

J&J loses appeal of class certification ruling in investor suit over talc

2025 SECDBRF 2810 • By Nicole Banas

WESTLAW Securities Enforcement & Litigation Daily Briefing • August 04, 2025

(August 04, 2025) - A divided federal appeals court has upheld class certification in a long-running securities fraud suit alleging Johnson & Johnson concealed that its body powder products contained cancer-causing asbestos.

San Diego Employees Retirement Association et al. v. Johnson & Johnson et al., No. 24-1409, 2025 WL 2159093 (3d Cir. July 30, 2025).

In a 2-1 ruling, a panel of the 3rd U.S. Circuit Court of Appeals on July 30 affirmed a New Jersey judge's conclusion that J&J had failed to rebut the class-wide presumption of reliance on the alleged misrepresentations.

U.S. Circuit Judge Cindy K. Chung said in a dissenting opinion that she would vacate the certification ruling and remand for additional analysis of the alleged corrective disclosures.

Asbestos-free products?

The lawsuit, filed in the U.S. District Court for the District of New Jersey in 2018, alleges that J&J and seven insiders orchestrated a decades-long scheme to conceal the presence of asbestos fibers in Johnson's Baby Powder and Shower to Shower products.

The company knew since the late 1960s or early 1970s that talc in its products contained tremolite, a natural mineral that contains asbestos, according to the amended complaint, filed in 2019.

J&J suppressed research on the negative effects of talc exposure and falsely insisted that its products were asbestos-free even as the company faced multimillion-dollar jury verdicts in product liability lawsuits, the complaint says.

J&J's share price fell 10% on Dec. 14, 2018, after Reuters published a "bombshell report" stating that J&J had known for decades about asbestos in talc products, the suit says.

The District Court partially dismissed the suit in December 2019, but sustained claims against J&J, former Chair and CEO Alex Gorsky and three other former executives.

Class certification challenged

In December 2023, the District Court granted lead plaintiff San Diego County Employees Retirement Association's motion to certify a class of investors who bought J&J securities between February 22, 2013, and December 13, 2018. [*Hall v. Johnson & Johnson*, No. 18-cv-1833, 2023 WL 9017023 \(D.N.J. Dec. 29, 2023\)](#).

SDCERA established the predominance of common factual and legal issues based on a "fraud-on-the-market" theory of reliance on the alleged misrepresentations, U.S. District Judge Zahid N. Quraishi said.

The defendants offered evidence that the six alleged corrective disclosures had no impact on J&J's share price, but the judge said it did not rebut the presumption of class-wide reliance.

J&J argued in a July 2024 opening brief to the 3rd Circuit that the disclosures did not contain any new and corrective information. The information was either already publicly available or did not show the falsity of any challenged statements, the company said.

Split decision

The 3rd Circuit majority said it did not have to decide whether a corrective disclosure must contain new information. J&J's argument ignores the fact that disclosures involving public information can still communicate a new signal to the market, U.S. Circuit Judge Patty Shwartz wrote.

The District Court's finding that J&J failed to show a lack of price impact was not erroneous, given that each corrective disclosure was followed by a price drop "for which there was no other explanation but the disclosure itself," the majority said.

Judge Chung dissented, saying the District Court did not make the findings necessary to conclude that J&J had failed to rebut the presumption of reliance.

"Even where a price drop is associated with a disclosure, the disclosure must still be new and corrective to create an inference of a misrepresentation's price impact," she said.

Neil H. Conrad and Robert N. Hochman of [Sidley Austin LLP](#) represent J&J in the appeal. Joseph D. Daley and Harini Raghupathi of [Robbins Geller Rudman & Dowd LLP](#) represent SDCERA.

By Nicole Banas

Related articles

Related Articles from Westlaw Securities Enforcement & Litigation Daily Briefing:

Article: Judge greenlights asbestos claims in Johnson & Johnson investor fraud suit [2020 SECDBRF 0001](#)

Date: January 2, 2020

Johnson & Johnson shareholders can proceed with part of a securities fraud lawsuit alleging the personal care giant falsely reported that its talcum powder products were "asbestos-free," a New Jersey federal judge has ruled.

End of Document

© 2025 Thomson Reuters. No claim to original U.S. Government Works.

Related topics

[Securities](#)

[Corporate Governance](#)

[Shareholder Suits](#)

[Fraud](#)

[Class Actions and MDL](#)

[Class Actions](#)

[Corporate Governance](#)

[Litigation and Enforcement](#)

[Fraud](#)

[Shareholder suits](#)

[Health](#)

[Poisons](#)

[Litigation](#)

[Federal Litigation](#)

[Class Action](#)

[Appellate](#)

[Appellate](#)

[3rd Circuit](#)

[Related filings](#)

Opinion: [2025 WL 2159093](#)

Reply brief: [2024 WL 5279465](#)

[Appellee's answering brief: 2024 WL 5219910](#)

[Appellants' opening brief: 2024 WL 3595587](#)

First amended complaint: [2019 WL 2000896](#)

Judicial profiles

[Patty Shwartz](#), U.S. Circuit Judge, 3d Cir.

[L. Felipe Restrepo](#), U.S. Circuit Judge, 3d Cir.

[Cindy K. Chung](#), U.S. Circuit Judge, 3d Cir.

[Zahid N. Quraishi](#), U.S. District Judge, D.N.J.

Attorney profiles

[Joseph D. Daley](#) and [Harini Raghupathi](#); [Robbins Geller Rudman & Dowd LLP](#), [James Cecchi](#); [Carella Byrne Cecchi Olstein Brody & Agnello PC](#) for Plaintiff-appellee

[Neil H. Conrad](#), [Robert N. Hochman](#), [Kristin R. Seeger](#) and [John M. Skakun II](#); [Sidley Austin LLP](#) for Defendants-appellants

Companies

[Johnson & Johnson](#)

Securities Law News

Capricor Shareholder Sues Board After FDA's Heart Therapy Spurn

Aug. 4, 2025, 11:33 AM PDT

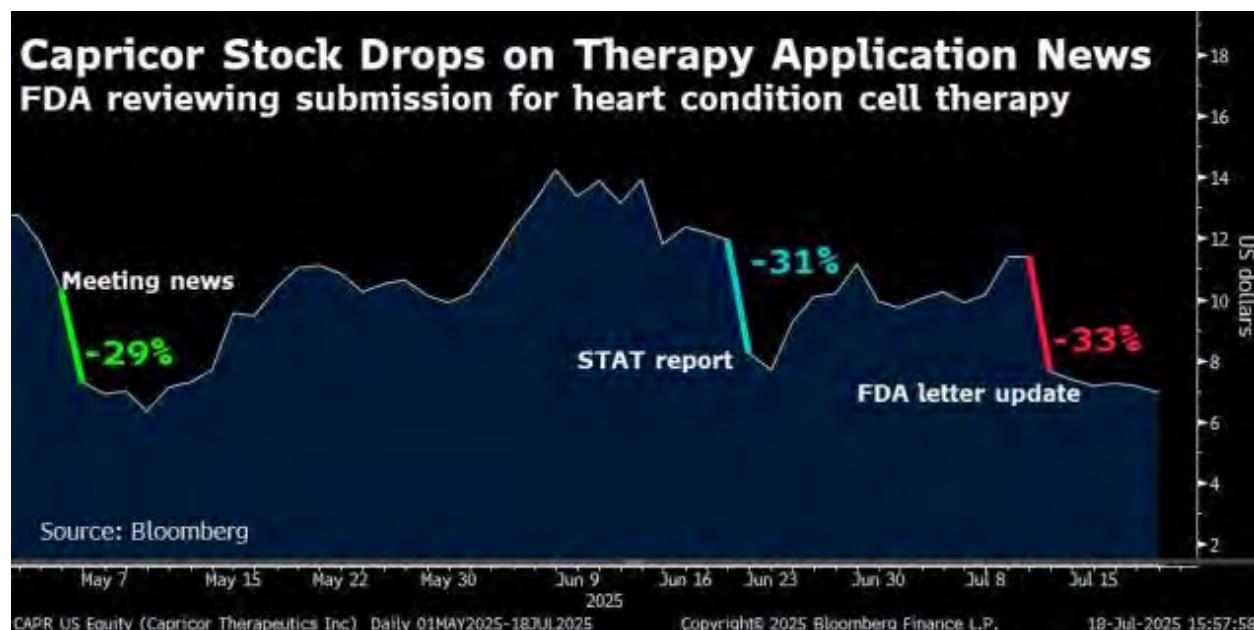
Capricor Therapeutics Inc.'s board overhyped regulatory approval odds for its cell therapy to treat a serious heart condition, leading to a series of stock drops, a shareholder lawsuit said.

The biotechnology company's stock price fell almost 33% to close at \$7.64 when it announced July 11 that the Food and Drug Administration required more clinical data after reviewing the treatment's biologics license application. The stock drop was the biggest one-day plunge in nearly two years, according to data compiled by Bloomberg. CEO Linda Marbán said in that press release that Capricor planned to submit data from an ongoing, later-stage clinical trial to bolster evidence of the effectiveness of deramiocecel, the company's lead cell therapy candidate.

Before then, the board hid shortcomings in an earlier clinical study for the therapy, which targets cardiomyopathy tied to Duchenne muscular dystrophy, while overstating the strength of its application, said the shareholder's complaint filed Aug. 1 in the US District Court for the Southern District of California. By misleading and causing the company to trick investors, the board exposed Capricor to potentially costly litigation, the shareholder derivative action said. And board members approved a paltry 2025 proxy statement seeking stockholders' votes on an array of subjects, including their reelection and executive compensation, in a failure of oversight duties.

Investors began learning about potential issues after Capricor said the FDA intended to hold a meeting of outside advisers for deramiocecel, said shareholder Leonel Zamora. Share prices slipped more than 29% the next day, May 6, to close at \$7.30.

Medical news outlet STAT reported in June that the then-director of the FDA's Center for Biologics Evaluation and Research was skeptical of the therapy and canceled the meeting. Capricor's stock price tumbled nearly 31% to close at \$8.26 that day, June 20.



The derivative complaint echoes a proposed class action filed against the company and Marbán last month.

Capricor had said in March the FDA granted priority review of deramiocel's application to treat patients with cardiomyopathy tied to the deadly degenerative muscle disease.

"Capricor remains committed to continuing all ongoing clinical trials as planned, and all those receiving Deramiocel will continue have access to treatment until the trials are completed or otherwise closed," the company said in a letter posted July 18.

A spokesperson for Capricor didn't immediately respond to an email seeking comment Monday.

Rigrodsky Law PA and Grabar Law Office represent Zamora, who seeks damages and corporate governance reform for Capricor.

Zamora claimed breaches of fiduciary duty, aiding and abetting of those breaches, unjust enrichment, waste of corporate assets, and securities law violations. He alleged wrongdoing by directors, including Marbán, from Oct. 9, 2024—when Capricor said it initiated its rolling submission process for a BLA—through July 10, 2025.

The case is Zamora v. Litvack , S.D. Cal., No. 3:25-cv-01969, complaint filed 8/1/25 .

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

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

More About GLP-1 Drugs and D&O Risk



dandodiary.com/2025/08/articles/securities-litigation/more-about-glp-1-drugs-and-do-risk

Kevin LaCroix

August 5, 2025

Regular readers may recall my [recent post](#) in which I discussed the possibility of an emerging trend of D&O claims related to [GLP-1 drugs](#). GLP-1 drugs are sold under manufacturers' brand names as weight loss and obesity treatments – such as, for example Ozempic for treatment of diabetes, and Wegovy for weight loss treatment. In my prior post, I discussed a recent example of a GLP-1-related D&O claim, a securities class action lawsuit against the telehealth platform Hims & Hers Health.

In a new lawsuit that represents yet another example of a GLP-1-related D&O claim, a plaintiff shareholder has launched a securities suit against the Danish drug company, Novo Nordisk, based on the company's alleged misrepresentations concerning its ability to capitalize on the overall GLP-1 market. As also discussed further below, in the course of my research for this post, I also uncovered yet another GLP-1 D&O claims as well.

The most recent lawsuit, filed in the District of New Jersey on August 1, 2025, against Novo Nordisk and certain of its directors and officers, purports to be filed on behalf of investors who purchased Novo Nordisk securities between May 7, 2025, and July 28, 2025. A copy of the complaint can be found [here](#).

The plaintiffs allege that during the class period the defendants expressed confidence in the company's ability to continue to grow GLP-1 sales by capitalizing on the significant size, low penetration, and overall potential of the GLP-1 market, including Novo Nordisk's ability to capitalize on patients who would no longer be able to utilize their preferred compounded GLP-1 alternative.

At the same time the defendants allegedly made these reassuring statements, the defendants also, the complaint alleges, concealed that the company's "alleged potential to capitalize on the compounded market greatly understated the potential impact of the personalization exception to the compounded GLP-1 exclusion and overstated the likelihood such patients would switch to Novo's branded alternatives, and further greatly overstated the potential of the GLP-1 market or otherwise Novo's capability to penetrate said markets to achieve continued growth."

The complaint alleges that these statements cause the company's securities to trade at inflated prices. The complaint further alleges that when the company later lowered its sales and profit outlook when it reported its second quarter results, owing to lowered growth expectations for its flagship GLP-1 drugs, Wegovy and Ozempic, due to the persistent use of compounded GLP-1s, lower than expected market expansion and competition. The

complaint alleges that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The complaint seeks to recover damages on behalf of the class.

Readers who noted my prior post about GLP-1 drugs (to which I linked above) will recall that the defendant in the lawsuit discussed in the prior post, Hims and Hers, is an online drug sales platform that is attempting to sell compounded alternatives to GLP-1 drugs, by taking advantage of the personalization exception. (These terms – “compounded alternatives” and “personalization exception” — are all explained in greater detail in the prior post.) In many ways, the new lawsuit against Novo Nordisk is simply the other side of the coin from the lawsuit previously alleged against Hims. That is, Hims is trying to prosper by offering compounded drugs in reliance on the personalization exception, while Novo Nordisk is facing competition from these alternatives. Interestingly, the same law firm filed both suits.

Nor are these two lawsuits the only examples of GLP-1 drug-related securities lawsuit filings. In doing the research for this post, I learned that in fact earlier this year Novo Nordisk was sued in a separate securities class action lawsuit relating the company’s efforts to develop an alternative GLP-1 weight loss drug.

As discussed [here](#), in January 2025, Novo Nordisk and certain of its executives were sued in the District of New Jersey in a securities class action lawsuit. The lawsuit purports to be filed on behalf of investors who purchased the company’s securities on behalf of investors who purchased the company’s securities between November 2, 2022, and December 19, 2024.

This prior complaint’s allegations relate to the company’s efforts to develop a new weight loss candidate, CagriSema, through a clinical trial process called Redefine. The development of this drug candidate was important to the company’s investors, as the company was at a competitive disadvantage to Lilly, Novo Nordisk’s GLP-1 weight loss drug competitor, because Lilly’s weight loss drug reportedly produced better weight loss results for at least some patients. It was hoped that Novo Nordisk’s new weight loss drug candidate would produce weight loss results superior to those of Lilly’s drug. However, the Phase III trial results for the drug were disappointing. The weight loss results for the trial participants were well below Novo Nordisk’s expectation. The company’s share price declined on the news of the clinical trial results and plaintiff shareholders filed the lawsuit.

So with the addition of the prior Novo Nordisk lawsuit, as well as the new Novo Nordisk lawsuit filed last week, the tally of GLP-1 related securities lawsuit now stand at three. To be sure, two of the lawsuits are against the same company (Novo Nordisk) and two of the three lawsuits (against Hims and Novo Nordisk) arguably represent two sides of the same coin. Nevertheless, there are now three lawsuits total representing GLP-1 related D&O claims, consistent with my conjecture about the possibility for claims of this type.

To be sure, none of the lawsuits so far relate to the kind of safety and consumer protection issues that I am concerned might later lead to GLP-1-related lawsuits against companies involved in manufacturing, distributing, or selling the drugs. Even if there are now three GLP-1 lawsuits, it remains to be seen whether safety and consumer protection related D&O suits will develop. Moreover, even if these kinds of lawsuits ever do develop, it could be some time before they emerge.

But that said, there is now at least a small set of these kinds of lawsuits filed.

NERA Reports on 1H25 Federal Court Securities Class Action Lawsuit Filings



dandodiary.com/2025/08/articles/securities-litigation/nera-reports-on-1h25-federal-court-securities-class-action-lawsuit-filings

Kevin LaCroix

August 5, 2025



In a recent study about securities class action lawsuit filings in the first six months of 2025, NERA reports that first half filings represented a tale of two quarters, with the first quarter filings representing the highest quarterly number in five years, and the second quarter filings represented the lowest quarterly filing number in five years. The report, which is entitled “Recent Trends in Securities Class Action Litigation: H1 2025 Update,” and which can be found [here](#), includes a number of other interesting observations, as discussed below.

The NERA report, which reports on and analyzes federal court securities class action lawsuit filings only (i.e., it does not include report on or analyze *state* court securities class action lawsuit filings) has its own distinct counting methodology, and so the figures reported and discussed in the report differ somewhat from other published reports. For example, NERA counts securities suits alleging essentially the same facts but filed in different federal circuits as separate lawsuits (unless later consolidated, in which event the cases are counted only once). Other published sources count these separate lawsuits only once. In addition, the NERA includes in its count not just class action lawsuit alleging violations of the federal securities laws, but also counts cases with other allegations, including “breach of fiduciary duty, as with some merger objection cases,” and others that are “filed in federal court under federal or state law.” Owing to these differences in counting methodology, the figures analyzed in the NERA report may differ from other published sources.

According to the NERA report, there were 108 new federal court securities class action lawsuits filed in the first six months of 2025, including 65 cases in the first quarter (representing a five-year high) and 43 cases in the second quarter (representing a five-year low). The first half filings project to a year-end total of 216, slightly below the 229 that NERA reported for the full-year 2024.

The NERA report adds the interesting observation that the percentage of federal court securities class action lawsuits filed against foreign companies has declined even as the percentage of foreign companies on U.S. stock exchanges has increased. Thus, even though foreign companies represent 26.9% of all U.S. exchange-traded companies (the highest such percentage since at least 2016), securities suits against foreign companies represented only 12.1% of all first half securities suit filings. Interestingly, this percentage of lawsuit filings against foreign companies is also the lowest percentage since 2016. The percentage of the total number of suits that the suits against foreign companies represent has been lower than the percentage of foreign companies on the U.S. exchanges for four straight years, since 2021. (Readers interested in these statistics will want to study Figure 6 on page 8 of the report.)

