’s certainly another reason to doubt whether this phone is for real,” Pierce concluded.

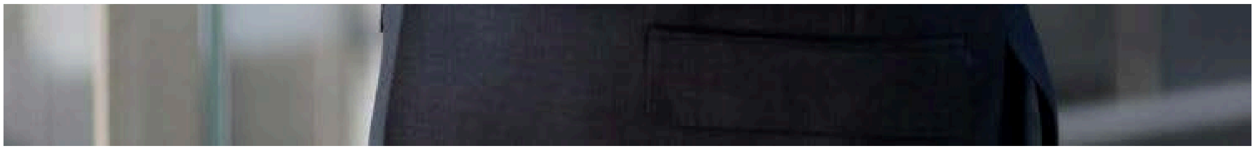
Securities Law

Worldline CEO Says Firm Was ‘Attacked’ by Media Campaign (3)

June 26, 2025, 12:10 AM PDT

Worldline SA Chief Executive Officer **Pierre-Antoine Vacheron** blamed an orchestrated media campaign for the firm’s precipitous share decline in an effort to dig the company out of its current crisis.

Speaking on an call with analysts late Wednesday, Vacheron said Worldline had been “attacked” by the media. Shares in the firm, which describes itself as the largest processor of European payments, closed down 38% on Wednesday after the publication of a series of articles coordinated by the European journalism network EIC that accused Worldline of covering up fraud by some customers in a bid to protect its revenues.



Pierre-Antoine Vacheron
Source: Worldline SA

Vacheron said “there’s nothing new” in the media reports and his firm had already terminated many of its ties with high-risk clients. The only thing that’s new is the “unacceptable narrative,” he said, adding he wasn’t aware of any ongoing regulatory investigations into the claims.

According to the reports, Worldline had ignored warnings and continued to do business with prohibited and other high-risk customers in recent years, effectively enabling some fraudulent transactions to continue. A report by Dutch newspaper NRC alleged that Worldline in “recent years” didn’t ban lucrative customers with high fraud rates even as its risk-management department pressed for stricter checks.

German magazine *Der Spiegel* said that Frankfurt-based Payone, which is majority owned by Worldline, failed to thoroughly check “dubious clients,” despite its legal obligations.

Read More: Worldline Shares Tumble on Customer Fraud Cover-Up Reports

Worldline disclosed in 2023 that it was cutting ties with some clients, resulting in a hit to revenue of about €130 million ($150 million). That came after a decision by Germany’s financial watchdog Bafin to impose severe restrictions on local subsidiary Payone for failing to prevent credit card fraud by some third parties.

Vacheron said on the Wednesday call that any further merchant terminations would still be in line with the €130 million figure and risky clients accounted for around 1.5% of the firm’s volumes.

Worldline said in a statement earlier that its executive management and board of directors are “fully committed to strict compliance with regulation and risk prevention standards and to strictly enforce related rules and procedures with zero-tolerance.”

During the conference call, Vacheron also said that Worldline has increased its compliance standards in recent years. The company has a “rigorous” approach to merchants and zero tolerance for deviation from its standards, he said.

Vacheron said he’s considering legal action against the media outlets involved in the reports. A representative for EIC didn’t immediately respond to an emailed request for comment.

Worldline shares recovered some ground on Thursday, opening up as much as 7.6% in early trading.

Read More: Worldline Woes Draw Credit Agricole Staff Queries on 2024 Stake

(Adds details throughout)

--With assistance from **Alan Katz**.

To contact the reporters on this story:
Claudia Cohen in Paris at ccohen133@bloomberg.net;
Steven Arons in Frankfurt at sarons@bloomberg.net

To contact the editors responsible for this story:
Tom Metcalf at tmetcalf7@bloomberg.net

Steve Dickson

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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

CVS Fights Ruling In Del. Rejecting Coverage For Opioid Suits

By **Jeff Montgomery**

Law360 (June 25, 2025, 6:40 PM EDT) -- An attorney for CVS Health Corp. told Delaware's Supreme Court on Wednesday that a lower court cited inapplicable precedent to dismiss the pharmacy chain's suit seeking coverage for medical provider claims against it arising from the opioid epidemic.

Jeffrey L. Schulman of Blank Rome LLP, counsel to CVS, told the full five-member court that Delaware Superior Court Judge Paul R. Wallace wrongly sided with insurers including AIG and Chubb units, with the appeal ultimately drawing in dozens of insurers.

The insurance companies had successfully argued in a state high court case involving Rite Aid that the absence of damage claims specifically involving bodily injury ruled out coverage for costs tied to hospitals' suits over opioid prescriptions, with Judge Wallace citing this in his ruling.

Yet Schulman argued the judge incorrectly interpreted the Rite Aid case and failed to account for a different CVS policy that covers bodily injury "arising out of" a "pharmacist liability" incident.

"This court contemplated in Rite Aid the very scenario present" on appeal, Schulman told the justices. At issue now, he said, are "underlying hospital and medical providers suing CVS to recover costs for damages, a scenario that this court held would most likely trigger coverage under Delaware's 'duty to defend' standard."

Although the lower court acknowledged derivative allegations on behalf of residents, Judge Wallace rejected an obligation to defend a purported single claim.

"Under Delaware law, one is in fact enough," Schulman said, adding the ruling misapplied the law and did not apply broad endorsements in CVS' policy.

CVS was sued by hospitals and providers seeking to recover costs incurred as a result of opioid "overprescription." The issues raised, Schulman told the justices, represent matters of first impression for the court.

"Reversing the Superior Court grant of summary judgment will not disturb Rite Aid," Schulman said.

The dispute goes back to 2017, when CVS notified its carriers that it was facing suits brought by local governments over the opioid epidemic. The underlying suits accused the pharmacy giant of profiting from "flooding the country with prescription opioids" and causing the underlying plaintiffs to incur increased costs in order to address the public health crisis.

In January 2022, the Delaware Supreme Court issued a ruling in Ace American Insurance Co. v. Rite Aid, in which a 4-1 majority said the insurer had no defense obligations in suits brought by three Ohio counties over the costs of responding to the opioid epidemic because the actions were not brought "because of" bodily injuries and thus did not trigger Rite Aid's insurers' defense duties.

Less than a month later, Chubb and AIG sued CVS in an attempt to secure a declaration they had no duty to defend it in underlying opioid-related actions. The suits were consolidated, and CVS' additional insureds later joined the action.

Daniel M. Sullivan of Holwell Shuster & Goldberg LLP, counsel for Ace Property and Casualty

Insurance Company and four other insurers, told the justices that all questions raised by CVS are governed by and indistinguishable from those in the Rite Aid decision.

"We submit that the court cannot rule for CVS on any of these questions without undermining or abrogating Rite Aid, which CVS does not ask you to do," Sullivan said.

"The test is easy to understand, it's easy to apply, it's also easy to limit," Sullivan said. "The logic of Rite Aid stops at personal injury claims that do seek to recover for injuries."

The guiding case on the opioid issue, the "Track One suit, is not directed to an individual injury but to a public health crisis," Sullivan said. "The theory of relief, whether it's the government case, the hospital case, the third-party payer case, is the same as in Track One."

Chief Justice Collins J. Seitz Jr. at one point said CVS "threaded the needle through their pleading to at least make a plausible claim for damages."

Sullivan replied that the pharmacy company hasn't "threaded the needle because the complaints are largely the same." He told the justices that "if there is one allegation in any of these complaints that is potentially covered, the duty to defend is triggered."

The justices said they would take the arguments under advisement.

CVS Health Corp. and CVS Pharmacy Inc. are represented by David J. Baldwin, Peter C. McGivney and Periann Doko of Berger McDermott LLP and Jeffrey L. Schulman and Stephen Wah of Blank Rome LLP.