The NERA report also has some interesting observations about case resolutions. The report notes that of the 121 cases resolved in the first half of 2025, 87 were dismissed and 34 were settled. If case resolutions were to continue at this pace for the rest of the year, the year-end number of resolutions would total 242, which would represent a 12% increase in the number of resolutions compared to 2024, when there were 217 case resolutions. The growth in resolutions is “drive by a substantial rise in dismissed cases, which are on track to increase for a second straight year and exceed the 124 dismissals seen in 2024.”

Further with respect to case resolutions, the report notes that since 2016, more cases have been dismissed than settled, with approximately 30% of cases remaining pending. The median time from the filing of the first complaint to resolution for cases dismissed between 2021 and 2024 increased from 1.4 years to 2.0 years, but during the first six months of 2025, the figure declined to 1.6 years. For cases settled in the first six months of 2025, the median time from the filing of the first complaint until resolution was 3.3 years, a slight increase from the 3.2 equivalent period in 2024.

The aggregate total amount of securities lawsuit settlements in the first six months of 2025 was \$1.8 billion, representing about 45% of the full year 2024 aggregate inflation-adjusted total of \$3.9 million. The average securities suit settlement value for the first six months of 2025 was \$56 million, representing a 27% increase over the 2024 inflation-adjusted average settlement value of \$55 million. The media settlement value in the first six months of 2025 was \$12.5 million, representing a \$1.8 million decline from the 2024 inflation adjusted median settlement value of \$14.3 million.

Securities Law News

Opinion

Wharton's Collusion Paper Is Just How Markets Work: Aaron Brown

Aug. 5, 2025, 2:00 AM PDT

Researchers Winston Wei Dou, Itay Goldstein and Yan Ji manage to use variants of the word “collusion” 322 times in the 44 jargon-filled pages of “AI-Powered Trading, Algorithmic Collusion, and Price Efficiency.” To collude is to have a secret agreement, with a connotation of wrongdoing. But at the very beginning of their paper, in the abstract, the authors deny any “agreement, communication, or intent.”

How can you have secret agreements without agreements? How can you have wrongdoing without intent?

The authors, who are affiliated with The Wharton School and the Hong Kong University of Science and Technology, never give an example of their claims. They, instead, limit themselves to opaque and abstract formulas, interspersed with scare words, to suggest that they have discovered a highly technical way for artificial intelligence to rob ordinary investors and undermine efficient financial markets. In fact, the phenomenon they discuss is well-known, ancient and mostly harmless.

To make the authors' abstractions concrete, consider the popular merger arbitrage trade. Company A, whose stock sells for \$80 a share, offers to trade one share of A for two shares of company B, whose stock sold for \$30 a share before the announcement. Merger arbitrageurs swoop in to buy B and short A. The price of B quickly rises, but not all the way to \$40 a share, perhaps to \$38. Merger arbitrageurs buy two shares of B for \$76, short one share of A for \$80, pocket \$4 and convert their B shares for one A share when the merger goes through, covering their short.

The \$4 profit is not riskless. The merger may fall apart. Moreover, the capital costs — including often high borrow fees to short company A — are significant. Firms must invest resources in reading documents and assessing risks, and they must keep capital available in liquid form. Merger arb can be a nice business, but it's not easy money. Most financial institutions are happy to pay the merger arb profits for the convenience of getting out of company B to avoid the risk of the deal failing, and to better match their benchmarks.

If there were what the authors refer to as a “non-collusive Nash equilibrium” (and most people call “competition”) among merger arb funds, B would jump almost immediately to the \$38 a share equilibrium price. But if there were, instead, what the authors and others call a “perfect cartel” of merger arb investors, they would trade more slowly. After all, there’s no hurry, and by trading slowly, they can acquire some of their B shares at prices between \$30 and \$38.

The truth is somewhere in between. Merger arb funds learn that trading too quickly can touch off cascades of trading that bring the price to \$38 immediately. By trading more cautiously, the fund might end up with a million shares at an average price of \$36 for a \$4 million profit, instead of 1.5 million shares at an average price of \$38 for a \$3 million profit. There’s no collusion here, no secret agreement. Just individual funds watching the market impact of their trading and putting on positions optimally.

This is one of two mechanisms the authors describe. It operates when market prices are driven mostly by merger arb traders. To understand the second mechanism they discuss, let’s consider a situation where there’s lots of volatility in the prices of A and B unrelated to merger arb activity. Here, the funds won’t notice the exaggerated price impact of their trading. Instead, they may notice that aggressive trading leads to acquiring big positions in the mergers that eventually fail, because the non-merger arb trading carried significant information. In this scenario, all merger arb funds will trade less aggressively because they learn that aggressive trading leads to more losing positions than winning ones.

None of this has anything to do with AI. The merger arb example is misleading in one sense because it’s so simple that human traders have long since recognized the phenomena and adjusted to it. There’s a reasonably small group of major traders doing virtually identical trades several times a year. Of course, in real markets, things are more complex than the authors’ model, but moderating trading aggressiveness due to careful attention to price impact and adverse selection are long-established basic trading principles.

It seems plausible that AI will extend these principles to more complex situations, with larger numbers of traders pursuing different strategies hundreds of times per day. Humans, even ones running conventional computer algorithms, will not detect the necessary price signals or notice the adverse selection, but it’s possible AI will. The authors ran simulations in which AI did, in fact, manifest this behavior, but the simulations were simple enough that human traders would likely have done the same thing. What remains to be seen is whether, in real markets, AI finds more opportunities than humans do.

The next question is whether trading less aggressively is bad for long-term investors or market efficiency.

It’s true that paying careful attention to price impact and adverse selection increases arbitrageurs’ profits — profits that represent losses to other investors. The authors note this and consider it a harm. But this view is too narrow. Higher profits to people who bring information to markets and correct price discrepancies will attract more capital to these activities, possibly offsetting or more than offsetting the initial profit increase. Moreover, more resources devoted to information and prices make markets more efficient. Long-term investors might be better off allowing information traders and arbitrageurs more profits in exchange for getting more efficient prices.

Of course, it's also possible that long-term investors would prefer less efficient prices with lower profits to shorter-term traders. People who think this like trading restrictions such as once-a-day auctions or transaction taxes. This is a long-standing argument and perhaps AI will change the balance somewhat.

But the major impact of AI is to do all this cheaper. As the cost of information and arbitrage trading falls due to AI, long-term investors will pay less for more market efficiency. That's true even if AI is also better than humans at scaling back trading aggressiveness to increase profits.

There's no doubt that AI is changing financial markets. We cannot be sure whether it is for better or worse. But nothing in this paper identifies a new danger, it merely points out that AI can do what human traders have always done and might end up doing it better.

More From Bloomberg Opinion:

Who's to Blame for Hedge Funds' Garbage-Rally Pain?: Aaron Brown

- Matt Levine's Money Stuff: The Bots Will Work Together
- Is the US Really the Most Innovative Country?: Adrian Wooldridge

Want more Bloomberg Opinion? [OPIN <GO>](#). Or you can subscribe to our daily newsletter.

To contact the editor responsible for this story:

Candice Zachariahs at czachariahs2@bloomberg.net

© 2025 Bloomberg L.P. All rights reserved. Used with permission.

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

Class Action

Tesla Investor Sues Over Robotaxi Safety Reports Post Launch (1)

Aug. 5, 2025, 5:49 AM PDT; Updated: Aug. 5, 2025, 7:12 AM PDT

Summary by Bloomberg AI

AI Generated



- Tesla Inc. and CEO Elon Musk overstated the effectiveness of its autonomous driving technology ahead of launching its Robotaxi service, an investor lawsuit said.
- The lawsuit, filed by investor Denise Morand, claims Tesla hid that its autonomous vehicles might be operating dangerously or violating traffic laws, increasing the risk of elevated regulatory scrutiny.
- The proposed class action seeks damages for alleged securities law violations on behalf of those who got Tesla securities dating back to April 19, 2023, when Musk touted Tesla's driver-assist and full self-driving features on an earnings call.

Tesla Inc. and CEO Elon Musk overstated the effectiveness of its autonomous driving technology ahead of launching its Robotaxi service, an investor lawsuit said.

The electric vehicle maker's stock price fell almost 6.1% across two trading sessions to close at \$327.55 per share on June 25 after news reports questioned the driverless taxis' safety and compliance following the service's debut. Tesla launched its long-awaited Robotaxi service with a small number of cars in Austin, Texas, on June 22. In the following days, Bloomberg and others news outlets reported on alleged traffic violations from the launch catching the attention of the US National Highway Traffic Safety Administration. The agency had previously launched probes into Tesla's driver-assist and self-driving software.

Tesla hid that its autonomous vehicles might be operating dangerously or violating traffic laws, increasing the risk of elevated regulatory scrutiny, while touting its technology, said the proposed class action filed in the US District Court for the Western District of Texas Monday. Investor Denise Morand's suing Tesla, Musk, chief financial officer Vaibhav Taneja, and former CFO Zach Kirkhorn.

The lawsuit lands just days after a federal jury in Miami told Tesla to pay \$243 million in a lawsuit over a 2019 Autopilot crash that killed a woman and seriously injured her boyfriend, marking the EV-maker's first significant legal loss tied to its driver-assistance offering. The jury found that the Tesla driver was primarily responsible for the crash, but that the automaker was 33% to blame and should pay \$42.5 million to compensate the victims and \$200 million in punitive damages. Tesla decried the verdict and vowed to appeal.

Tesla shares slumped this year amid backlash to Musk's role within the Trump administration, which he left in May, and slowed car sales have weighed on profits. Tesla just approved an interim stock award valued at about \$30 billion for Musk, the world's richest person with multiple business ventures, amid a long-running legal battle over a 2018 pay package. A letter to shareholders said they were "confident that this award will incentivize Elon to remain at Tesla and focus his unmatched leadership abilities on further creating shareholder value."

The proposed class would include those who got Tesla securities dating back to April 19, 2023, when Musk touted Tesla's driver-assist and full self-driving features on an earnings call.

Pomerantz LLP and Texas-based attorney Willie Charles Briscoe represent Morand, who seeks damages for alleged securities law violations.

Tesla didn't immediately respond to an email seeking comment.

The case is Morand v. Tesla Inc. , W.D. Tex., No. 1:25-cv-01213, complaint filed 8/4/25 .

(Updates with additional reporting throughout.)

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

To contact the editors responsible for this story: Drew Singer at dsinger@bloombergindustry.com; Carmen Castro-Pagán at ccastro-pagan@bloomberglaw.com

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

Tesla, Elon Musk sued by shareholders over Robotaxi claims



reuters.com/sustainability/boards-policy-regulation/tesla-elon-musk-sued-by-shareholders-over-robotaxi-claims-2025-08-05

Jonathan Stempel

August 5, 2025

Item 1 of 2 Elon Musk attends the opening ceremony of the new Tesla Gigafactory for electric cars in Gruenheide, Germany, March 22, 2022. Patrick Pleul/Pool via REUTERS/File Photo

[1/2]Elon Musk attends the opening ceremony of the new Tesla Gigafactory for electric cars in Gruenheide, Germany, March 22, 2022. Patrick Pleul/Pool via REUTERS/File Photo

[Purchase Licensing Rights, opens new tab](#)

Aug 5 (Reuters) - Elon Musk and Tesla ([TSLA.O](#)), [opens new tab](#) were sued by shareholders who accused them of securities fraud for concealing the significant risk that the company's self-driving vehicles, including the Robotaxi, were dangerous.

The proposed class action was filed on Monday night, following Tesla's [first public test](#) of its robotaxis in late June in the company's Austin, Texas, hometown.

That test showed the vehicles speeding, braking suddenly, driving over a curb, entering the wrong lane, and dropping off passengers in the middle of multilane roads.

Tesla's share price fell 6.1% over two trading days after the test began, wiping out about \$68 billion of market value.

Musk and his electric vehicle maker were accused of repeatedly overstating the effectiveness of and prospects for their autonomous driving technology, inflating Tesla's financial prospects and stock price.

Shareholders said this included Musk's assurance on an April 22 conference call that Tesla was "laser-focused on bringing robotaxi to Austin in June," and Tesla's claim the same day that its approach to autonomous driving would deliver "scalable and safe deployment across diverse geographies and use cases."

Tesla did not immediately respond on Tuesday to requests for comment. Chief Financial Officer Viabhav Taneja and his predecessor Zachary Kirkhorn are also defendants.

Expanding robotaxis is [crucial](#) for Tesla as the company faces falling demand for its aging electric vehicles and a backlash over Musk's politics.

Musk, the world's richest person, wants to offer the service to half the U.S. population by year end, but must convince regulators and assure the public his technology is safe.

Monday's lawsuit in Austin federal court is led by Tesla shareholder Denise Morand, and seeks damages for shareholders between April 19, 2023 and June 22, 2025.

A Florida jury on August 1 found Tesla 33% responsible for a 2019 crash involving its self-driving software, which killed a 22-year-old woman and injured her boyfriend, and ordered it to pay about [\\$243 million](#) in damages to victims. Tesla blamed the driver and plans to appeal.

The case is Morand v Tesla Inc et al, U.S. District Court, Western District of Texas, No. 25-01213.

Reporting by Jonathan Stempel in New York, editing by Giles Elgood

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

Tesla, Down Since 'Robotaxi' Launch, Just Got Sued Over Self-Driving Claims



investors.com/news/tesla-stock-robotaxi-lawsuit-stock-market

KIT NORTON

August 5, 2025

Tesla ([TSLA](#)) edged lower in Tuesday's stock market as Reuters reported that the EV giant and CEO Elon Musk have been sued by TSLA shareholders for allegedly committing securities fraud around their autonomous self-driving vehicle claims.

Lawyers filed the class action suit late Monday in Austin, Texas, federal court and seeks unspecified damages for Tesla shareholders between April 19, 2023 and June 22, 2025, according to Reuters. Tesla launched its limited robotaxi ride-hailing service in Austin on June 22.

The shareholders in the lawsuit allege that Tesla and Musk overstated the effectiveness of its autonomous driving capabilities in order to prop up the TSLA stock price.

Tesla stock fell 0.7% to 307.14 during Tuesday's [stock market](#), with the broader indexes also falling. Shares fell 4.25% last week to 302.63, retreating from key moving averages, but still in an actionable base.

The recent lawsuit comes just days after a federal jury in Miami, Fla., [found the EV giant partly liable](#) in the 2019 death of a pedestrian who was struck by a Tesla vehicle that was in Autopilot.

Tesla Lawsuit Season

A jury of eight people decided Friday that Tesla was partly at fault in the case, due to the use and marketing of its Autopilot technology. Tesla will have to pay a large portion of \$329 million in punitive and compensatory damages, according to news reports.

The \$200 million in punitive damages were only assessed vs. Tesla, plaintiffs' attorneys told CNBC. They expect the EV maker to pay their clients \$242.5 million, which includes one-third of the compensatory damages.

Musk said on X Friday that Tesla will appeal the ruling.

The lawsuit in Florida was over the 2019 death of Naibel Benavides Leon. The jury trial began on July 14 in Miami. The facts of the case are that George McGee was driving his Tesla Model S in April 2019 when the car crashed into a parked SUV at more than 50 miles

per hour. Benavides Leon, who had been standing next to the vehicle, was killed and Dillon Angulo was injured. Before the crash, McGee had engaged the Autopilot system, which can steer, brake and accelerate the car on its own.

Federal regulators have opened multiple investigations into Tesla's driver-assistance systems, including Autopilot and full self-driving, FSD.

The verdict that Tesla was partially at fault in the 2019 crash comes as Musk and Tesla are looking to expand their robotaxi ride-hailing service across the U.S., touting the company's autonomous driving capabilities as the key to valuation for the EV giant.

Musk on Sunday posted to X that Tesla vehicles "can drive themselves!"

Piper Sandler analysts on Monday wrote that Tesla investors should not overreact to the Miami court ruling.

"We've learned to ignore headlines related to Autopilot reliability. But the robotaxi rollout has breathed new life into this topic, and we feel compelled to comment on recent media intrigue," the firm wrote.

"This case does not have direct implications for Tesla's FSD rollout," Piper Sandler analysts added.

Tesla Stock Trend

TSLA shares dropped 1.8% to 302.63 during Friday's broad stock market sell-off, after slipping 3.4% on Thursday as the stock market responded to Tesla officially "expanding" its ride-hailing service to the Bay Area. Tesla currently has "safety operators" in driver's seat, making it little different from FSD that can be equipped in current Tesla models.

In Austin, Texas, the limited robotaxi ride-hailing service has a safety operator in the front passenger seat.

In late July, TSLA undercut its [50-day](#) and [200-day](#) moving averages as Musk warned of a "[few rough quarters](#)" ahead in the Q2 conference call.

Tesla stock is still in a [new base](#) with a traditional 367.71 [buy point](#), according to [MarketSurge chart analysis](#). That base is within a much-larger consolidation.

The stock [initially soared](#) after the robotaxi launch but TSLA is now down around 4% since the June 22 service release.

Stocks To Buy And Watch: Top IPOs, Big And Small Caps, Growth Stocks

As of Monday's close, Tesla stock was up 30% since the April 22 Q1 conference call, lifted by robotaxi bets. Shares are down about 23% for the year, and 37% below their all-time high of 488.54.

Tesla stock has a 21-day [average true range](#) of 4.12%. The ATR metric, available on IBD's [MarketSurge charting tool](#), gauges the characteristic breadth of a stock's behavior. Stocks that tend to make large jumps or dives in daily stock market action, the kind that can trigger sell rules and shake investors out of a stock, have a high ATR. Stocks that tend to make more incremental moves have lower ATRs.

Investors can keep tabs on the [IBD Leaderboard watchlist](#), the [IBD 50 list of top growth stocks](#) and [IBD SwingTrader](#) along with the [IBD Sector Leaders](#) list.

Tesla stock has a 58 [Composite Rating](#) out of a best-possible 99. The stock also has an 80 [Relative Strength Rating](#) and a 56 [EPS Rating](#).