ACE Property and Casualty Insurance Company, Federal Insurance Company, Vigilant Insurance Company, Indemnity Insurance Company of North America and Westchester Fire Insurance Company are represented by Garrett B. Moritz, R. Garrett Rice and Dylan T. Mockensturm of Ross Aronstam & Moritz LLP, Michael S. Shuster, Daniel M. Sullivan, Blair Kaminsky, Daniel M. Horowitz and Rebecca T. Moonitz of Holwell Shuster & Goldberg LLP, and Robert M. Mangino and Susan Koehler Sullivan of Clyde & Co. LLP.

American Home Assurance Company, Lexington Insurance Company, National Union Fire Insurance Company of Pittsburgh PA and New Hampshire Insurance Company are represented by Robert J. Katzenstein of Smith Katzenstein & Jenkins LLP and Christopher J. St. Jeanos, Patricia O. Haynes and Daniel L. Morris of Willkie Farr & Gallagher LLP.

Great American Alliance Insurance Co., Great American Insurance Company of New York, Great American Insurance Company and Tamarack American Inc. are represented by Joseph B. Cicero, Gregory E. Stuhlman and Kelly E. Rowe of Chipman Brown Cicero & Cole LLP and Adam H. Fleischer, R. Patrick Bedell and Allyson C. Spacht of BatesCarey LLP.

Greenwich Insurance Company, XL Insurance America Inc. and The Continental Insurance Company are represented by Robert K. Beste and Deborah J. Campbell of Dentons US LLP.

Discover Property and Casualty Insurance Company, Gulf Underwriters Insurance Company, St. Paul Fire and Marine Insurance Company, United States Fidelity and Guaranty Company and The Travelers Indemnity Company are represented by Wade A. Adams III of the Law Offices of Wade A. Adams III and Bryce L. Friedman, Joshua C. Polster and Matthew Penny of Simpson Thacher & Bartlett LLP.

TIG Insurance Company is represented by Marc Casarino, Christopher R. Carroll and Joshua S. Wirtshafter of Kennedys CMK LLP.

Appellees American Guarantee and Liability Insurance Company, American Zurich Insurance Company and Zurich American Insurance Company are represented by Bruce W. McCullough of Bodell Bove LLC and Karen M. Dixon of Skarzynski Marick & Black LLP.

Allianz Insurance Company, Fireman's Fund Insurance Company, Interstate Indemnity Company and National Surety Corporation are represented by Sean J. Bellew of Bellew LLC and Michael A. Kotula and Robert A. Maloney of Rivkin Radler LLP.

Endurance American Insurance Company and Swiss Re Corporate Solutions Capacity Insurance Corporation are represented by Louis J. Rizzo Jr. of Reger Rizzo & Darnall LLP and Monica T. Sullivan, Matthew J. Fink, Leena Soni and Stephanie M. Flowers of Nicolaides Fink Thorpe Michaelides Sullivan LLP.

Liberty Insurance Underwriters Inc. and The Ohio Casualty Insurance Company are represented by Philip Trainer Jr. and Marie M. Degnan of Ashby & Geddes and Robert A. Kole and Caroline M. Trusty of Choate Hall & Stewart LLP.

First State Insurance Company and Twin City Fire Insurance Company are represented by Thad J. Bracegirdle, Sarah T. Andrade and Emily L. Skaug of Bayard PA and Sara K. Hunkler of Ruggeri Parks Weinberg LLP.

Berkley National Insurance Company and Gemini Insurance Company are represented by Loren R. Barron of Kaufman Dolowich.

AXIS Insurance Company is represented by Kevin J. Connors of Marshall Dennehey PC and Cheryl P. Vollweiler of Skarzynski Marick & Black LLP.

The case is In re: CVS Opioid Insurance litigation, case number 482,2024, in the Supreme Court of the State of Delaware.

--Additional reporting by Jennifer Mandato. Editing by Philip Shea.

Correction: A previous version of this article included a misspelled name. The error has been corrected.

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How Dfinity Timeliness Ruling Can Aid Crypto Issuers

By **Kristina Bunting, Geoffrey Chepiga and Daniel Sinnreich** (June 25, 2025, 3:50 PM EDT)

On March 25, the U.S. District Court for the Northern District of California **granted** a motion to dismiss a class action asserting claims brought against Dfinity USA Research LLC, a crypto issuer, under Section 12(a)(1) of the Securities Act of 1933, ruling that the claims were time-barred by the three-year statute of repose.[1]

Kristina Bunting

The court's decision in Valenti v. Dfinity clarifies that a security is considered to be "offered," for purposes of the statute of repose, when an issuer first solicits purchasers. This is true even if there is a significant delay before the security is distributed to investors, and even in situations where investors could not have discovered their claims and suffered no pecuniary harm during the repose period.

The decision may provide a useful defense to issuers facing registration claims, and particularly to cryptocurrency issuers that often solicit investments years before minting and distributing the associated tokens.

Geoffrey Chepiga

Factual Background

Dfinity was engaged in the development of a blockchain-based, decentralized version of the internet known as the Internet Computer. In February 2017, Dfinity held an initial crowdsale of ICP, a crypto-asset and the native utility token of the Internet Computer, to fund the development of the Internet Computer.

At the time, ICP tokens did not yet exist, and no tokens were issued or distributed to contributors. Instead, Dfinity stated that participating "donors" would eventually receive ICP tokens "in proportion to their donations."

Daniel Sinnreich

Over the next several years, Dfinity continued to develop the Internet Computer and periodically updated the public on its progress.

In May 2021 — more than four years after the February 2017 crowdsale — Dfinity released the Internet Computer blockchain. Around the same time, Dfinity conducted an initial coin offering and distributed over 115 million ICP tokens to the original crowdsale participants, representing approximately 25% of all tokens issued. ICP tokens were also listed on multiple cryptocurrency exchanges, resulting in significant trading activity and a rapid increase in the token's market capitalization.

In the weeks following the initial public distribution and listing of ICP, however, the value of the tokens fell significantly. In August 2021, a putative class of ICP purchasers filed a class action in federal court in California. Among other claims, the plaintiffs alleged that Dfinity violated Section 12(a)(1) of the Securities Act by offering securities to the public without filing a registration statement with the U.S. Securities and Exchange Commission.

Dfinity moved to dismiss, arguing that the Section 12(a)(1) claims were barred by the three-year statute of repose in Section 13 of the Securities Act, which Dfinity said began running at the time of the 2017 crowdsale.

The plaintiffs argued that their claims were timely because the repose period did not begin until Dfinity first distributed ICP tokens during the May 2021 initial coin offering — less than three months before the lawsuit was filed. The plaintiffs also argued that the three-year statute of repose did not apply to Section 12(a)(1) claims for unregistered offerings, because such offerings were unlawful and therefore could never be "bona fide offered to the public."

Notably, although the defendants indicated their intent to vigorously contest that ICP tokens were securities subject to a registration requirement, that issue was preserved for a later stage of litigation and not presented to the court in the defendants' motion to dismiss.

Section 13 of the Securities Act — Statute of Repose

The key statutory provision at issue in Valenti was Section 13 of the Securities Act, which imposes a three-year statute of repose for claims arising under Section 12(a)(1). Section 13 provides in relevant part: "In no event shall any such action be brought to enforce a liability created under [Section 11 and 12(a)(1)] of this title more than three years after the security was bona fide offered to the public."[2]

The phrase "bona fide offered" is not defined in the statute, but in P. Stolz Family Partnership LP v. Daum, the U.S. Court of Appeals for the Second Circuit in 2004 interpreted it to mean when "the stock really and truly (genuinely)" is offered to the public, "as opposed to ... a simulated offering."[3]

The Second Circuit also considered whether the repose period begins when a security is first or last bona fide offered to the public. The court noted that statutes of repose, as opposed to statutes of limitations, define temporal rights to initiate a suit and are not subject to equitable considerations.