YOU MAY ALSO LIKE:

[Get Full Access To IBD Stock Lists And Ratings](#)

[Why This IBD Tool Simplifies The Search For Top Stocks](#)

[IBD Digital: Unlock IBD's Premium Lists, Tools And Analysis Today](#)

[How To Invest: Rules For When To Buy And Sell In Bull And Bear Markets](#)

Autopilot verdict deals Tesla a 'black eye', threatens Musk's robotaxi ambitions



reuters.com/legal/litigation/autopilot-verdict-deals-tesla-black-eye-threatens-musks-robotaxi-ambitions-2025-08-05

Abhirup Roy

August 5, 2025

0 seconds of 0 secondsVolume 0%

- Convincing regulators about Autopilot safety could be tough after verdict
- Jury decision follows years of Autopilot-related probes, recalls
- Robotaxi success crucial for Tesla amid cooling EV demand

SAN FRANCISCO, Aug 5 (Reuters) - A court verdict against Tesla ([TSLA.O](#)), [opens new tab](#) last week, stemming from a fatal 2019 crash of an Autopilot-equipped Model S, could hurt its plans to expand its nascent robotaxi network and intensify concerns over the safety of its autonomous vehicle technology.

A Florida jury [ordered](#) Musk's electric vehicle company on Friday to pay about \$243 million to victims of the crash, finding its Autopilot driver-assistance software defective. Tesla said the driver was solely at fault and vowed to appeal.

The verdict follows years of federal investigations and recalls related to collisions involving Tesla's autonomous-vehicle technology, and comes as CEO Elon Musk seeks regulatory approval to rapidly expand the robotaxi service across the U.S.

"The public perception of this verdict or things like this are going to fuel pressure on regulators to say, 'We just can't let this stuff be launched without a lot more due diligence'," said Mike Nelson, founder of Nelson Law and an expert on legal issues in the mobility sector.

Tesla could have a tough time convincing state regulators that its technology is road-ready, threatening Musk's goal of offering robotaxis to half the U.S. population by year end, legal experts and Tesla investors said.

Expanding its robotaxi service is crucial for Tesla as demand for its aging lineup of EVs has cooled amid rising global competition and a backlash against Musk's far right political views. Much of Tesla's trillion-dollar market valuation hinges on his bets on robotics and artificial intelligence.

Success in the self-driving realm will require winning the confidence of regulators and potential customers on the full-self driving (FSD) software that underpins Tesla's robotaxis, analysts said.

"The timing (of the verdict) for Tesla in light of the FSD rollouts and robotaxis is awful," said Aaron Davis, co-managing partner at law firm Davis Goldman. "Now there's essentially an opinion that some aspect of Tesla's business is not safe and maybe the safety that the company advertises isn't what it's cracked up to be."

The FSD is an advanced version of Autopilot.

Autopilot, which has been updated since 2019, controls speed, distance and lane centering on highways, while the FSD can operate on city streets, helping the vehicle make automatic turns and change lanes.

"This case does not have direct implications for Tesla's FSD roll-out," analysts at Piper Sandler said in a note on Sunday, citing the modern iterations of the software.

A spokesperson on behalf of Tesla acknowledged the company had received a request for comment from Reuters but had not provided one by the time of publication.

REGULATORY ROAD AHEAD



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](#)

Perfecting autonomous vehicles has been harder than expected. The high costs of hardware, years of trial and error, and regulatory hurdles have forced many players to close shop or pivot, including General Motors' [\(GM.N\), opens new tab](#) Cruise unit.

Musk, however, has pursued what he calls a simpler and cheaper path, relying only on cameras and AI instead of pricey sensors such as lidars and radars used by Alphabet's [\(GOOGL.O\), opens new tab](#) Waymo, Amazon's [\(AMZN.O\), opens new tab](#) Zoox and others. After years of missed deadlines, Musk rolled out a small robotaxi trial in June with about a dozen Model Y crossover SUVs in Austin, Texas, each overseen by a human safety monitor in the front passenger seat.

While Musk has said Tesla was being ["super paranoid about safety"](#), he has also pledged to expand the service fast and make it available for half of the U.S. population in the next five months - a stark contrast to Waymo's cautious years-long rollout.

Until Tesla's entry, Waymo was the only U.S. firm to operate a paid, driverless robotaxi service.

Tesla is currently awaiting approvals in several states, including California, Nevada, Arizona and Florida.

California's department of motor vehicles declined to comment on the impact of the verdict on regulatory approval.

Nevada said it held talks with Tesla about a robotaxi program several weeks ago, while Arizona said it was still considering Tesla's request for certification. Both did not comment on the verdict.

Florida did not respond.

Tesla has typically either won other Autopilot litigation or resolved the case with the plaintiffs out of court. The Florida verdict stands out. Several such cases are pending.

The case involved a Model S sedan that went through an intersection and hit the victims' parked Chevrolet Tahoe as they were standing beside it. The driver had reached down to retrieve a dropped cellphone and allegedly received no alerts as he ran a stop sign before the crash.

The jury found that Tesla's Autopilot had a defect and held the company partially responsible, despite the driver admitting fault.

"It's going to take time to get regulators to move forward and time being more than the end of the year," said Gene Munster, managing partner at Deepwater Asset Management, a Tesla investor. "From an image standpoint, it's a black eye."

Reporting by Abhirup Roy in San Francisco; Editing by Mike Colias and Himani Sarkar

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

Abhirup Roy is a U.S. autos correspondent based in San Francisco, covering Tesla and the wider electric and autonomous vehicle industry. He previously reported from India on global corporations, capital markets regulation, white-collar crime, and corporate litigation. Contact him at (415) 941-8665 or connect securely via Signal on [abhiruproy.10](#)

Securities Law News

Tesla Emerges as Test for Texas' Curbs on Shareholder Power

Aug. 5, 2025, 2:00 AM PDT

Investors are asking Tesla to let shareholders vote before applying a Texas law that would severely curb smaller stockholders' ability to raise concerns at annual company meetings.

A state law scheduled to go into effect in September would allow Tesla Inc. and other Texas-based public companies to require shareholders that hold the lesser of either a 3% stake in the company or \$1 million of voting shares before submitting a resolution for consideration at annual meetings.

ESG wealth manager Newground Social Investment last week submitted a proposal for Tesla's November annual meeting asking the EV maker to let shareholders vote on whether to adopt the Texas statute into its bylaws. The New York State Comptroller's office also submitted a proposal challenging another facet of the ownership threshold requirements.

The proposals act as test cases for a novel prong of Texas' legislative push to attract more companies with a less-stringent regulatory environment. Tesla moved its headquarters from California to Texas in 2021, then reincorporated there last summer after a Delaware court blocked founder Elon Musk's nearly \$56 billion executive pay package.

As of Monday, only Musk, Vanguard Group Inc., BlackRock Inc., and State Street Corp. owned more than 3% of outstanding Tesla shares, according to Bloomberg Terminal data.

Bruce Herbert, Newground's chief executive, called the law a direct attack on shareholder democracy.

"The premise underlying this is that if you're rich you have good ideas, and if you don't have wealth in the form of investment assets, you don't have any good ideas," Herbert said. The right to file shareholder proposals is a "cornerstone of ownership," not a loophole, he said.

"This is intended to alert the company to investors' position" on ownership minimums, added Danielle Fugere, president and chief counsel for progressive shareholder advocacy group As You Sow, which helped draft Newground's proposal. "Shareholders want to have the ability to vote on this."

Under the new law, the company is only required to give notice before making a change on who can offer shareholder proposals. Texas state Sen. Tan Parker, a Republican who authored the ownership threshold legislation, billed the statute as a way to entice more public companies and ensure shareholder proposals only come from "serious investors."

Last month, Tesla found itself nearly in breach of another recent Texas law, one requiring companies to hold annual shareholder meetings within 13 months of the previous meeting. The company set its annual meeting date for Nov. 6 following media reports about the looming deadline.

The Texas law on proxy proposals doesn't end with ownership thresholds — it also requires companies that meet initial requirements to "solicit support" from 67% of shareholders in order to submit a resolution.

Tesla has already tapped Texas business law to curb other types of shareholder engagement. The company amended its bylaws in May to prevent shareholders who own less than 3% of the company from filing derivative suits—a shareholder complaint on behalf of a company and against its management. Texas SB 29, which went into effect the same month, allowed the internal change.

In response, the New York State Comptroller's Office in July filed a shareholder proposal seeking to nix Tesla's new derivative suit ownership thresholds, calling the bylaws amendment an attempt to "insulate its Board and officers from almost all accountability."

Tesla's ownership mix is another issue with the Texas shareholder proposal ownership thresholds, Herbert said. Most investors' portfolios are too diversified to own \$1 million worth of outstanding shares in a single company, much less a 3% stake in a company like Tesla, whose market cap exceeds \$990 billion.

The Securities and Exchange Commission as of July 30 had not recorded any requests from Tesla to exclude either shareholder proposal from its proxy statement, and the company did not respond to a request for comment.

Herbert says Newground's resolution is likely to end up on the ballot, even with the Trump administration's recent changes that make it easier for companies to toss proposals.

"It's a straightforward, right-down-the-middle corporate governance proposal," he said. "It really is foundationally important."

To contact the reporter on this story: Drew Hutchinson in Washington at dhutchinson@bloombergindustry.com

To contact the editors responsible for this story: Jeff Harrington at jharrington@bloombergindustry.com; Catalina Camia at ccamia@bloombergindustry.com

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

Securities Law News

Tesla Gives Musk \$30 Billion Award, Saying 'Deal Is a Deal' (1)

Aug. 4, 2025, 8:24 AM PDT

Tesla Inc. approved an interim stock award worth about \$30 billion for Chief Executive Officer Elon Musk, a massive payout meant to keep the billionaire's attention on the automaker as a legal fight over a 2018 pay package drags on.

The new agreement includes 96 million shares of the automaker that will vest if Musk continues to serve in the top post for another two years, the company said Monday in a regulatory filing. The restricted stock has an exercise price of \$23.34, equal to the price in the prior compensation plan.

Shares of Tesla rose as much as 3.1% to \$312.12 in New York before paring the gains to less than 1% at 11:07 a.m. The company's stock was down 25% this year as of Friday's close, compared with a 6% rise in the S&P 500.



Tesla CEO Elon Musk

Photographer: Chip Somodevilla/Getty Images

The move underscores Musk's grip on the company, even as it struggles with falling electric vehicle sales and a slumping stock price. The world's richest person has said he wants a greater stake in Tesla as he reorients it around futuristic pursuits including artificial intelligence and driverless vehicles.

The board emphasized the importance of retaining Musk, saying in a shareholder letter released Monday that the award was a first step "good faith" payment. "After all, a 'deal is a deal.'" It said it's working on a longer-term CEO compensation strategy, which will be put to a vote at the EV maker's Nov. 6 annual meeting.

The decision was met with early praise by some investors and analysts. It "removes an overhang on the stock" and likely ensures Musk remains as CEO for a number of years, Wedbush analyst **Dan Ives** said in a note. "Musk remains Tesla's big asset and this comp issue has been a constant concern of shareholders."

The value of the new award, based on the latest trading price, doesn't take into account that Musk has to pay \$23.34 per share, or \$2.24 billion in total, to collect it.

The per-share purchase price — akin to a stock option's exercise price — echoes back to when companies would hand out options to executives but set their grant date to an earlier point in time when the share price was lower. This meant the securities were immediately in the money. Backdating isn't illegal, but the practice has become much less common after it was a feature in a number of corporate scandals in the 2000s.

Moonshot Award

Tesla investors in 2018 voted to award Musk a "moonshot" package of stock options that vested upon meeting certain milestones. The unprecedented agreement was initially worth \$2.6 billion and spiked to \$56 billion by the time a Delaware court blocked it in early 2024. Plunging and soaring with the company's fortunes, it has been valued in excess of \$100 billion, according to the Bloomberg Billionaires Index.

That pay package was voided after a shareholder lawsuit. The decision is being appealed, but could still take months to be resolved.



The Tesla Headquarters in Austin.

Photographer: Brandon Bell/Getty Images

Musk reincorporated the automaker in Texas last year, citing the court decision as part of the reason for leaving Delaware. A special board committee had been exploring ways to offer Musk a new compensation agreement in Texas, which will govern this pay package. The committee consists of two people: Chair **Robyn Denholm** and board member **Kathleen Wilson-Thompson**.

Amid the ongoing court fight over Musk's original pay package, Tesla has taken steps to ward off future legal challenges to attempts to compensate its CEO. In Texas, the business-friendly ethos of Republican leaders has resulted in new regulations and protections for companies based in the state. Among those: a new law that allows businesses to impose limits on which investors can challenge a company's actions in court.

In May, Tesla capitalized on the new law and updated its corporate bylaws to require investors to own at least 3% of the company's shares in order to "institute or maintain a derivative proceeding."

Inflection Point

Since it looked like the legal challenges would drag on, the board said it needed to act to retain Musk "against the backdrop of the ever-intensifying AI talent war and Tesla's position at a critical inflection point."

The award requires Musk to serve continuously in a senior leadership role at Tesla during the two-year vesting term and that he hold the shares for five years from the grant date. If the Delaware court fully reinstates the 2018 performance award, Musk will have to forfeit or return the interim award. "To put it simply, there cannot be any 'double dip,'" the filing said.

The proposal suggests Musk won't relinquish the CEO title in the near term. He has served as the automaker's top executive since 2008. Musk told Bloomberg in an interview in May that he's committed to still being at the helm in five years.

Read More: Tesla Fights to Save Musk's Record Pay Plan in Legal Appeal

Tesla's board is sticking with Musk despite his competing priorities. Besides overseeing four other companies, politics has taken up a lot of Musk's attention this year. His decision to backroll President Donald Trump's reelection campaign and lead the DOGE effort to remake the federal government sparked a backlash against the electric vehicle maker.

"While we recognize that Elon's business ventures, interests and other potential demands on his time and attention are extensive and wide-ranging, including his leadership roles at xAI, SpaceX, Neuralink, X Corp. and the Boring Co. as well as his other interests, we are confident that this award will incentivize Elon to remain at Tesla," the board said in its letter. "To be clear, losing Elon would not only mean the loss of his talents but also the loss of a leader who is a magnet for hiring and retaining talent at Tesla."

Tesla has seen an exodus of notable workers in recent months. Omead Afshar, a longtime Musk confidant who oversaw sales and manufacturing operations in North America and Europe, and Jenna Ferrua in human resources both exited, Bloomberg reported in June. Milan Kovac, head of engineering for the Optimus humanoid robot program, stepped down citing a desire to spend more time with his family. David Lau, vice president of software engineering, departed earlier in the year.

Late May marked Musk's last official day as a special government employee, and he committed to spending more time at Tesla. But just days later, he engaged in a bitter public falling out with Trump that led to the president threatening to cancel his companies' federal contracts. Musk has since said he regretted some of his comments. He's also said he will form a new political party.

Tesla recaptured some momentum in the middle of the year after rolling out its long-promised driverless-taxi service that Musk sees as an important part of its future business. The company launched June 22 with a handful of robotaxis in Austin and has been working to expand.

Last month, Tesla reported another big drop in quarterly sales, setting it up for a full-year decline. Musk at the time warned that the automaker faced potentially “a few rough quarters” ahead.

(Updates with additional details on corporate bylaws, executive departures beginning in 12th paragraph.)

--With assistance from **Anders Melin**, **Jamie Nimmo** and Madlin Mekelburg.

To contact the reporters on this story:

Kara Carlson in Austin at kcarlson72@bloomberg.net;

Dana Hull in San Francisco at dhull12@bloomberg.net

To contact the editors responsible for this story:

Richard Clough at rclough9@bloomberg.net;

Shelly Banjo at sbanjo@bloomberg.net

Matt Townsend, Catherine Larkin

© 2025 Bloomberg L.P. All rights reserved. Used with permission.

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

**Due Diligence** **US companies****Elon Musk's \$30bn back-to-work payday**

Plus, the Trump sons launch a Maga Spac and shareholders question a \$9bn artificial intelligence takeover



© Reuters

Published YESTERDAY



One thing to start: BP will today [reveal](#) its progress on a \$5bn cost-cutting plan, as activist investor Elliott Management increases pressure on the energy major to rein in operating expenses more aggressively.

Welcome to Due Diligence, your briefing on dealmaking, private equity and corporate finance. This article is an on-site version of the newsletter. Premium subscribers can sign up [here](#) to get the newsletter delivered every Tuesday to Friday. Standard subscribers can upgrade to Premium [here](#), or [explore](#) all FT newsletters. Get in touch with us anytime: Due.Diligence@ft.com

In today's newsletter:

- Elon Musk's \$30bn Tesla award
- The Trump sons' Maga Spac
- Hedge funds question \$9bn deal

Tesla tosses Elon Musk a \$30bn work incentive

It's been a turbulent few months for **Elon Musk**: a big falling out with his former pal **Donald Trump** and woes in Europe and China for his carmaker **Tesla** are just a couple of the issues that have troubled the world's richest man.

But Monday brought good news for Musk in the form of a multibillion-dollar payout.

Tesla's board [approved](#) the award of 96mn shares worth about \$30bn to Musk, its chief executive, after he threatened to leave the electric vehicle maker if he wasn't given more stock.

Tesla told shareholders on Monday that the package was "a critical first step" towards "keeping Elon's energies focused on Tesla".

The pay award is a sign of just how much Tesla values Musk, despite his contentious political activity.

Musk's backing of Trump in last year's US presidential election won him clout in Washington, but caused a furious backlash among consumers.

Tesla dealerships and cars were vandalised and in Europe, consumers spurned the vehicles. Further challenges are [to come](#), with Trump's "big, beautiful bill" ending EV incentives that benefited Tesla for years.

This week's pay package will increase Musk's stake in the company from just under 13 per cent to about 16 per cent. He'll have to "serve continuously in a senior leadership role" for two years and will be subject to a five-year holding period from the grant date.

To receive the new award, he'll have to pay Tesla \$23.34 a share of restricted stock as it vests, which the company said was equal to the exercise price per share of the 2018 pay award.

Monday's announcement is separate from Tesla's roughly \$56bn pay award for Musk that was voided last year by Delaware judge **Kathaleen McCormick**.