Thus, the Second Circuit agreed with the weight of authority that the repose period begins to run when a security is first bona fide offered to the public, which provides a single, definitive end date for potential liability. The court acknowledged that this creates a "problem of potential immunity for later offerings" because it results in situations where a "repose period can run to completion even before injury has occurred to a potential plaintiff, extinguishing a cause of action before it even accrues."

The Northern District of California's Decision

U.S. District Judge James Donato granted Dfinity's motion to dismiss, embracing the Second Circuit's approach in Stolz and explaining that the three-year repose period began when the asset at issue was first bona fide offered. This occurred during the February 2017 crowdsale, when, according to the complaint, a defendant told investors that "once the blockchain was 'sufficiently mature,'" the company would "recommend that donors eventually receive ICP tokens in proportion to their donations."

The court rejected the plaintiffs' argument that the tokens were first bona fide offered when they were first distributed and sold during the May 2021 initial coin offering, explaining that a "bona fide offer" requires only "clear objective attempts to secure purchasers" and not an actual transfer of ownership. Accordingly, because the lawsuit was filed more than three years after February 2017, it was untimely.

Judge Donato's opinion did not discuss — and therefore implicitly rejected — the plaintiffs' argument that Section 13's three-year statute of repose did not apply to unregistered offering claims under Section 12(a)(1).

Implications

The Valenti decision clarifies that the three-year statute of repose under Section 13 begins to run at an issuer's first bona fide attempt to secure purchasers, even if significant time elapses before ownership of the asset is actually transferred. This is true even if it means that the repose period will sometimes run before investors have suffered injury or could even have discovered that they have a cause of action — a result that the Second Circuit acknowledged creates a risk of "potential immunity" for later offerings that may nonetheless be consistent "with the purpose of a statute of repose."

In the case of cryptocurrency — and setting aside the question of whether certain crypto-assets are securities — this means that tokens issuers may be immune from Section 12(a)(1) liability for an unregistered offering where there is a gap of more than three years between an initial fundraising round and the minting and initial distribution or listing of an associated asset.

Notably, the plaintiffs declined to amend their complaint following dismissal and elected instead to appeal the judgment to the U.S. Court of Appeals for the Ninth Circuit. The appeal presents the Ninth Circuit with an opportunity to provide authoritative guidance on a number of questions, including what conduct constitutes a bona fide offer, when the three-year repose period under Section 13 begins to run and whether the Section 13 repose period applies to claims for unregistered offerings at all.

Kristina A. Bunting is a partner at Paul Weiss Rifkind Wharton & Garrison LLP.

Geoffrey R. Chepiga is a partner and deputy chair of the mergers and acquisitions litigation practice group at the firm.

Daniel S. Sinnreich is counsel at the firm.

Paul Weiss associates Emily M. Miller and O'Ryan H. Moore contributed to this article.

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[1] Valenti v. Dfinity USA Research LLC, 2025 WL 902031 (N.D. Cal. Mar. 25, 2025).

[2] 15 U.S.C. § 77m.

[3] P. Stolz Family Partnership L.P. v. Daum, 355 F.3d 92 (2d Cir. 2004).

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Class Certified In Suit Over Oil Market's Historic Price Crash

By **Katryna Perera**

Law360 (June 25, 2025, 8:20 PM EDT) -- A Chicago federal judge has certified a class of futures traders who claim Vega Capital London Ltd. and 12 of its traders caused a historic oil crash with an aggressive price manipulation scheme that resulted in oil futures going negative for the first time, saying the plaintiffs have met all the requirements for certification.

U.S. District Judge Manish S. Shah issued an **opinion and order** on Tuesday certifying a class of all individuals and entities that sold a May 2020 light sweet crude oil futures contract on the New York Mercantile Exchange on April 20, 2020, between 9 a.m. and 1:30 p.m. Central Standard Time, to liquidate a long position in the May contract.

In granting certification, Judge Shah first said that the class meets the numerosity and typicality requirements. Plaintiff Mish International Monetary Inc. points to data that reflects "approximately 1,138 unique account numbers that sold a May contract to liquidate a long position," and the judge said that the same conduct underlying Mish's claims supports the rest of the class's claims.

The conduct in question was "an alleged scheme to coordinate sales on April 20 and drive down prices of the May contract, trading patterns on that day, communications between the trading defendants during and shortly after the class period, and actions taken or not taken by Vega Capital and [Vega's sole owners] Adrian Spires," the opinion states.

"Mish's theory of liability and injury under the Sherman Act and Commodity Exchange Act are also shared with the class: the scheme artificially depressed the May contract price, so anybody who sold a May contract at depressed prices was injured," the opinion further states. "Factual differences in class members' specific transactions such as order type and time of sale may affect potential recovery, but those differences do not preclude class certification."

According to the opinion, Vega and the other defendants argued against class certification, saying Mish would be an inadequate class representative because it would "lack the incentive to vigorously litigate the circumstances of the last six minutes of the class period, a 'flash crash.'"

The opinion states that Mish sold 10 May contracts at 1:16 p.m. to liquidate its long position. The defendants argue that because Mish "could prevail on its claim without any evidence of price artificiality after 1:24 p.m. … Mish would not have to rely on its expert's 'flash crash' opinion, which would be central to the claims of absent class members who sold May contracts between 1:24 p.m. and 1:30 p.m."

According to the defendants, this difference is significant because the expert's damages calculation attributes 97% of total loss of sales of May contracts to the last six minutes of the class period.

But Judge Shah said Tuesday that potential conflicts between class members who sold their contracts before 1:24 p.m. and those who sold between 1:24 p.m. and 1:30 p.m. are not "concrete" at this stage of the litigation and, therefore, do not bar certification.

According to the opinion, the defendants also argue that Mish is subject to a unique defense because it cannot provide a proximate cause under the Sherman Act or the Commodity Exchange Act.

"[Mish's sole owner] Robert Mish testified that he purchased ten May Contracts at 12:42 p.m. for a price of $2.15 per barrel because he believed it had 'limited risk.' Defendants contend that Mish should have known that prices could go negative that day, so any alleged manipulation would not be the proximate cause of Mish's losses," the opinion states.

However, Judge Shah said Robert Mish's knowledge or lack thereof, "is beside the point," since the suit alleges that the defendants' trading conduct "injected" false information into the market about the May contract, creating a false value for the contract.

"That doesn't require plaintiff to identify a specific misrepresentation, only that defendants' trading conduct created an artificial price. If Mish establishes that defendants' scheme created an artificial price, then any losses from selling at that artificial price would be proximately caused by defendants' manipulation. Mish's claim will succeed or fail on the same grounds as other class members," the opinion states.

The judge further found that the class meets the commonality requirement, since the proposed damages model "is capable of resolving the common question of price impact in 'one stroke,' and this common question predominates over any individualized inquiries."

Additionally, the judge said that even if some class members' claims would be worth pursuing individually, the common questions of the suit are reason enough to find a class action superior.

"If even a dozen or so putative class members brought individual claims, the same claims and facts would be adjudicated by multiple courts, expending unnecessary time and effort and creating the risk of different outcomes. A class action is the superior device to resolve the claims in this case," the opinion states.

Finally, the judge rejected the defendants' argument alluding to arbitration, calling it undeveloped and saying it is not clear that the identified arbitration provision would apply to Mish or any of the class members' claims.