McCormick said the payout was excessive and that board members were in thrall to Musk, despite two shareholder voting rounds that went in favour of the award.

Tesla subsequently shifted its headquarters to Texas and has appealed against the ruling with Delaware's Supreme Court. If the bonus is reinstated, Musk's stake in Tesla will rise to more than a fifth — and he'll forgo the new award.

Nearly every big tech company has created a story around a talismanic founder, using them to create a sense of magic around a business. In Tesla's case, the maverick Musk and his [sci-fi powered ambitions](#) underpin much of the company's premium valuation.

But there are dark clouds on the horizon for the carmaker, with earnings threatened by slowing sales, [competition from China](#) and Trump's trade wars. That will put Musk's mythologising and his lavish pay awards to the test.

For more on this, go deeper with Lex, which argues that Musk's payout [turns incentive theory on its head](#).

The Trump sons strike another Spac deal

Eric Trump and **Donald Trump Jr** are [backing a new Spac](#) in their latest experiment to monetise American patriotism.

Their blank cheque investment vehicle, the **New America Acquisition I Corp**, is positioning itself to benefit from the Trump administration's policy goals.

The Spac will aim to raise \$300mn in an offering on the **New York Stock Exchange** and then merge with a US company that's "revitalising domestic manufacturing", it said on Monday.

The target business will be “well-positioned to benefit from federal or state-level incentives, such as grants, tax credits, government contracts or preferential procurement programs”, the Spac’s **SEC** filing says.

It’s the latest in a flurry of investments the Trump sons have made since their father became president.

Last month, Trump Jr backed the weapons retailer **GrabAGun**, which listed through a Spac merger. The month before, Eric Trump [launched](#) crypto mining company **American Bitcoin**, and the family media company announced the [launch](#) of a bitcoin ETF, operated by **Yorkville America Digital**, an “America-first asset management firm”.

Many of the Trump family’s ventures have featured a recurring roster of dealmakers.

Take **Kevin McGurn**. He serves as chair, CEO and CFO of the **New America Acquisition I Corp**, and CEO of the affiliated asset manager **Yorkville Acquisition Corp**. He’s also an adviser to **Trump Media & Technology Group**, which owns **Truth Social**.

The latest Spac deal will be underwritten by two groups: **Dominari Securities** — a business headquartered in Trump Tower — and **D Boral Capital**, which [took](#) TMTG public via a Spac deal in 2022.

The FT previously reported that shares in **Dominari Holdings**, which owns Dominari Securities, [rose by 580 per cent](#) in the six weeks to February 11, when a filing revealed that the president’s sons had joined its advisory board.

Who said dealmaking in the Trump era was difficult?

The less-than-ideal \$9bn AI deal

CoreWeave looked like it had clinched the deal of the year.

The recently listed artificial intelligence company reached an agreement last month to buy **Core Scientific**, one of its own data centre landlords, in an all-stock deal that would save it \$10bn in lease costs.

For CoreWeave, which operates AI data centres used by tech giants **Microsoft** and **OpenAI**, the deal couldn’t have come at a better time. It’s already staring down big interest payments on debts over the next two years.

But there's a wrinkle in the plan. Some of Core Scientific's [top shareholders are concerned](#) the terms of the deal could leave them short-changed, and are weighing voting against it.

The trouble wasn't with CoreWeave buying the company; they just want more certainty about how much they'll really get paid.

As it stands, shareholders will get 0.1235 newly issued CoreWeave shares for each Core Scientific stock they own.

The exchange is a double-edged sword: they'll make a windfall if the stock soars, but there are no protections if the acquirer's stock slides in the coming months.

Some of the biggest hedge funds that own a stake in Core Scientific include **Two Seas Capital**, **Helix Partners Management**, **JAT Capital** and **Parsifal Capital Management**, according to regulatory filings.

One option is to have a so-called collar agreement, which would give the valuation more certainty by limiting the downside for Core Scientific shareholders.

The payment concerns are front of mind given the coming weeks could be especially volatile.

CoreWeave's earnings report next week is already a must-watch for Wall Street, even without the Core Scientific deal in play.

If CoreWeave's shares fall dramatically, Core Scientific shareholders will undoubtedly be more inclined to vote against the deal.

On top of earnings, a six-month share lock-up that prevented certain shareholders from selling CoreWeave stock is about to expire in September — another event that could stoke volatility.

Job moves

- **Jaguar Land Rover** has [named](#) **PB Balaji** as its chief executive, following the retirement of **Adrian Mardell**. Balaji is CFO of **Tata Motors**.
- **Brookfield Asset Management** has named **Saad Alfadly** as its chair in Saudi Arabia. Alfadly was CEO of **Hassana Investment Co**, the \$320bn Saudi pension fund, for 12 years.

Musk's \$29 bln handout makes him harder to replace



reuters.com/legal/government/musks-29-bln-handout-makes-him-harder-replace-2025-08-04

Jonathan Guilford

August 4, 2025

[Commentary](#)

[Government](#)

A 3D printed miniature model of Elon Musk's face and Tesla logo are seen in this illustration taken July 23, 2025. REUTERS/Dado Ruvic/Illustration [Purchase Licensing Rights](#) , [opens new tab](#)

NEW YORK, Aug 4 (Reuters Breakingviews) - A fight caused by Elon Musk's iron grip on Tesla ([TSLA.O](#)) , [opens new tab](#) is showing just how tight his control is. The electric carmaker's board on Monday [handed](#) , [opens new tab](#) its boss stock worth \$29 billion to show its "good faith" in an ongoing [legal dispute](#) over a pay package worth almost twice that sum. The latest bonanza fixes none of the problems posed by a CEO who is both a burden on the company's present and an essential fulcrum of the future hopes supporting its \$980 billion market value.

The first problem is that Tesla's "Technoking" CEO wants 25% voting control of the company. The 2018 award would have lifted his stake over 20%. But that payday has been in legal limbo since Delaware judge Kathleen McCormick last year ordered it be rescinded due to the hopelessly conflicted process by which the board made its decision. The latest "interim" payment, which will effectively be canceled if Tesla succeeds in getting the original reinstated, merely increases Musk's ownership to around 16%. After more than a year of struggle, the question of his [next incentive package](#) remains unresolved.

The second issue is that the tech tycoon's value to his company is increasingly double-edged. Musk once attracted a fervent following among technologists and the car-buying public. Yet brand loyalty among Tesla owners has plummeted since he jumped into electoral politics – first backing President Donald Trump and then falling out with him – Reuters [reported](#) based on S&P Global Mobility data.

Even so, Musk retains a unique aura for Tesla investors. How else to explain a stock trading at 148 times expected earnings over the next 12 months, according to LSEG data, when financial results are slumping?

He has pushed a strategy that de-emphasizes the humdrum business of selling actual cars, swapping out a path-breaking, truly cheap vehicle plan for a cut-rate model that [cannot](#) profitably hit a sub-\$30,000 price. Instead, Musk now talks about Tesla building millions of humanoid robots or self-driving taxis even as it trails Google's ([GOOGL.O](#)) , [opens new tab](#) Waymo and other rivals. Every decision - from cutting the sensors in each car to

incorporating language model Grok - leads to more dependence on an artificial intelligence push that depends on raw scale. Here, Musk is among a select group of AI pioneers who can collect enough powerful semiconductors and push past [pesky regulations](#).

Musk has even proposed that Tesla invest in his xAI business, potentially tying the carmaker even more tightly to the rest of his empire. As the standard business of selling automobiles is pushed further to the background, the company depends ever more on the peculiar whims of its CEO. His extracurricular activities - from xAI to rocket-maker SpaceX to political activism - seem likely to continue; investors in another of his companies were recently [warned](#) , [opens new tab](#) that Musk may re-enter the electoral arena. All the new pay package does is cement this reality, while desperately trying to rekindle the old magic.

- The board of electric carmaker Tesla approved an interim award of 96 million shares of restricted stock for Chief Executive Elon Musk, according to a regulatory filing disclosed on Aug. 4. The shares vest in 2027 and Musk must pay \$23.34 each to exercise them.
- The exercise price is equivalent to a 2018 stock award, worth a maximum of \$56 billion at the time, that is in limbo after a Delaware judge ruled that it was improperly granted. Based on the company's share price on Aug. 1, the accounting fair value of the new interim award would have been approximately \$23.7 billion, the company said in a filing.
- If Musk's 2018 pay package is reinstated, he will either return or repay the interim award.
- Tesla shares were up 1.2% at \$306 in early trading in New York on Aug. 4.

Editing by Peter Thal Larsen; Production by Maya Nandhini

Our Standards: [The Thomson Reuters Trust Principles](#) , [opens new tab](#)

Opinions expressed are those of the author. They do not reflect the views of Reuters News, which, under the Trust Principles, is committed to integrity, independence, and freedom from bias.

Jonathan Guilford is Breakingviews U.S. Editor, based in New York. He has covered financial news across Europe and the United States for 10 years. He joined Reuters Breakingviews in 2021 from Dealreporter, where he led risk arb coverage strategy from New York while covering the technology, media and telecommunications space. He previously covered the European healthcare services market. He studied English and Italian at Royal Holloway, University of London.

Tesla Inc**Tesla's UK sales plummet 60% as BYD surges**

US carmaker's registrations sink in July as Chinese rival profits



Tesla's sales decline comes despite the recent release of an upgraded version of its flagship Model Y sport utility vehicle © AFP via Getty Images

Kana Inagaki in London

Published 8 HOURS AGO



Sales of Tesla's electric vehicles plummeted 60 per cent in the UK last month amid a broader slump in European demand, with Chinese rival BYD surging.

There were 987 Tesla vehicles registered in July, compared with 2,462 in the same month last year, according to figures from the UK's Society of Motor Manufacturers and Traders. The sharp drop marked a reversal from the 14 per cent year-on-year increase in June.

Tesla's sales have declined in large European markets this year on the back of a consumer backlash to Musk's political activism and increased competition from rivals including BYD, whose registrations in the UK rose more than fourfold year on year to 3,184 in July, according to SMMT.

In July, Tesla registrations also fell 86 per cent to 163 vehicles in Sweden, 27 per cent to 1,307 cars in France and 58 per cent to 460 vehicles in Belgium, according to official industry data.

The declines came despite the recent release of an [upgraded version](#) of its flagship Model Y sport utility vehicle.

Tesla disclosed in a filing on Monday that its board had approved a [new pay package](#) for chief executive Elon Musk. It said the award of 96mn shares was aimed at “energising and focusing” the billionaire chief on reviving the flagging carmaker.

Musk and Tesla have been fighting a shareholder lawsuit in Delaware for seven years over a previous \$56bn pay award, the largest in US history.

Since the package was struck down in January 2024 by Delaware judge Kathaleen McCormick — who ruled it was excessive — Musk has repeatedly threatened to leave [Tesla](#) and prioritise his other enterprises unless he is given more control.

The world's richest man also runs SpaceX, xAI, Neuralink and the Boring company.

The decline in Tesla's UK sales is happening amid a broader, albeit more modest, fall in car registrations, which were down 5 per cent year on year to 140,154 last month, according to SMMT.

The slowdown comes amid consumer uncertainty over which models would be eligible for the government's [new EV subsidy scheme](#).

On Tuesday, the government revealed that four Citroën EV models would be eligible for the £650mn grant, allowing consumers to save £1,500 when purchasing the vehicles. New registrations of Citroën fell 41 per cent in July.

New registrations at Fiat fell 43 per cent in July, while Honda declined 46 per cent, BMW 18 per cent and Toyota fell 23 per cent.

Tesla's German car sales more than halved in July



reuters.com/business/autos-transportation/teslas-german-car-sales-more-than-halved-july-2025-08-05

Reuters

August 5, 2025

Model Y cars are pictured during the opening ceremony of the new Tesla Gigafactory for electric cars in Gruenheide, Germany, March 22, 2022. Patrick Pleul/Pool via REUTERS/File Photo [Purchase Licensing Rights, opens new tab](#)

[\(TSLA.O\), opens new tab](#) sales volume in Germany more than halved in July, the German road traffic agency KBA said on Tuesday, although sales of battery electric vehicles rose overall.

KBA said Tesla sold 1,110 cars in Germany in July, down by 55.1% from a year earlier. The number of Teslas sold in the January-July period dropped 57.8% to 10,000 units, compared with the same period last year.

By contrast, the total number of newly registered electric vehicles increased by 58% in July to 48,614 units, KBA added.

Registrations of new Tesla cars in several key European markets [fell](#) in July, despite a revamp to its signature Model Y, as the EV maker struggles with a backlash against CEO Elon Musk's political views, regulatory challenges and rising competition.

The German agency also said sales volume of Chinese electric vehicle manufacturer BYD [\(002594.SZ\), opens new tab](#) jumped almost fivefold in July to 1,126 units and more than fivefold to 7,449 units since the beginning of the year.

Reporting by Amir Orusov, editing by Kirsti Knolle and Miranda Murray

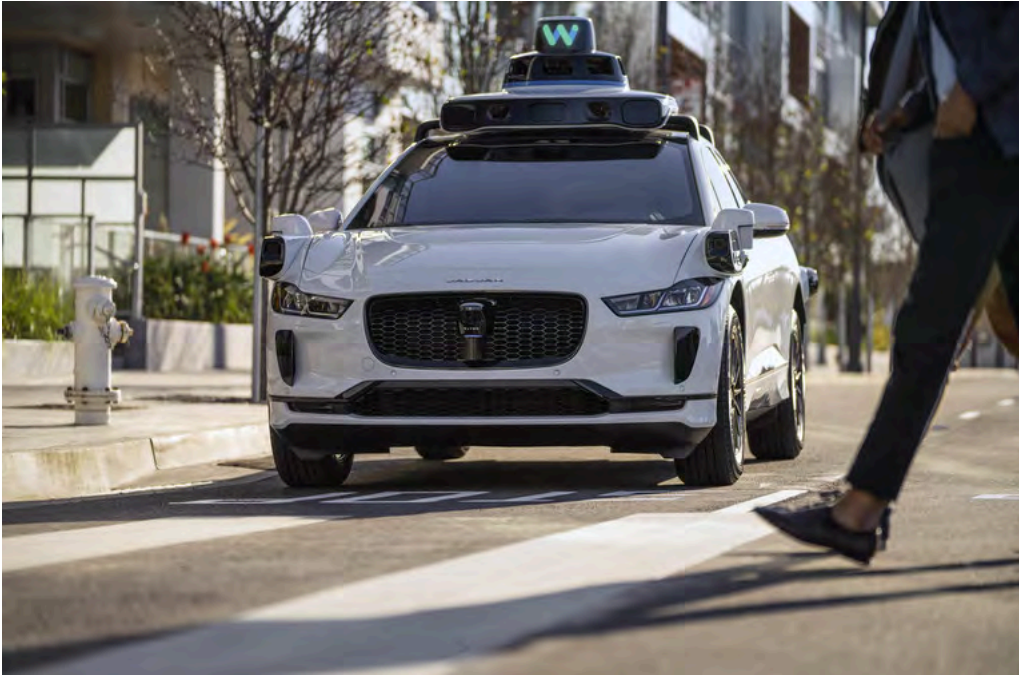
Our Standards:

Lawyers Are Weighing Suits Over Driverless Cars—But There's a Catch

August 04, 2025 | By  **Cedra Mayfield**

What You Need to Know

- Driverless rideshare vehicles are now operating—and malfunctioning—in metro Atlanta.
- Litigators are now preparing for a potential wave of litigation against autonomous vehicle defendants.
- Atlanta attorney Drew Ashby of Ashby Thelen Lowry has a road map for pursuing tortious claims.



Waymo's autonomously driven Jaguar I-PACE electric SUV. Courtesy photo

Litigators are facing new hurdles over driverless cars—but one lawyer says he's found a way to navigate around them.

It's been just over a month since driverless rideshare vehicles operated by Waymo in partnership with Uber arrived in Atlanta. But the rollout hasn't been without a few bumps in the road.

As some litigators prepare for a potential wave of litigation against autonomous defendants, Atlanta attorney Drew Ashby is providing a road map for pursuing tortious claims.

'Guinea Pigs for These Companies'

From struggling to navigate around inner-city construction zones to stalling in the middle of Atlanta intersections, self-driving rideshare vehicles like Waymo are [going viral on social media](#) as malfunctions intensify traffic frustrations.

Waymo also made [local headlines](#) after Atlanta police announced their inability to ticket the driverless vehicles for traffic violations.

Prior to Waymo's Atlanta launch in June, officers [met with the autonomous rideshare company](#) in March to discuss its self-driving technology. Four months later, the Atlanta Police Standard Operating Procedure began instructing officers to refrain from issuing citations to the driverless vehicles on grounds the city's "court system is currently unable to process traffic citations for [autonomous vehicles] with no human operator."

"If the vehicle violates a traffic law, where a citation would be warranted, the officer must write a report providing the details surrounding the incident and the law that was violated," the Atlanta Police Standard Operating Procedure mandates.

WATCH: WSBTV—'Court System Can't Process Citations for Waymo'



Ticketing the autonomous vehicles might be challenging for police, but new legal issues don't stop there.

Litigators told the Daily Report that the self-driving rideshare technology also poses new challenges for civil lawsuits filed in connection to personal injury and property damage collisions.

Litigators told the Daily Report that the self-driving rideshare technology also poses new challenges for civil lawsuits filed in connection to personal injury and property damage collisions.

"The defendants would be clear, but the claims against them are not," said Drew Ashby, a Marietta litigator specializing in catastrophic personal injury, defective product and chemical exposure matters.

As a founding member of the national Collision Avoidance Technology Committee for the [Attorneys Information Exchange Group](#), Ashby knew the ins and outs of automotive product defect and roadway safety cases.

The Ashby Thelen Lowry partner said he had yet to see a lawsuit against Waymo in Georgia but noted that "several have been filed in other states."

"But even with the comparatively small handful of these driverless vehicles that are operating in Georgia, a crash is bound to occur—and probably sooner than later—given the wild ways in which we have seen them operate," Ashby told the Daily Report. "From system confusion to inability to process its surroundings, the technology behind driverless vehicles still has a long way to go. In the meantime, everyone in or around those vehicles will be the guinea pigs for these companies to advance their technology."