In a statement to Law360, Christopher Lovell of Lovell Stewart Halebian Jacobson LLP, counsel for Mish, said: "The plaintiffs welcome the court's thorough and detailed opinion granting class certification and look forward to moving forward promptly with discovery."

Counsel for the defendants did not immediately respond to requests for comment.

U.S. oil prices **plunged into negative territory** for the first time ever in April 2020 as the nation's oil storage capacity neared its limit due to a historic coronavirus-induced demand slump. The price of action on May 2020 West Texas Intermediate crude oil futures contracts declined approximately $55.90 per barrel from the previous trading day's settlement price and traded as low as -$40 per barrel, meaning that oil producers would have to pay someone to take oil off of their hands.

Mish claims Vega traders caused that crash with a "concerted selling effort" to put downward pressure on oil futures contract prices. According to Mish, the traders purchased a large volume of so-called "trading at settlement" contracts, which gave Vega the right to purchase May 2020 WTI crude oil futures contracts at a price that would be determined by the settlement price of the May 2020 contracts when trading closed at 2:30 p.m. April 20.

That incentivized the traders to then engage in "highly uneconomic" selling of those contracts just before they settled on April 20, allowing Vega's traders to then "reap supra-competitive profits on their large [trading at settlement] contracts that were to be determined by the May 2020 contract's settlement price," Mish claimed in its **initial complaint**.

Mish is represented by Christopher Lovell, Christopher McGrath, Benjamin Jaccarino and Travis H. Carter of Lovell Stewart Halebian Jacobson LLP, Jamison A. Diehl of The Law Office of Jamison A. Diehl and Marvin Miller and Andy Szot of Miller Law LLC.

Vega and its owner are represented by Michael Kelly, Joel Forman, Amy Doehring, Shawn M. Taylor and Lauren Goddard of Akerman LLP.

The other traders are represented by Matthew Mazur, Roger Burlingame, Ryan Dykhouse, Steven

Bizar and Julia Chapman of Dechert LLP.

The case is Mish International Monetary Inc. v. Vega Capital London Ltd. et al., case number 1:20-cv-04577, in the U.S. District Court for the Northern District of Illinois.

–Additional reporting by Lauraann Wood. Editing by Michael Watanabe.

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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

OTC Pills Are Opioid In Disguise, Consumer Says

By **Kelcey Caulder**

Law360 (June 25, 2025, 8:45 PM EDT) -- A Georgia company that produces an over-the-counter supplement branded as "ZaZa" was hit with a proposed class action Tuesday from a consumer who said the supplement's active ingredient is a highly addictive substance with effects comparable to opioids, which the manufacturer has hidden from consumers.

In **a complaint filed Monday**, Illinois resident Ronald Bemis said the dietary supplements sold by MRSS Inc. under the ZaZa brand contain the active ingredient tianeptine. He described tianeptine as "a full μ-receptor opioid agonist that can lead to severe psychological or physical dependence" and said it shares characteristics with controlled substances such as "morphine, methamphetamine, cocaine, fentanyl, and phencyclidine."

ZaZa products are a "gas station drug" that aims to mimic the effects of those harder drugs, Bemis said, earning tianeptine the nickname "gas station heroin." Withdrawal symptoms for users of tianeptine are similar to those of "traditional opioid withdrawal," he said, listing a wide array of symptoms such as hyperactivity, insomnia, tremors and nausea.

Bemis said MRSS conceals that information, and he said he never would have purchased any ZaZa product had he known about "the extreme risk of addiction."

"In making consumers addicted to the ZaZa products, defendant has created an unreasonable health hazard," Bemis said. "At a minimum, defendant had a duty to fully disclose this fact on the packaging of its products."

Bemis also said MRSS has given free samples of ZaZa products to consumers without any warning that the product is addictive, characterizing that as particularly problematic.