Ashby noted a common public perception of fully driverless technology to be "at least fairly highly developed and ready-for-prime-time." However, the litigator cautioned that the technology had "a long way to go." Ashby noted the competitive nature that fuels some autonomous vehicle manufacturers "to race their competitors by putting various kinds and levels of this technology in their vehicles."

"Because of this race to include the technology, it is not uncommon for manufacturers to learn about dangerous and deadly problems with their technology when something horrible happens to a member of the public," Ashby said. "So it is critically important that lawyers spot the potential for these cases and bring them when possible, because that will ultimately be the largest outside influence in forcing manufacturers to consider safety above the desire for their cars to have seemingly impressive bells and whistles."

'Cases You Can Bring'

Amid a lack of existing litigation surrounding driverless rideshare torts, Ashby encouraged lawyers to first familiarize themselves with the technology's [five levels of automation](#). Ashby explained the technology ranged from Level 1, which involved driver warnings, to Level 5 or full automation. Characterizing the advancement of autonomous vehicles as "complicated and ever-evolving," Ashby said purported advances occur frequently.

"Staying on top of the technology is critical to understanding what kinds of cases you can bring, how you can bring them and what is needed to do so," Ashby said. "As one example, it is not uncommon for vehicle manufacturers to use old, outdated, and unreasonably unsafe technology in their vehicles because it is cheaper. Understanding what was available at that time, and who was using what technology at that time, would be foundational to your ability to know whether that is a viable claim; and that could easily be the main claim in a case."



Drew Ashby, The Ashby Firm, Atlanta.

With regard to naming defendants and bringing plaintiff claims, Ashby outlined at least three approaches. First, litigators could contend that the autonomous vehicle manufacturer "is the 'driver.'" With this approach, Ashby said plaintiffs could bring an action against the manufacturer in the same manner as an at-fault human or corporate driver under ordinary negligence laws.

Ashby said plaintiffs could also have a claim under product liability law, but noted pursuing such litigation would be "much more complicated" and more expensive to pursue.

"In Georgia, the vehicle manufacturer would be the main defendant in a product liability case, and they would be strictly liable for any defect in their product," Ashby said. "At this point in time, vehicle manufacturers are typically also developing the software and algorithms that 'drive' their vehicles. But that is not always the case, and sometimes the vehicle manufacturer will outsource the driverless technology to another company. That's more rare now, but we will begin to see more of this in the future. If the vehicle manufacturer outsources the driverless technology, you would bring an action against both the vehicle manufacturer and the separate company that developed the technology, and each company would separately be strictly liable for any defect."

With the complexity of product liability cases often generating hundreds of thousands in costs, Ashby said exclusive pursuit of product liability claims would be limited to catastrophically injured plaintiffs. Ashby explained that the damages incurred by a noncatastrophically injured plaintiff would likely be less than the cost of litigating the case.

"Even if an injured victim could bring ordinary negligence claims against the vehicle manufacturer, manufacturers may try to treat and defend the case as if it were a product liability case, which could drive up litigation costs exponentially, potentially as much as 100-500 times or more," Ashby said.

But the hurdles involved in bringing a product liability case wouldn't stop there.

In order to prevail, Ashby said plaintiffs would also need to prove that the driverless rideshare vehicle's defectiveness rendered it "unreasonably dangerous."

"At its core, the product at issue would be the technology itself, which is a set of algorithms incorporated within a software infrastructure that contains around 1,000,000,000,000 lines of code. There are a very limited number of experts who are qualified to evaluate that kind of technology, and it takes a herculean amount of work to do so; usually involving entire teams," Ashby said. "Setting aside the exponential increase in costs for such a case, explaining this to Courts and juries in a way that makes sense to them will be challenging."

With driverless technology quickly expanding throughout the nation, Ashby encouraged lawyers to look out for and actively pursue litigation involving autonomous vehicular torts as a means to influence manufacturers to keep consumer safety at the forefront as the technology continues to evolve.

Page printed from: https://www.law.com/dailyreportonline/2025/08/04/lawyers-are-weighing-suits-over-driverless-carsbut-theres-a-catch/?kw=Lawyers+Are+Weighing+Suits+Over+Driverless+Cars%E2%80%94But+There%27s+a+Catch&utm_position=1&utm_source=email&utm_medium=enl&utm_content=20250804&utm_campaign=afternoonalert&utm_term=driverless

NOT FOR REPRINT

© 2025 ALM Global, LLC, All Rights Reserved. Request academic re-use from www.copyright.com. All other uses, submit a request to asset-and-logo-licensing@alm.com. For more information visit [Asset & Logo Licensing](#).

Securities Law News

Opinion

Matt Levine's Money Stuff: Tesla Gives Musk Some Stock

Aug. 4, 2025, 11:16 AM PDT

Tesla

In 2018, Tesla Inc. gave Elon Musk, its chief executive officer and Technoking, a big package of stock options to motivate him to transform Tesla from about a \$59 billion company into a trillion-dollar company. This worked. Tesla's equity market capitalization peaked at about \$1.5 trillion last year; it's hovering around \$1 trillion today. Musk's "moonshot" package of stock options is worth, at today's prices, about \$87 billion. That is both a lot of money and kind of a bargain; it does seem unlikely that a different CEO would have added a trillion dollars of value to Tesla.

And then last year a Delaware judge ruled that this options package was invalid, for conflict-of-interest and disclosure reasons. (She found that Tesla's board, which approved the options, was in Musk's pocket, and that the outside shareholders who also approved it were not fully informed about the deal.) Tesla responded by:

1. Asking shareholders to approve the package again, and
- 2. Moving its state of incorporation to Texas, so that Delaware judges couldn't meddle in Musk's pay anymore.

Shareholders approved both measures, and the second one worked (Tesla is in Texas now), but the first one didn't, or at least, it didn't yet: The Delaware judge found that reapproving the options doesn't bring them back to life, so they are still invalid. That decision is being appealed. But, for now, Musk's \$87 billion of options are gone.

This situation strikes Musk, and Tesla's board, and many of its shareholders, and also frankly me, as pretty unfair. Tesla did make a deal with Musk, that it would make him rich(er) if he made Tesla shareholders rich; he held up his end of the deal, but he has not gotten the options he was promised.

We are also, in 2025, in a pretty interesting market for a man of Elon Musk's talents. Right now, if you are a talented artificial intelligence researcher, your market value is on the order of hundreds of millions and perhaps billions of dollars. If you are a talented AI *executive* — if your skill set is not building generative AI models, but attracting and motivating people who build generative AI models — your market value is even higher. Sam Altman's value to OpenAI is plausibly 100% of its valuation, which is \$300 billion.

I am not saying that, if Elon Musk polished up his LinkedIn and started sending around a resume, Mark Zuckerberg would pay him \$90 billion to lead AI efforts at Meta. (Though I am writing a pilot for that sitcom.) I am saying, though, that if Musk were to go and start a new AI startup, he could easily raise billions of dollars at a 12-digit valuation. Also he has already done that. The startup is xAI, it raised a \$10 billion round last month and it's in talks to do more at a \$200 billion valuation. I don't know a lot about xAI's cap table, but Musk might own one third of it, meaning that his stake is worth something like of \$70 billion. The outside bid for Musk's services — what he could get for building AI stuff *away* from Tesla — is on the order of \$70 billion. And meanwhile Tesla paid him, like, negative \$87 billion last year? I would quit!

That's oversimplified. Tesla is a very important part of Musk's empire. He owns about \$127 billion worth of Tesla stock even without the 2018 options, and because Tesla is his only *public* company, that stock is easier to turn into cash (by selling or pledging) than his private shares are. Musk's projects require a lot of money, and Tesla is often the most straightforward source of that money. But he does have a lot of projects, and it would be understandable if he devoted his incremental efforts to projects that would pay him a lot of upside rather than to an already-large slow-growing public company where he arguably worked for free for the last seven years.

It's possible that the optimal outcome here is for (1) Musk to quit Tesla to go build AI stuff at xAI and (2) Tesla to hire a normal car executive to run a normal car company, but I doubt that many Tesla shareholders or directors think that. (That trillion-dollar valuation is not a normal-car-company valuation.) So Tesla's board would like to throw giant gobs of stock back at Musk to keep him aligned and motivated.

Presumably it *can* do that, because now Tesla is incorporated in Texas and the whole point of doing that was that everyone assumes (though nobody knows) that Texas courts will let it pay Musk whatever it wants. But there are tax and accounting issues. When Musk got those options in 2018, they weren't worth very much, as an accounting matter: They were at the money (the strike price he would pay to exercise the options was equal to the market price) and highly contingent (he'd only get the options if he hit a series of aggressive operational and financial targets, including getting Tesla's market cap to \$650 billion), and they might well turn out to be worthless. If Tesla gave Musk the same options again, now, they'd be worth a ton of money: They're very in-the-money (the stock has gone up more than 1,000%) and not contingent at all (he's already hit all the targets). That means that (1) he would pay very high taxes on them and (2) Tesla would take a big charge to earnings. Giving him *different* options — at-the-money options contingent on hitting new targets — might be better (to motivate him to hit the new targets!), but would effectively leave him unpaid for his last seven years of work.

Today Tesla announced that it will give Musk back a portion of his old options:

Tesla Inc. approved an interim stock award worth about \$30 billion for Chief Executive Officer Elon Musk, a massive payout meant to keep the billionaire's attention on the automaker as a legal fight over a 2018 pay package drags on.

The new agreement includes 96 million shares of the automaker that will vest if Musk continues to serve in the top post for another two years, the company said Monday in a regulatory filing. The restricted stock has an exercise price of \$23.34, equal to the price in the prior compensation plan. ...

The board emphasized the importance of retaining Musk, saying in a shareholder letter released Monday that the award was a first step "good faith" payment. "After all, a 'deal is a deal.'" It said it's working on a longer-term CEO compensation strategy, which will be put to a vote at the EV maker's Nov. 6 annual meeting.

Here are the filing, the terms of the new options, and the shareholder letter, which makes it clear that this is meant to (1) compensate Musk for his *past* work:

To recognize what Elon has accomplished and the extraordinary value he delivered to Tesla and our shareholders, we believe we must take action to honor the bargain that was struck in 2018. After all, "a deal is a deal." Thus, as evidence that Tesla is committed to honoring its promises in the 2018 CEO Performance Award and intends to compensate its CEO for his future services commensurate with his contributions to our company and shareholders, we have recommended this award as a first step, "good faith" payment to Elon.

And (2) keep him from running off with an AI startup:

It is imperative to retain and motivate our extraordinary talent, beginning with Elon. The war for AI talent is intensifying, with recent months including multi-billion-dollar acquisitions of companies and nine-figure cash compensation packages for non-founder, individual AI engineers. Even among this group of highly talented individuals, no one matches Elon's remarkable combination of leadership experience, technical expertise, and, arguably most importantly, decades-long proven track record of building the most revolutionary and profitable businesses across different industries. While we recognize that Elon's business ventures, interests and other potential demands on his time and attention are extensive and wide-ranging, including his leadership roles at xAI, SpaceX, Neuralink, X Corp., and The Boring Company as well as his other interests, we are confident that this award will incentivize Elon to remain at Tesla and focus his unmatched leadership abilities on further creating shareholder value for Tesla shareholders and attracting and retaining talent at Tesla. To be clear, losing Elon would not only mean the loss of his talents but also the loss of a leader who is a magnet for hiring and retaining talent at Tesla.

Fine. But the funniest part of the filing is the section on "accounting consequences." The accounting consequences are: none. Tesla argues that this \$30 billion award is worth nothing, because Musk is unlikely ever to get the shares;

The Company expects to account for the 2025 CEO Interim Award as a grant of restricted stock with a performance condition in accordance with ASC Topic 718, which for purposes of the 2025 CEO Interim Award is based upon the probability of certain conditions being met. Restricted stock with a performance condition is accounted for by recognizing compensation expense over the requisite service period, based on the accounting grant-date fair value, but only if and when the vesting of the award becomes probable.

...

As of the date of this report, the Company expects that the performance condition of the 2025 CEO Interim Award will not be deemed to be probable of being met. As a result, the Company currently expects that it will not recognize a compensation expense upon the issuance of the award.

That is, the performance conditions in the new award are so onerous that they are unlikely to be satisfied, so Musk is unlikely to get these shares, so Tesla doesn't have to expense them.

Which is weird: These new options are meant to replace the 2018 options; they are meant to reward them for his *prior* performance. Putting in onerous new performance conditions seems rough on him. What are these onerous new conditions? Well, there are no operational or financial targets. Tesla doesn't have to hit a \$2 trillion market cap, or sell more cars or develop autonomous robots. The only thing that Musk actually has to do to get the award is:

A requirement that Elon serve continuously in a senior leadership role at Tesla during the two-year vesting term.

Huh. Tesla is saying it's so unlikely that Musk will stay for two years, that the options are worth zero?

No, I think I'm kidding; there's one other requirement:

The 2025 CEO Interim Award will be immediately forfeited and returned to the Company if, prior to vesting, there is a final, non-appealable judgment, order or decision of the Delaware courts with respect to the action captioned *Tornetta v. Elon Musk et al.* ... that results in Mr. Musk becoming able to exercise in full the performance-based stock option award he was granted in January 2018.

That is, if the Delaware decision gets overturned on appeal and Musk gets his 2018 options back, then these options go away. Perhaps Tesla's accountants are confident that the decision will be overturned, so they think the probability of him actually getting these options is low.

You don't have to choose. The point is that the only way Musk gets these options is if:

1. He loses the 2018 options forever, and
- 2. He stays at Tesla for two more years.

I suppose Tesla's accountants concluded that the probability of *both* of those things happening is low. I suppose they're right!

Trend following

One of the more embarrassing facts in finance is that stuff — stocks, bonds, commodities, etc. — that went up last month will probably go up this month. This is embarrassing because it seems to undermine the idea of efficient markets: “Market prices incorporate all available information, except they always forget whether prices went up last month.” It seems hard to explain except with a story of investor irrationality. On the Money Stuff Podcast, Cliff Asness pointed out that the two main explanations are (1) “investors underreact to news” and (2) “investors overreact to news,” which is additionally embarrassing.

There are people who make a nice living from this embarrassing fact: You buy stuff that went up last month, you short stuff that went down last month, and probably you make money. This is called “trend following.” My impression is that most of the hedge funds who make a living from this have more sophisticated models than this but, you know. Something like this.

But this doesn't *always* work; it just *mostly* works. It works when markets are somewhat irrational. A medium amount of irrational, at a medium time horizon. I wrote a few months ago that “the current economic policy of the United States is apparently to cause maximum chaos by announcing drastic changes in the global economic order in the morning and then walking them back at lunchtime.” That is a *change* from the previous economic policy of the US, which was to try to be pretty stable to allow for rational economic planning. When the world is basically stable, the stuff that went up last month will probably go up this month. When the US imposes huge tariffs one month and walks them back the next month, the stuff that went up last month will probably go *down* this month. The regime has changed; a new and stronger source of irrationality has been added to the market. It's hard to make a living following trends when there are no trends. The Wall Street Journal reports:

Trend-following hedge funds lost 9.6% in the first half of this year, on track for their worst annual performance since at least 1998, according to the research firm PivotalPath. Meanwhile, hedge funds more broadly returned 4%, net of fees, while the S&P 500 delivered 6.2% to investors, including dividends.
...

At Man Group, seen as a trend-following pioneer, the flagship AHL Alpha fund is down 7.8% through June.
...

Because trend-following funds can take days or weeks to fully buy into a change in a market's direction, they can be left playing catch-up if asset prices quickly reverse. The funds' signals might instruct them to buy—just before an unexpected catalyst suddenly sends other investors rushing to sell.

This year, Trump's capricious tariff moves and sudden social-media announcements have stoked volatility across asset classes, including stocks, currencies and commodities. Last week, for instance, U.S. copper prices suddenly plunged after the president surprised traders by unveiling 50% tariffs on copper products, but not on the raw material itself.

In general I do not have a ton of sympathy for hedge fund managers who say things like “the market has become too irrational now, so it is hard for me to make money.” That’s not how it’s supposed to work! When the market is irrational, there are lots of opportunities for smart rational hedge fund managers; if it is hard for you to make money using your old tricks, that suggests that the market has become *more* rational. If I had told you in 2015 that trend following wouldn’t work in 2025, you might have said “ah, yes, as artificial intelligence becomes more sophisticated and hedge funds get more competitive, it should be harder to make money by just buying the stuff that went up last month.” But that is probably not quite what happened.

SPAC

Sure. I mean. Sure:

Eric Trump and Donald Trump Jr are backing a new blank cheque investment vehicle targeting US manufacturers and looking to benefit from government spending.

The launch of New America Acquisition I Corp marks the latest Trump family foray into public markets. The vehicle will seek to buy a US company that plays “a meaningful role in revitalising domestic manufacturing, expanding innovation ecosystems, and strengthening critical supply chains”, the group said on Monday.

The vehicle’s Securities and Exchange Commission filing said it would target a company “well-positioned to benefit from federal or state-level incentives, such as grants, tax credits, government contracts or preferential procurement programs” and where “the US government has an identifiable economic or security interest”.

Of course the presidents’ sons should have a special purpose acquisition company to acquire businesses “well-positioned to benefit from federal or state-level incentives, such as grants, tax credits, government contracts or preferential procurement programs.” What? The Financial Times article doesn’t even bother with the usual routine of calling a spokesperson to say “of course there would never be a conflict of interest.”

Elsewhere:

President Donald Trump is bringing in bank leaders to meet with him one by one at the White House. Beyond the economic discussion, there’s a chance at a big payday for their firms.

Trump is asking chief executive officers for their pitches on monetizing mortgage giants Fannie Mae and Freddie Mac, including a major public offering of stock, according to people familiar with the matter.

Last week, Trump invited JPMorgan Chase & Co. CEO Jamie Dimon to meet him at the White House. Goldman Sachs Group Inc. CEO David Solomon was set to meet with Trump on Thursday afternoon, and Bank of America Corp. CEO Brian Moynihan is also expected to meet the president in coming days. Talks are likely to include other banks as well, the people said.

I feel like there must have been some tense internal meetings at those banks to figure out how shameless the pitch should be. Like is “just merge them with your sons’ SPAC” obviously the wrong answer, or obviously the right answer?