"The very act of giving out 'free samples' is intended by defendant and is understood by customers as an indication that the product is safe and harmless," Bemis said. "Without warnings, consumers have no reason not to try the sample. They may even enjoy the effects and continue using the product because they do not believe a product with no warnings would carry any significant risks or substantial addictive potential."

Bemis asked the court to allow him to represent a nationwide class of individuals in the U.S. who purchased a ZaZa product as well as an Illinois subclass of people who purchased a ZaZa product in the state. There are likely "thousands" of potential class members, he said.

Bemis also said class members are entitled to actual, compensatory, statutory, nominal and punitive damages, prejudgment interest, restitution, attorney fees and costs. MRSS should be ordered to stop engaging in its alleged misconduct, he said, arguing for an injunction shutting down ZaZa product sales, a full refund of all class members' money or disgorgement of the profits MRSS generated from the sale of the products.

Representatives for the parties did not immediately respond to requests for comment Wednesday.

Bemis is represented by Brittany S. Scott of Smith Krivoshey PC.

Counsel information for MRSS was not immediately available Wednesday.

The case is Bemis v. MRSS Inc., case number 1:25-cv-03485, in the U.S. District Court for the

Northern District of Georgia.

--Editing by Stephen Berg

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Do Kwon Trial Judge Has Eye On Federal Crypto Legislation

By **Pete Brush**

Law360, New York (June 25, 2025, 1:54 PM EDT) -- Federal legislation that could codify stablecoins as payment-related assets — not securities — has the potential to impact the Manhattan U.S. attorney's $40 billion criminal case against Terraform founder Do Kwon, a federal judge said Wednesday.

The commentary came from U.S. District Judge Paul A. Engelmayer ahead of the 33-year-old South Korean defendant's February 2026 jury trial on counts including conspiracy and securities fraud.

Kwon earlier this year pled not guilty to a nine-count indictment that **accuses him** of a giant fraud on customers and investors who backed his crypto platform, including its TerraUSD stablecoin, on promises that it had real-world viability. An initial round of pretrial motions is due in the coming days.

On Wednesday, Judge Engelmayer also was focused on the U.S. Senate bill **known as** the GENIUS Act, which sets standards for issuers of payment stablecoins. Congress could end up defining them as neither a currency nor securities, but rather a means of payment or settlement.

Depending on how that shakes out, the judge suggested, it could impact the securities-related counts against Kwon, at a minimum.

"I am mindful that there have been legislative developments in this area. I don't know whether they are retroactive or not," the judge said.

Bill or no bill, Kwon's lawyer David Patton said the defense plans a motion to knock out securities counts tied to TerraUSD. Patton agreed that the passage of such legislation could theoretically obviate the need for such a motion.

"We're prepared to move on it given the current state of affairs," Patton said.

Terraform and Kwon have already been found liable at a trial overseen by U.S. District Judge Jed S. Rakoff on civil fraud charges brought by the U.S. Securities and Exchange Commission. Judge Rakoff's rulings from the **SEC case**, especially those holding that various of Terraform's products qualify as securities, could also loom over coming defense motions.

"With respect to the securities issue, we do plan to move on that," Patton said. "We don't think that the securities that have been identified in the indictment qualify as securities."

Prosecutor Kimberly Ravener said the government will argue that Judge Rakoff's earlier rulings are "persuasive" and should inform the criminal case.

A calm Kwon, who is **in custody** pending trial, appeared in bright yellow jail garb and was seen chatting intently with his lawyers. Counsel declined to comment after the hearing.

Terraform declared bankruptcy amid investigations in the U.S., Korea and elsewhere.

The government is represented by Kimberly Ravener and Jared Lenow of the U.S. Attorney's Office for the Southern District of New York.

Kwon is represented by David Patton, Michael Ferrara, Sean Hecker, Andrew Chesley and Christopher Morel of Hecker Fink LLP.

The case is U.S. v. Kwon, case number 1:23-cr-00151, in the U.S. District Court for the Southern District of New York.

--Editing by Daniel King.