Mortgages

In April 2016, I wrote that “the great inevitability of modern banking is that some bank will always be settling a crisis-era mortgage case with regulators from now until the end of time.” I was, and am, somewhat given to hyperbole, and realistically I do not expect that in 2035 any big banks will be paying nine-digit fines for their 2008 mortgage practices. But in 2025, sure:

UBS has agreed to pay \$300mn to resolve a legacy Credit Suisse case in the US related to the mis-selling of residential mortgage-backed securities in the run-up to the 2008 financial crisis.

The Swiss lender said on Monday it had reached an agreement with the US Department of Justice to draw a line under a 2017 settlement Credit Suisse made with US authorities over the alleged mis-selling of mortgage-linked investments.

The world is in many ways a crazy place right now, so it is soothing that some things never change, like banks paying mortgage settlements.

Things happen

Figma’s Pursuit of Long-Term Backers Kept IPO Price in Check. Bridgewater Founder Dalio Sells His Remaining Stake in Firm. The Fate of a Little-Known Company Behind Goldman’s Apple Card Is in Limbo. Tech Giants Are Revising AI Product Claims That Faced Scrutiny. Delta Gets Blowback for Using AI to Set Airfares. McKinsey bots. Iran proposes slashing zeros from currency after decades of decline.

If you'd like to get Money Stuff in handy email form, right in your inbox, please subscribe at this link. Or you can subscribe to Money Stuff and other great Bloomberg newsletters here. Thanks!

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, 303,960,630 shares in the options grant, times (about \$308.16 as of noon today, minus the \$23.34 strike price).
- 2. Or, also, subtracted half a trillion dollars of value; Musk’s absolute performance is maybe more impressive than his Sharpe ratio, but never mind.
- 3. I would not argue that very hard: Again, he’s a big shareholder of Tesla, so his own wealth increased by tens of billions of dollars due to his efforts, even without the options. Plenty of tech founder-CEO-shareholders **don’t** get huge options packages, and are motivated by their own shareholdings. (Presumably Musk isn’t getting random new options grants at xAI.) Still, a deal is a deal, etc.

- 4. For reasons that elude me, the new award is documented as “restricted stock” that Musk has to pay \$23.34 for, rather than “options” with a \$23.34 strike price. (“Participant shall pay the Company \$23.34 per Share of Restricted Stock that vests in accordance with this Award Agreement.”) Ordinarily restricted stock doesn’t have a strike price, but I guess this is the most efficient way to recreate the 2018 options.
- 5. In what percentage of corporate filings is the “accounting consequences” the funniest part? Like, 10%, right?
- 6. This is extremely not investing advice, and don’t take that time scale too seriously. Antti Ilmanen: “The common empirical finding is a return continuation tendency (momentum bias) except for very short and very long windows (a week or shorter, two to five years) where reversal bias may dominate.” That’s mostly about commodities, though stocks are similar (“a strong multi-month momentum effect sandwiched between short-term and long-term reversal effects”), and “momentum strategies perform well in virtually all asset classes we study,” though not always at the same time scales.
- 7. More or less. Asness also pointed out on that podcast episode, it’s “trend following” in macro and commodities markets, and “momentum” in individual stocks.
- 8. Also not investing advice.

© 2025 Bloomberg L.P. All rights reserved. Used with permission.

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

Securities Law News

Delaware Automates Judge Assignments After Musk Criticism (1)

Aug. 4, 2025, 11:21 AM PDT; Updated: Aug. 4, 2025, 12:50 PM PDT

Delaware Chancery Court on Monday announced plans for automating case assignments to its judges and magistrates, addressing a major complaint some companies have had with the premier US business court.

The move follows criticism from billionaire Tesla Inc. CEO Elon Musk and other corporate leaders, who've been pressuring state leaders to address what they perceive is a bias from certain judges against controlling stockholders and technology companies. The court's change will come with new features in its electronic filing system that take effect Sept. 15.

Included in the revised procedure is a new definition of "related cases," under which judges may see the same corporate defendants they've previously encountered if a new case involves the "same factual predicate or transaction" as the prior litigation, but such assignments won't be automatic, according to a statement.

The previous case assignment system intended to promote efficiency while addressing the court's overwhelming caseload. Now, "the court still faces a workload crisis, but we are deploying new solutions to address it," said the court's chief judge, Chancellor Kathaleen St. Jude McCormick.

Delaware's chancery bench is recognized for its business law expertise, with seven judges and five magistrates who hear cases quickly without juries. However, Gov. Matt Meyer (D) said earlier this year that he's heard many complaints from companies about the system in which subsequent cases involving a specific litigant tended to be assigned to the same judge for efficiency.

"They know in some cases the judge has ruled against them in the past, and so they feel like the result of the case is a foregone conclusion," Meyer said in a February interview.

The new features mark "a step toward" automating case assignments under updated rules, according to the statement. Those updates include assigning more cases on a pre-established rotation, dividing cases into different categories, and balancing the judges' workloads through case reassignments. "The intent of these changes is to simplify the rules of assignment and ensure that judicial officers receive an even number of new civil actions within the broader case types," according to the statement.

Critics

Books-and-records demands and advancement actions will continue to be assigned to the court's magistrate judges. Certain types of contract disputes also will continue to go to the Delaware Superior Court's Complex Commercial Litigation Division.

Delaware lawmakers rewrote its corporate statutes in the last couple years in response to unpopular Chancery Court rulings, but those amendments haven't been enough for some of its staunchest critics.

The venture capital firm co-founded by Meta Platforms Inc. director Marc Andreessen cited "an unprecedented level of subjectivity" from the Chancery Court in its July 9 decision to leave Delaware for Nevada.

McCormick in particular has been subjected to personal attacks from Musk, among others. He's referred to her as "the activist who is cosplaying as a judge in a Halloween costume," along with other disparaging remarks, after she twice ruled against his massive Tesla pay package.

She also refused to let Musk drop his \$44 billion bid to buy the social media platform then known as Twitter in 2022.

An incorrect AI summary previously at the top of this story was removed.

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; Drew Singer at dsinger@bloombergindustry.com

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

Litigation

Yukos Investors Set Back in Wrestling \$50 Billion From Russia (1)

Aug. 5, 2025, 8:31AM PDT; Updated: Aug. 5, 2025, 9:24AM PDT

Summary by Bloomberg AI

AI Generated



- The DC Circuit said several OAO Yukos Oil Co. investors must return to a district court to try to overcome sovereign immunity to enforce a \$50 billion arbitration award against the Russian Federation.
- The district court must evaluate whether an arbitration agreement existed and determine jurisdictional facts regarding Russia's sovereign immunity, according to the US Court of Appeals for the District of Columbia Circuit.
- The district court will have to address other questions that go to jurisdiction under the Foreign Sovereign Immunities Act, including whether provisional application of an international energy treaty's arbitration clause was consistent with Russian law, Judge Neomi Rao said.

Several OAO Yukos Oil Co. investors seeking to enforce a \$50 billion arbitration award against the Russian Federation must return to a district court to try to overcome sovereign immunity, the DC Circuit said Tuesday.

Whether an arbitration agreement existed is a question the district court must evaluate on its own, rather than relying on an arbitral tribunal's determination, the US Court of Appeals for the District of Columbia Circuit said while vacating the lower court's decision.

The suit stems from the Russian Federation's expropriation of Yukos assets from 2003 to 2004.

"The district court was required to independently determine the jurisdictional facts regarding Russia's sovereign immunity and whether the FSIA's arbitration exception applies to allow the Shareholders' suit," the appeals court said, referring to the Foreign Sovereign Immunities Act.

The US District Court for the District of Columbia must determine whether provisional application—after signing but before ratification—of an international energy treaty's arbitration clause was consistent with Russian law, Judge Neomi Rao said for the appeals court.

But Russia isn't entitled to reevaluation of whether the shareholding companies—incorporated outside Russia—are protected by the Energy Charter Treaty, after Russia argued they're mere shells for Russian citizens, Rao said. That argument isn't jurisdictional, she said.

The district court will have to address other questions that go to jurisdiction under the FSIA that raise several novel legal issues, Rao said.

Chief Judge Sri Srinivasan and Judge Robert L. Wilkins joined the opinion. Wilkins wrote a separate concurring opinion to "emphasize the limits" of the decision.

Susman Godfrey LLP represented the investors. Pinna Goldberg US PLLC represented Russia.

The case is *Hulley Enters. Ltd. v. Russian Federation*, D.C. Cir., No. 23-7174, 8/5/25 .

(Updates story with new reporting beginning in third paragraph.)

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

To contact the editors responsible for this story: Drew Singer at dsinger@bloombergindustry.com; Carmen Castro-Pagán at ccastro-pagan@bloomberglaw.com

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

Class Action

TTEC Services Inks \$750,000 Deal Over 401(k) Plan Management

Aug. 5, 2025, 4:42 AM PDT

Summary by Bloomberg AI

AI Generated



- TTEC Services Corp. signed a \$750,000 class settlement with workers challenging the company's 401(k) plan fees and investment options.
- Workers praised the deal as providing a "substantial and prompt recovery" that's preferable to a lengthy court battle, acknowledging that their potential damages at trial could have amounted to "substantially more" than the settlement amount.
- The lawsuit alleged that TTEC improperly allowed its 401(k) recordkeeper to charge excessive fees and add its own proprietary funds to the plan, with workers also objecting to the company's alleged delays in adopting an investment policy statement and in adding target date funds as an investment option.

TTEC Services Corp. signed a \$750,000 class settlement with workers challenging the Colorado customer service company's 401(k) plan fees and investment options.

Workers praised the deal as providing thousands of plan participants and beneficiaries with a "substantial and prompt recovery" that's preferable to a lengthy court battle. The workers' potential damages at trial could have amounted to "substantially more" than the settlement amount, they acknowledged in a Monday motion asking that the agreement receive preliminary court approval.

Hundreds of employers have been sued over their 401(k) fees, with recent settlements negotiated by Vituity for \$8.75 million, Wesco Distribution Inc. for \$2.25 million, Old Dominion Freight Line Inc. for \$1.9 million, and John Muir Health for \$950,000.

The lawsuit says TTEC improperly allowed its 401(k) recordkeeper to charge excessive fees and add its own proprietary funds to the plan. Workers also objected to the company's alleged delays in adopting an investment policy statement and in adding target date funds as an investment option.

The deal is subject to approval from Judge Charlotte N. Sweeney of the US District Court for the District of Colorado, who in 2023 dismissed the case for failing to include comparisons to better-run retirement plans. Sweeney greenlighted the workers' amended complaint in 2024, saying they identified a meaningful benchmark by citing to public documents showing that a similarly-sized retirement plan paid \$25 per person annually for the same services that TTEC plan participants allegedly paid as much as \$59 for each year.

Morgan, Lewis & Bockius LLP and Littler Mendelson PC represent TTEC. Werman Salas PC and Lieff Cabraser Heimann & Bernstein LLP represent the workers.

The case is Carimbocas v. TTEC Servs. Corp. , D. Colo., No. 1:22-cv-02188, settlement motion 8/4/25 .

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

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

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

Antitrust

2nd Circuit Won't Decertify Phila.'s Class Action Against Big Banks

August 05, 2025 By Alyssa Aquino



The U.S. Court of Appeals for the Second Circuit refused to decertify a class of cities alleging an antitrust conspiracy among major banks to inflate the interest rates of thousands of municipal bond loans.

The circuit maintained the class certified by Manhattan's U.S. District Judge Jesse Furman, rejecting claims from the banks that Furman hadn't sufficiently analyzed whether the suing cities—Philadelphia, Baltimore and San Diego—had common issues that predominated their individual claims.

The banks, which were separately represented by multiple firms on the Am Law 100, had argued that Furman had reached the conclusion that the cities had predominant issues based on his

analysis of expert reports submitted by the cities.

But the banks had misread Furman's certification order, the circuit said.

"The district court made explicitly clear that *Daubert* 'does not end the analysis,' and subsequently explained why Defendants-Appellants' arguments against class certification fell short," a three-judge panel said in [a summary order](#) that was released on Friday.

Furman's analysis of the predominance issue was rigorous enough to pass muster, the circuit concluded.

The predominant issues question had been the primary means by which banks challenged Philadelphia, Baltimore and San Diego's request to certify their litigation as a class action.

The litigation began in 2019, when Philadelphia accused Bank of America, JPMorgan Chase and other major banks of conspiring to fix the interest rates of variable-rate demand obligations. Used by local governments as a revenue-raising tool, the obligations are long-term municipal bonds that have short-term interest rates that are reset periodically.

Those interest rates are reset by remarketing agents, who are bound to set the rates at the lowest possible rates. But Philadelphia alleged that the banks—the remarketing agents for its bonds—fixed the rates for years to reap higher interest and to deter investors from exercising the bonds' put options, which would force the banks to remarket the bonds.

Baltimore and San Diego later sued, with the trio claiming to have collectively suffered billions of dollars of overcharges. The cases were later consolidated.

The cities, which are represented by Quinn Emanuel Urquhart & Sullivan, didn't respond to a request for comment.

In September 2023, Furman granted the cities' class certification motion, allowing them to lead a class that covers "all persons and entities" who paid interest expenses on variable-rate demand obligations whose interest rates were reset by the defendant banks between February 1, 2008, and November 30, 2015.

The defendant banks are Bank of America, Barclays, Citigroup, Goldman Sachs, Fifth Third Bancorp, JPMorgan Chase, The Royal Bank of Canada and Wells Fargo. They generally argue that discrepancies with the variable rates could be blamed on other factors, such as the Financial Crisis.

Representatives for Bank of America and Wells Fargo declined to comment.

Big Law Litigators Raise Concerns About State Premerger Notification Laws

August 04, 2025 | By 

What You Need to Know

- Washington and Colorado have become the first and second states, respectively, to adopt the Uniform Antitrust Pre-Merger Notification Act.
- California, the District of Columbia, Hawaii, Nevada, Utah and West Virginia have introduced Uniform Act bills that would provide them with relevant pre-merger notifications.
- Antitrust partners at White & Case, Dorsey & Whitney, Greenberg Traurig and Covington & Burling warn that state adoption of the Uniform Act adds to the burden of the M&A process.



Photo: wladimir1804 - stock.adobe.com

The Uniform Antitrust Pre-Merger Notification Act adopted by a handful of states will place greater scrutiny on proposed mergers and acquisitions and put companies at greater risk of facing civil litigation and penalties, according to Big Law litigators.

Like the federal Hart-Scott-Rodino Antitrust Improvements Act of 1976, newly passed state laws modeled after the HSR Act will provide attorneys general in Washington and Colorado with a new tool for identifying and potentially blocking mergers they view as anticompetitive.

The Uniform Act would give states a better opportunity to file complaints and seek injunctions asking state courts to block M&A transactions under state antitrust laws mirroring Section 7 of the Clayton Act.

“It will possibly lead to more enforcement, but enforcement was already happening,” said Rahul Rao, an antitrust litigation partner at White & Case.

“States often partner with the federal agencies to challenge mergers, but more state attorneys general have been investing in antitrust law enforcement recently,” Rao said, noting state adoption of the Uniform Act “is part of that broader trend.”

Washington became the first state to implement the Uniform Act July 27, and Colorado is set to become the second on Wednesday. Similar legislation is pending in California, the District of Columbia, Hawaii, Nevada, Utah and West Virginia, according to the [Uniform Law Commission](#).

“Washington is a trailblazer for the rest of the nation in adopting a premerger notification law,” Washington Attorney General Nick Brown said in a statement. “This will allow state antitrust enforcers to protect consumer interests in an even more effective way.”

Rao called the Uniform Act a “substantive material change in the law, because it is putting the state in position of early notice to do something” if the Federal Trade Commission and U.S. Department of Justice decline to challenge the legality of a merger proposal.

"It is very hard to unscramble the eggs," said Rao, a former FTC Bureau of Competition deputy director and former managing assistant attorney general in the Antitrust Division of the Washington State Attorney General's Office.

"Once a merger consummates, it is very hard to break that company apart once the integration happens," Rao added. "Law enforcement agencies would always prefer to act before a merger closes."

"Adding a filing requirement for all transactions that meet state-specific filing requirements adds to the burden of the M&A process without necessarily adding any meaningful benefit," said Dorsey & Whitney partner Michael Lindsay, co-chair of the firm's antitrust practice group.

"States already have the right to enforce the antitrust laws, and there's already significant cooperation and coordination among state attorneys general in antitrust enforcement," Lindsay added. "So I question whether there is a need for this kind of statute."

A merging party that reports HSR data to federal agencies may also be required to submit pre-merger notification data to state authorities in Denver and Seattle if certain state-specific conditions are met, such as being headquartered in Washington or Colorado or generating more than \$25 million in annual net revenue from doing business in either state.

Companies under the HSR Premerger Notification program reported just over 1,800 transactions to the FTC and DOJ Antitrust Division in fiscal year 2023 and about 3,150 in fiscal year 2022, according to [federal data](#). The states of Washington and Colorado would likely receive fewer annual pre-merger filings than their federal counterparts.

Parties that fail to provide timely or complete HSR data can face steep financial penalties at the federal level, and Uniform Act states can also impose civil fines for alleged noncompliance with their pre-merger notification laws.

This can amount to \$10,000 daily civil penalties for each day a party fails to comply with the [Washington state filing requirements](#) or [Colorado filing requirements](#), even if the underlying transaction is considered lawful under the Clayton Act or good for competition and consumers.

Greenberg Traurig shareholder Justin Hedge, an antitrust practitioner who guides clients through the clearance process for mergers and joint ventures, said there is no guarantee the Uniform Act will remain uniform in the long run.

Although the state version of the HSR Act is uniform today, "Will it continue to be uniform, or are we going to end up with states taking a different approach on reportability?" Hedge asked.

"If we start to see more divergence over time as these laws sit on state books and continue to be reevaluated, I think there is going to be a burden," Hedge said. "It is something that antitrust practitioners and our clients will have to monitor."

"Adopting the Uniform Act is not costless even if the state AG chooses not to take enforcement action," Hedge added. "Nothing in the Uniform Act requires [the state] to take action with any merger, but there would have to be resources for processing and maintaining confidentiality of those files and doing substantive review of those transactions."

State attorneys general can always partner with outside counsel to bolster a state's antitrust enforcement capacity, according to Ryan Quillian, a Covington & Burling partner who formerly served as an FTC antitrust investigator.

"One thing we have seen the states do is contract with private firms to investigate or bring litigation on the state's behalf," Quillian said. "That may be one avenue they can take to address the resource concern."

"The Uniform Act does not require any coordination among the states," Quillian added. "It really increases the burden and imposes additional costs on companies that are trying to engage in transactions."

Page
printed https://www.law.com/nationallawjournal/2025/08/04/big-law-litigators-raise-concerns-about-state-premerger-notification-laws/?kw=Big+Law+Litigators+Raise+Concerns+About+State+Premerger+Notification+Laws&utm_position=2&utm_source=email&utm_medium=enl&utm_campaign=afternoonupdate&utm_content=20250804&utm_term=nj&utm_content=20250804
from:

NOT FOR REPRINT

© 2025 ALM Global, LLC, All Rights Reserved. Request academic re-use from www.copyright.com. All other uses, submit a request to asset-and-logo-licensing@alm.com. For more information visit [Asset & Logo Licensing](#).

Meta Faces Revived DC Lawsuit Alleging Unlawful Data Privacy Failures

August 04, 2025 | By 

What You Need to Know

- The District of Columbia Court of Appeals revived a consumer protection lawsuit against Meta Platforms Inc.
- D.C. Attorney General Brian Schwalb said his office looks forward to proving the revived claims on remand.
- Gibson, Dunn & Crutcher represented Meta in oral arguments before the D.C. appeals court.



Meta sign, logo in front of Facebook headquarters on 1 Hacker Way. Credit: Michael Vi/Shutterstock.com

The District of Columbia's top local court has revived a lawsuit alleging Meta Platforms Inc. misled Facebook consumers with inadequate privacy disclosures in the same week a San Francisco federal jury found the Menlo Park, California-based company liable in a landmark data privacy class action.

The District of Columbia Court of Appeals in a July 31 decision ordered a trial court to reconsider D.C. Attorney General Brian Schwalb's claims against Meta, ruling D.C. Superior Court Judge Maurice A. Ross applied the wrong evidentiary standard when he granted summary judgment in favor of Meta in 2023.

"In light of our conclusion that [Consumer Protection Procedures Act] claims based on unintentional conduct may be proved by a preponderance of the evidence, we reverse and remand for the trial court to consider whether summary judgment is appropriate under the correct burden of proof," Judge Vijay Shanker wrote in the opinion for the D.C. Court of Appeals.

Judges Roy W. McLeese III and Joshua Deahl joined [Shanker's 23-page opinion](#), which also ruled the trial court erred when it excluded the testimony of D.C.'s sole expert witness Dr. Florian Schaub.

"This is a significant victory," Schwalb said Monday in a statement on behalf of the plaintiff D.C. government.

"Meta misled District residents and failed to protect their privacy, representing to users that protecting their privacy was paramount," Schwalb alleged. "We intend to make sure it is held accountable for failing to live up to that promise."

Gibson, Dunn & Crutcher represented Meta in oral arguments and unsuccessfully asked the D.C. Court of Appeals to affirm the trial court's judgment. Meta did not respond to a request for comment Monday.

The D.C. Attorney General's Office [filed the lawsuit in 2018](#) seeking monetary penalties and injunctive relief, alleging Meta failed to protect Facebook users' data, misled consumers unintentionally and belatedly disclosed the infamous Cambridge Analytica data leak in violation of the CPPA.

A U.S. District Court for the Northern District of California federal jury on Friday found Meta [violated the California Invasion of Privacy Act](#) in a class action alleging the Big Tech company illegally siphoned sensitive sexual and reproductive health data from a fertility tracking app.

Page printed from: https://www.law.com/nationallawjournal/2025/08/04/meta-faces-revived-dc-lawsuit-alleging-unlawful-data-privacy-failures/?kw=Meta+Faces+Revived+DC+Lawsuit+Alleging+Unlawful+Data+Privacy+Failures&utm_position=3&utm_source=email&utm_medium=enl&utm_campaign=morningupdate&utm_content=20250805&utm_term=nlj&oly_e

NOT FOR REPRINT

© 2025 ALM Global, LLC, All Rights Reserved. Request academic re-use from www.copyright.com. All other uses, submit a request to asset-and-logo-licensing@alm.com. For more information visit [Asset & Logo Licensing](#).

Expert Opinion | **Artificial Intelligence**

Navigating Mass Settlements With Generative AI, Part II

| August 04, 2025 By **Eric Falkenberry**

Allen Waxman

Simeon Poles

Joe Kendall



Credit:TA MER YILMAZ/Adobe Stock

Introduction

In [Part I](#), we explored how generative artificial intelligence can help uncover key facts hidden in thousands of records, increasing the speed, accuracy, and feasibility of managing and resolving mass claims. But in the ever-changing nature of most mass claims, there is much more to analyze

than the documents provided by your adversary. In Part II, we shift focus from insights that emerge from the facts provided by the claimants to the signals in a broader litigation ecosystem. From our experience building and using these products, one of the most effective uses of AI in mass claims is to integrate data from the litigation documents (the complaints and plaintiff fact sheets that were the focus of Part I) with outside sources, including regulatory documents, scientific studies, court analytics and even social media. By weaving these sources together, counsel can more holistically assess risk, monitor developments in real time and shape strategies more comprehensively.

The Power of Integrated Data Sources

Picture the scenario from Part I: Acme Corp. is hit with thousands of claims that its detergent allegedly caused liver cancer. Acme's defense team turns to generative AI, using it to sort claimants by exposure date, review medical records for injury severity, and gauge the strength of each case. This approach helps them prioritize claims, shape early motions, and decide which cases should go to trial. But as the litigation proceeds, it runs into new developments—scientific studies questioning the causal link for plaintiffs with shorter exposure, additional regulatory scrutiny, and new plaintiffs lawyers filing related suits elsewhere.

In this broader context, looking at the case data in isolation only gets you so far. That's where enriching the litigation data with public sources becomes essential. In mass torts, linking internal data with external sources transforms static snapshots from one case into dynamic, contextualized intelligence that can be applied to an entire litigation environment. Applying generative AI to this wealth of information enables counsel to spot—and even anticipate—insights and patterns that would otherwise be lost in the sheer volume and variety of data.

From Microscope to Telescope

Just as generative AI can unlock data in litigation documents like pleadings and discovery, it can also unleash valuable information from other sources. In product liability mass torts, generative AI allows defense counsel to draw on multiple data sources to assess the litigation more broadly, including evolving studies and scientific articles on the relevant components of the product; the regulatory timeline showing exactly when warnings were introduced or changed; analytics on judges and plaintiff counsel, revealing motion and trial outcomes; or even resolution data. Adding litigation data to these sources provides a much more complete view of the litigation landscape and empowers counsel to quickly identify and seize opportunities to achieve favorable resolutions.

For example, imagine that a new study finds no increased risk of liver cancer for people who used Acme’s detergent for less than two years and did not mix in fabric softener. Armed with this information, counsel can quickly identify all active plaintiffs with cases that are weakened by the study. Within days, the litigation team can then use AI-enabled insights on judges and plaintiff’s counsel to quickly move to dismiss the cases where they are likely to be successful. Then, the team can immediately focus on building a strategy to strengthen cases venued in more difficult jurisdictions. All of these moves are powered by real-time intelligence, drawn from the thousands of documents and records that would have been impractical to review manually. Generative AI gives legal teams the ability to integrate and marshal multiple data sources, providing a more complete picture of a mass tort. This broader lens enables counsel to “zoom in” to the details of a particular claim or “zoom out” to manage the arc of a litigation across jurisdictions, time frames and claimant profiles.

Proactive Risk Management and Claim Anticipation

Generative AI helps teams not just respond to the present litigation but strategically shape outcomes across their entire litigation portfolio. This ability to integrate litigation data with broader external signals doesn’t just enhance case strategy—it opens the door to something more powerful: the early identification of emerging risk. In Part I, we saw how generative AI can spot patterns that might slip by if a legal team tracks only a handful of cases—for example, the same plaintiff’s counsel filing suits in different states, the same expert witnesses appearing in multiple jurisdictions, or a sudden uptick in claims after a regulator issues a notice. Spotting these trends early helps counsel sharpen defenses, coordinate settlement strategies, and, in some cases, resolve matters before they balloon into costly litigation.

But integrated data does more than help counsel react in real time—it lets them *anticipate* where new claims might surface. By monitoring shifts in scientific consensus, regulatory changes, or new product launches, counsel can get in front of potential issues before they become disputes. For instance, if Acme rolls out a reformulated detergent to replace the one at the center of the claims against it, AI tools could flag any published concerns, check how courts have handled products with similar ingredients, and assess overall risk, all long before the new product hits the shelves.

Implementation at Scale

Realizing the full value of generative AI in mass tort litigation requires more than plugging in a new tool. It calls for deliberate planning, thoughtful data strategy, and responsible oversight. Below are a few practical steps for teams seeking to implement these systems at scale:

- **Collect and integrate data with care.** Files and documents are often kept in messy, incompatible formats, while public datasets—like regulatory filings or court analytics—are unique to each source and provider. Just as described in Part I, reliable AI analysis starts with well-structured data, using normalized schemas and metadata. Successful AI automation requires not just real-time collection and monitoring, but validation and escalation to ensure data quality before problems spread.
- **Keep a human in the loop.** While generative AI can dramatically reduce manual effort, it does not replace legal judgment. Lawyers and experts should regularly review AI output, question unexpected results, and test the system with “what if” scenarios. The sheer volume of data in mass torts invites anomalies that only trained professionals can interpret. No system is perfect, and no responsible use relies on generative AI alone. Fortunately, we have found that stacking gen AI platforms can help direct human review to the most uncertain results, maximizing efficiency, effectiveness and the value of the human in the loop.
- **Mind the ethical implications.** As with any generative AI use, lawyers must watch for algorithmic bias, hallucinations, and threats to client confidentiality, especially in a world of varied data sources. By understanding the models, vetting data accuracy, and applying strong encryption and access controls, legal teams can maintain client trust. Clients, too, should understand how AI is used and work with counsel to set limits that protect their interests while enabling their legal teams to deliver the best service and outcomes.
- **Build for flexibility.** Changing regulations, new science, or fresh arguments from opposing counsel can upend earlier AI-driven insights. Legal teams must stay flexible and should not only make use of real time data and analysis, but also be ready for additional data sources that could influence changes to the mass tort action. The systems that deliver the most value are those designed not just for today’s case, but for tomorrow’s risk.

Conclusion

When widening the lens to encompass multiple matters and interconnected datasets, generative AI stands to dramatically transform how organizations handle mass tort claims. It allows counsel to spot trends across courts and claimant groups, adjust strategies as new science emerges, and use historical resolution data to assess risk with greater precision. These tools go beyond streamlining a single mass tort—they let legal teams take a proactive, forward-looking approach to litigation, even anticipating where new claims may arise.

Yet, these advances demand careful attention to data integration, ethical boundaries, and ongoing human oversight. The technology is powerful, but it is only as reliable as the data it receives and

the expertise guiding it. In the end, generative AI gives mass tort defendants and their counsel a real chance to think more strategically, manage risk more effectively, and meet the evolving challenges of today's legal landscape with greater confidence.

Eric Falkenberry *is a partner in DLA Piper's AI and data analytics practice. Allen Waxman is of counsel in the firm's AI and data analytics practice. Simeon Poles is an associate in the firm's products liability, mass torts & class actions practice group and Joe Kendall is the AI director of product management at the firm.*

Page printed from: <https://www.law.com/legaltechnews/2025/08/04/navigating-mass-settlements-with-generative-ai-part-ii/>

NOT FOR REPRINT

© 2025 ALM Global, LLC, All Rights Reserved. Request academic re-use from www.copyright.com. All other uses, submit a request to asset-and-logo-licensing@alm.com. For more information visit [Asset & Logo Licensing](#).

Judge urged to expand injunction on canceled UC grants

DJ[dailyjournal.com/articles/386992](https://www.dailyjournal.com/articles/386992)

Aug. 5, 2025

UC researchers asked a judge to expand a prior injunction restoring research funding, arguing that DOD and DOT grants were also unlawfully terminated under anti-DEI executive orders from President Trump.

University of California researchers are urging a San Francisco federal judge to add the U.S. Departments of Defense and Transportation to the list of agencies under a prior preliminary injunction that reinstated more than \$14 million in federal research funding.

In the June 23 injunction order, U.S. District Judge Rita Lin instructed the Environmental Protection Agency, the National Science Foundation and the National Endowment of the Humanities to reinstall grant funding to UC schools for the six named researcher plaintiffs. Lin found the researchers had their grants terminated without reason or in furtherance of two anti-DEI executive orders from U.S. President Donald Trump.

One of the grants, with uninterrupted funding for 58 years, is to provide an "accessible resource for the life and writings of Mark Twain." Environmental study grants for more than a decade include projects to address racial inequities in environmental impacts.

Elizabeth J. Cabraser, a San Francisco partner for Lieff Cabraser Heimann & Bernstein LLP, argued in the signed Aug. 1 injunction motion that two more UC professors lost \$5 million annually in federal funding under the same conditions for their work with the Department of Defense and the Department of Transportation.

The two grants at issue were supposed to run from 2023-2025 and 2023-2026 respectively. *Thakur et al. v. Trump et al.*, 3:25-cv-4737 (N.D. Cal. filed June 4, 2025).

A Department of Transportation email, reacting to the new injunction request Monday, stated that on May 2 it "terminated seven woke university grants totaling \$54 million. These grants were used to advance a radical DEI and green agenda that was wasteful and ran counter to the transportation priorities of the American people. DOT stands by its decision to inject a dose of reality back into our higher education system, and it will vigorously defend that decision in litigation."

Claudia Polsky, a professor at UC Berkely School of Law and one of the researchers' attorneys, explained why the plaintiffs filed the latest injunction motion in an email Monday.

"We added those two agencies after confirming that they had terminated significant grants to UC researchers, and there were researchers willing to serve as named plaintiffs. Because class counsel don't have access to comprehensive information about terminated grants across the 10-campus system, we can't estimate the total funding loss from DOD and DOT terminations, but certainly there are millions of dollars at stake," the email stated.

U.S. Department of Justice attorneys representing the federal government in the case could not be reached for comment Monday.

The government appealed the injunction to the 9th U.S. Circuit Court of Appeals on July 10, arguing that federal agencies had the authority to terminate the grants and that alleged violation of the Constitution's separation of powers was "minimal."

Cabraser argued in the Aug. 1 motion, "The record shows that DOD and DOT terminated grants en masse purely to promote particular ideological viewpoints. The First Amendment does not tolerate such viewpoint discrimination. Accordingly, defendants' actions are unconstitutional."

In her June 23 order, Lin also found that more than \$324 million in federal research grants to UC schools have already been terminated, and more than \$4 billion of annual federal research funding to UC schools is at risk. The plaintiffs claim terminations are in furtherance of two anti-DEI executive orders from President Donald Trump on Jan. 21 and the government's cost cutting initiatives led by the Department of Government Efficiency.

Executive Orders 14151 and 14173 instructed all executive branch agencies to eliminate policies deemed to promote diversity, equity, and inclusion or DEI.

"The Director of the Office of Management and Budget, with the assistance of the Attorney General as requested, shall ... excise references to DEI and DEIA principles, under whatever name they may appear, from federal acquisition, contracting, grants, and financial assistance procedures to streamline those procedures, improve speed and efficiency, lower costs, and comply with civil-rights laws," the order stated. "And terminate all 'diversity,' 'equity,' 'equitable decision-making,' 'equitable deployment of financial and technical assistance,' 'advancing equity,' and like mandates, requirements, programs, or activities, as appropriate."

Richard M. Heimann of Lieff Cabraser Heimann & Bernstein LLP; Anthony P. Schoenberg and Linda S. Gilleran of Farella Braun + Martel LLP represent the plaintiffs. Two UC Berkeley School of Law professors, Erwin Chemerinsky and Claudia Polsky, also represent the researcher plaintiffs.

Gov. Gavin Newsom issued a statement on Aug. 1, the same day the motion was filed, criticized the DOJ's announced suspension of nearly \$200 million in research grants from the National Science Foundation, the National Institutes of Health, and other agencies to UCLA.

The DOJ announced the funding freeze on July 29, claiming that UCLA violated the Constitution by creating a hostile environment for Jewish and Israeli students by "failing to adequately respond to complaints of severe, pervasive, and objectively offensive harassment and abuse that Jewish and Israeli students faced on its campus from October 7, 2023, to the present."

Newsom's statement said, "Freezing critical research funding for UCLA - dollars that were going to study invasive diseases, cure cancer, and build new defense technologies - makes our country less safe. It is a cruel manipulation to use Jewish students' real concerns about Antisemitism on campus as an excuse to cut millions of dollars in grants that were being used to make all Americans safer and healthier."

#386992

Wisdom Howell

Daily Journal Staff Writer

wisdom_howell@dailyjournal.com

California Brief

Mazda Defeats Class Lawsuit Over Faulty Ignition Mode Displays

Aug. 4, 2025, 9:52 AM PDT

Mazda Motor Corp. convinced a federal judge to toss a lawsuit alleging some of its vehicles fail to inform drivers when the car is in accessory mode instead of engine-on mode.

The US District Court for the Central District of California dismissed the suit without prejudice Aug. 1.

Plaintiff Joshua Meltzer alleged Mazda vehicles between model years 2017 and 2025 fail to tell drivers what mode the car is in. Meltzer said that drivers who don't press the brake sufficiently hard while pressing the start button can unknowingly put the car into accessory mode, which lets the vehicle's battery turn on certain accessory features like the radio without starting the engine, or ignition-on mode.

Judge David O. Carter dismissed claims under the Pennsylvania Deceptive and Unfair Trade Practices and Consumer Protection law because Meltzer didn't show drivers were likely to misunderstand how to start the car.

"In clear terms, the owner's manual explains how to switch between the different modes of the car and how to safely start the car," Carter said.

He dismissed a claim for the breach of the implied warrant of merchantability for the same reason.

Carter also rejected nationwide claims brought under California consumer protection laws. The alleged defect is a "design critique" and not a fraud allegation so it has "no place in consumer protection law," he said.

Conflating products liability law and consumer protection law "would impose a duty on manufacturers to disclose that the product lacked all other safer alternative design features," Carter said. "It would also allow a seller to be held liable for mere economic loss or failure to disclose hazards of a product even where the failure to disclose did not result in physical injury or property damage."

Carter gave Meltzer 30 days to amend the complaint.

Meltzer is represented by Berger Montague PC.

Mazda is represented by Nelson Mullins Riley & Scarborough LLP.

The case is Meltzer v. Mazda Motor of Am. Inc. , C.D. Cal., No. 8:24-cv-01938, 8/1/25 .

To contact the reporter on this story: Shweta Watwe in Washington at swatwe@bloombergindustry.com

To contact the editor responsible for this story: Nicholas Datlowe at ndatlowe@bloombergindustry.com

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

Edison criticized for shifting power line safety costs to homeowners

DJ[dailyjournal.com/articles/386989-edison-criticized-for-shifting-power-line-safety-costs-to-homeowners](https://www.dailyjournal.com/articles/386989-edison-criticized-for-shifting-power-line-safety-costs-to-homeowners)[Bookmark](#)[Share](#)**Aug. 5, 2025**

Attorneys for Eaton Fire victims criticize Southern California Edison for shifting undergrounding costs to homeowners, calling it unacceptable and urging expenses be handled through litigation amid uncertain federal funding.

Amanda L. Riddle of Corey, Luzaich, de Ghetaldi & Riddle LLP in Millbrae Southern California Edison's plan to bury power lines in fire-prone Altadena is drawing sharp criticism from attorneys representing victims of the Eaton Fire, who say the utility is unfairly shifting thousands of dollars in undergrounding costs onto homeowners already devastated by the blaze.

With uncertainties around federal funding and project logistics, the attorneys argue that Edison should absorb the costs or resolve them through litigation--not impose them on the very people they believe suffered due to the utility's equipment.

"If it is a direct cost that Southern California Edison is trying to pass on to a property owner in Altadena, if that property owner is represented by an attorney in the litigation, then that cost should be something that is claimed in the litigation as part of their damages. That's how I would handle it," Amanda L. Riddle of Corey Luzaich de Ghetaldi & Riddle LLP in Millbrae, who represents some of the plaintiffs, said in a phone call on Monday.

Riddle is liaison counsel for the Eaton fire victims along with Rahul Ravipudi of Panish Shea Ravipudi LLP in Los Angeles and Gerald B. Singleton of Singleton Schreiber in San Diego.

Another attorney representing fire victims expressed concern about a lack of clarity on Edison's attempts to secure funding for undergrounding from the Federal Emergency Management Agency and other sources.

"It's nice if they ask for the money from other sources, but whether or not they get it is not guaranteed, and that's notwithstanding the fact that they plan on burying these cables anyway," Matthew P. French of Kabateck LLP said in a phone call on Monday. "I think any way you put it, the people who are at risk ... would be homeowners."

French joined Kabateck's wildfire litigation practice in July and said he is now "completely devoted" to representing Eaton fire victims.

In the wake of the Eaton and Palisades fires, Edison announced a plan in April to bury more than 130 miles of electrical distribution circuits in high fire risk areas, estimating the cost at \$860 million to \$925 million.

"To do that, they need easements from a number of property owners along the edge of the canyon, and they've got to sign a right of entry permit to do that," Riddle said. "But I'm also hearing that there is this unknown cost about connecting to these underground lines and having these easements on these properties, and that it could be somewhere in the \$8,000 to \$10,000 range.

"Obviously, that's unacceptable," Riddle continued. "This is a part of the restoration of these properties, of this neighborhood, of this area that was destroyed as a result of an SCE transmission tower sparking and starting the Eaton fire. So, the idea that they would pass thousands and thousands of dollars of costs on these property owners is unacceptable."

With the prospect of supplementary funding still uncertain, French said victims should prepare for costs.

"For example, imagine a whole block in Altadena that's burned down," French said. "Every single person on that block has to agree to an easement. Now, if I'm in the middle of that block, and I'm currently getting permits and plans, I don't know yet whether or not my block is going to be undergrounded, which means that I have to now, as a homeowner, take on the expense of planning for both potentials. I have to get a panel that can accommodate both. Depending on how I do my landscaping or hardscaping, am I going to have to dig that up a year from now if my block ends up being undergrounded? So, I think it's not even entirely the direct cost, but it's also the added uncertainty."

While such uncertainty makes good advice for victims hard to pin down, French said he plans to help his clients understand the risks and benefits of consenting to the undergrounding and advises them to speak to their neighbors.

"SoCal Edison has just destroyed countless people's homes in some cases, and I really want to see a stronger good faith effort to secure this funding before they have discussions of passing it on to homeowners or ratepayers," he said.

Roundup Judge Threatens Sanctions Against 37 Plaintiffs Firms Over Unpaid Fees

August 04, 2025 | By  **Amanda Bronstad**

What You Need to Know

- The 37 firms were flagged by Monsanto attorney Anthony Martinez of Shook, Hardy & Bacon in a July 31 letter to the judge.
- The Aug. 1 order is the latest road bump in the lengthy fight over common benefit fees in the Roundup multidistrict litigation, which U.S. District Judge Vince Chhabria called, in a 2021 original request of an estimated \$800 million, an "example of MDLs gone wild."
- The judge ordered \$24.2 million in common benefit fees to be distributed to seven plaintiffs firms that did the largest share of the work, but a special master had recommended \$0.



A federal judge threatened sanctions against 37 plaintiffs firms that haven't responded to requests for common benefit fees in lawsuits over Roundup.

On March 13, U.S. District Judge Vince Chhabria of the Northern District of California [awarded \\$24.2 million](#) in common benefit fees to seven plaintiffs firms for their work in the Roundup multidistrict litigation. On Aug. 1, he ordered Monsanto to call 34 other firms that hadn't paid the required 8% of their fees from Roundup settlements and judgments toward the common benefit fund, as well as another three firms whose emails had bounced back.

The firms were flagged by Monsanto, now owned by Bayer, in a July 31 letter to Chhabria.

"Having considered Monsanto's letter regarding compliance with the common benefit fund by counsel for all plaintiffs," Chhabria wrote, "the court orders Monsanto to call the heads of each of the 34 firms listed as having failed to respond to its emails, as well as the three firms listed as delivering bounce-back responses. Monsanto should inform them that the court plans to initiate sanctions proceedings for any firm that fails to pay their holdback amounts promptly."

He ordered Monsanto to provide a follow-up letter within 21 days.

Monsanto and the lawyer who wrote the letter—Shook, Hardy & Bacon partner Anthony Martinez in St. Louis, Missouri—did not respond to a request for comment.

Co-lead plaintiffs' counsel David Dickens of The Miller Firm, in Orange, Virginia, and Robin Greenwald of New York's Weitz & Luxenberg also did not respond.

Chhabria's order is the latest road bump in the lengthy fight over common benefit fees in the Roundup multidistrict litigation. In 2021, Chhabria called lead counsel's original request for common benefit fees, estimated to generate about \$800 million, an "example of MDLs gone wild." But earlier this year, he rejected a [special master's recommendation](#) to grant \$0 in common benefit fees, calling the 8% assessment on other lawyers with Roundup cases arbitrary and unfair, particularly since most of them pursued litigation on their own, rather than rely on lead counsel's efforts in the multidistrict litigation.

"Given the difficulty of that work, the amount of time spent doing it on a compressed schedule, the high quality of the work, and the risk that the seven firms undertook, those firms are entitled to compensation beyond what they received through their own clients' recoveries," Chhabria wrote in his fee allocation order.

On June 9, Chhabria reaffirmed his common benefit orders, giving plaintiffs lawyers who hadn't yet paid their 8% holdbacks 21 days to deposit the funds.

Monsanto, in its letter, said 34 firms hadn't responded to three separate emails from its lawyers.

All but one of the 34 firms did not respond to Law.com's request for comment, or were unable to be reached. Some had changed names or been acquired. An attorney at one firm, Charles Bone of Nashville, Tennessee's Spencer Fane, told Law.com, "This is the first notice we have seen," but after being sent the order, said, "We will respond as necessary to Monsanto and/or the court." Bone was previously at Bone, McAllester & Norton, which is the firm listed in Monsanto's letter.

In addition to the firms that hadn't responded or had bounced emails, Monsanto said 20 intended to pay, including Chaffin Luhana and Napoli Shkolnik; six were investigating what they owed; and 11, such as Bernstein Liebhard and Watts Guerra, now Watts Law Firm, continued to object to the payments.

Page printed from: <https://www.law.com/2025/08/04/roundup-judge-threatens-sanctions-against-37-plaintiffs-firms-over-unpaid-fees/>

NOT FOR REPRINT

© 2025 ALM Global, LLC, All Rights Reserved. Request academic re-use from www.copyright.com. All other uses, submit a request to asset-and-logo-licensing@alm.com. For more information visit [Asset & Logo Licensing](#).

US judge says he won't explain error-ridden ruling in Mississippi civil rights case



reuters.com/legal/government/us-judge-says-he-wont-explain-error-ridden-ruling-mississippi-civil-rights-case-2025-08-04

Mike Scarcella

August 4, 2025

An empty courtroom is seen in New York City, U.S., August 21, 2020. REUTERS/Andrew Kelly/File Photo [Purchase Licensing Rights, opens new tab](#)

Aug 4 (Reuters) - A federal judge in Mississippi declined to give an explanation for a ruling he issued last month which the state said contained references to made-up material, incorrect plaintiffs and defendants, and other serious errors.

In an [order, opens new tab](#) on Friday, U.S. District Judge Henry Wingate in Jackson, Mississippi said his July 20 decision contained "clerical errors referencing improper parties and factual allegations," and that he issued a new opinion after correcting the mistakes. "No further explanation is warranted," Wingate wrote.

The judge's decision, issued in a civil rights case brought by the Mississippi Association of Educators, stopped the state for now from enforcing a ban on diversity, equity and inclusion programs in state universities and public schools.

After Wingate replaced the ruling with a corrected version, lawyers for the state [asked, opens new tab](#) him last week to clarify what had happened and to "preserve the record." Wingate said in Friday's filing that judges have the authority to correct what he called clerical mistakes and errors arising from oversight or omission, and no further action was needed. He also declined to make the original, faulty ruling available on the public docket.

Wingate, the Mississippi attorney general's office and attorneys for the plaintiffs did not immediately respond to requests for comment.

The state's lawyers have not publicly suggested a reason for the errors. They came to light the same week that a federal judge in an unrelated New Jersey case also retracted a decision containing seemingly made-up case citations and other errors.

In the New Jersey case, a person familiar with the matter [told Reuters](#) last week that a temporary assistant had used an artificial intelligence platform to research the decision, and that the opinion was inadvertently issued before a review process was able to catch errors introduced by AI.

The judge in that lawsuit, Julien Xavier Neals, said in a notation on the docket that a corrected decision will be issued.

As the use of AI in legal work has grown, [lawyers have faced ethics scrutiny](#) or been sanctioned for failing to catch fictitious case citations or other mistakes produced by the technology and including the errors in case filings.

Indiana University law school professor Charles Geyh called the mistakes in the Mississippi and New Jersey rulings “more egregious than I'm accustomed to seeing in federal court.”

The case is Mississippi Association of Educators et al. v. Board of Trustees of State Institutions of Higher Learning et al, U.S. District Court, Southern District of Mississippi, No. 3:25-cv-00417-HTW-LGI.

For plaintiff: Joshua Tom of the American Civil Liberties Union of Mississippi Foundation; Robert McDuff of Mississippi Center for Justice; Amir Badat of Badat Legal; and Nicolas Stanojevich of Quinn, Connor, Weaver, Davies & Rouco

For defendant: Rex Shannon III and Lisa Reppeto of the Mississippi attorney general's office

Read more:

[Two US judges withdraw rulings after attorneys question accuracy](#)

[Judge disqualifies three Butler Snow attorneys from case over AI citations](#)

[AI 'hallucinations' in court papers spell trouble for lawyers](#)

[Trouble with AI 'hallucinations' spreads to big law firms](#)

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

A Secret Storage Unit Unleashes New Accusations in 3M's Black Lung Lawsuit

August 01, 2025 | By  Amanda Bronstad

What You Need to Know

- 3M, which has hired a former FBI agent, maintains the evidence in the storage unit could include notes, employee files and other materials that prove that Glenn Martin Hammond fabricated details in his lawsuits over its dust masks.
- In an affidavit, a former paralegal at Hammond's law office in Pikeville, Kentucky, described an affair the lawyer was having with a woman at the office and a man he hired who drove a white van and burned files in his yard.
- 3M's accusations and the judge's order do not involve the two other defendants in its RICO suit, Johnny Givens and Mike Martin.



A secret storage unit with dozens of bankers boxes, an affair in the office, and a guy in a white van who burns documents in his yard.

3M Co.'s [racketeering suit](#) alleging three lawyers who brought hundreds of allegedly fraudulent claims on behalf of coal miners with black lung disease quickly diverted into accusations that one of them, Glenn Martin Hammond, secretly moved dozens of bankers boxes of evidence into a storage unit.

3M, which has hired a former FBI agent, maintains the evidence could include notes, employee files and other materials that prove that Hammond fabricated details in his lawsuits over its dust masks.

"3M has a reasonable and good faith basis to believe that, absent a court order, Hammond will destroy these original case files or secret them away to a new location to prevent their disclosure through discovery in this case," 3M's attorneys wrote in a July 21 motion for an emergency order. "To start, Hammond has already taken steps to hide these case files in the storage locker."

On July 25, following a hearing, U.S. District Judge Robert Wier of the Eastern District of Kentucky granted 3M's motion for an emergency order that prevents Hammond from accessing the storage unit, which is in Pikeville, Kentucky, and puts in place a custodian and U.S. Marshals to preserve the evidence.

"There is significant risk of evidence destruction—real danger—based on the current record," the judge wrote.

Among other things, he cited the June 23 affidavit of a paralegal who used to work at Hammond's law office in Pikeville. The paralegal, Bobby Moore, now at Baird & Baird in Pikeville, described a working environment that involved Hammond lying to clients, instructing employees to forge documents and threatening to withhold paychecks to anyone who spoke out about an affair he was having with a woman at the office. Moore also mentioned Hammond had hired a man who drove a white van and burned files in his yard.

"Hammond sometimes instructed clients to ignore their church's teachings and instead focus solely on what is good for their family in terms of making money from lawsuits," the paralegal said in the affidavit. "I found this to be deeply disturbing."

The paralegal also had seen the storage unit filled with large bankers boxes containing 3M case files.

A U-Save Storage Unit Near the Double Kwik

The revelations come in a lawsuit 3M filed last month alleging that Hammond and two other lawyers, Johnny Givens of Givens Law Firm in Ridgeland, Mississippi, and Mike Martin of Houston's Martin Walton, conspired under the U.S. Racketeer Influenced and Corrupt Organizations Act to bring fraudulent lawsuits on behalf of individuals with black lung disease, officially called coal workers' pneumoconiosis. The suit followed a [RICO case brought by Ford Motor Co.](#) against five "lemon law" lawyers in Southern California who [moved to dismiss the case last week](#).

3M and its lawyers who brought the RICO case, Ben Fultz at Fultz Maddox Dickens in Louisville, Kentucky, and Steven Grimes of Winston & Strawn in Chicago, did not respond to a request for comment.

Hammond did not respond. At the July 24 hearing, Wier said Hammond had hired William T. Ramsey, who had not yet appeared in the case. Ramsey, of Neal & Harwell in Nashville, Tennessee, did not respond.

"The documents are not Mr. Givens' documents," Walter Morrison of New Orleans-based Gainsburg, Benjamin, David, Meunier & Warshauer, who represents Givens, told [Law.com](#). "He had no role whatsoever in moving these documents to a storage facility. We agree with the court that they should be preserved."

Martin, who is represented by David Miller of Houston-based Miller, Scamardi, Carrabba & Burgess, told [Law.com](#), "The items which are in dispute at this hearing have nothing to do with the Martin Walton law firm and the motion at issue was not asserted against our firm."

In its RICO suit, 3M alleges that many of the plaintiffs brought by the three attorneys did not have black lung disease or their claims exceeded the one-year statute of limitations. Others did not wear 3M's masks all the time, or wore a different manufacturer's product.

Wier had initially denied 3M's motion for an order to seize and impound the evidence in the storage unit. At the time, 3M had no knowledge of the specific number of the unit, located at U Save Storage, but submitted photos and described it as "between three and five units from the end" that is "close to the Double Kwik Convenience Store."

Wier also named Todd Kennedy of Thompson & Kennedy in Pikeville to serve as custodian.

On July 25, Kennedy stated in an affidavit that, although he didn't believe he should be disqualified, he noted that the parents of a legal assistant for him had sued 3M along with 196 coal workers and their spouses.

“As a prophylactic measure, the court orders Kennedy to screen this employee from any involvement in his role as custodian and to ensure that the employee has no access to any of the materials held by virtue of the custodial role,” Wier wrote in a Monday order.

Page printed from: <https://www.law.com/2025/08/01/a-secret-storage-unit-unleashes-new-accusations-in-3ms-black-lung-lawsuit/>

NOT FOR REPRINT

© 2025 ALM Global, LLC, All Rights Reserved. Request academic re-use from www.copyright.com. All other uses, submit a request to asset-and-logo-licensing@alm.com. For more information visit [Asset & Logo Licensing](#).

Why your trial team needs an embedded appellate lawyer

DJ

[dailyjournal.com/articles/386975-why-your-trial-team-needs-an-embedded-appellate-lawyer](https://www.dailyjournal.com/articles/386975-why-your-trial-team-needs-an-embedded-appellate-lawyer)

Aug. 5, 2025

More trial teams are embedding appellate specialists from the outset, recognizing that collaboration between trial and appellate counsel can help preserve issues, avoid waived errors and strengthen outcomes long before the appeal begins.

Kirk Jenkins

Partner

Law Offices of Kirk C. Jenkins.

Phone: (312) 607-6409

Harvard Law School

Kirk is a certified specialist in appellate law.

[See more...](#)

Shutterstock

When I became an appellate specialist, our cases began in the "classic" way -- with an adverse judgment or an opponent's notice of appeal. Today, that's becoming less commonplace. Increasingly, clients are recognizing the value of embedding an appellate specialist in the trial team.

The practice began in the insurance industry, but spread from there to Big Pharma, and from there to general corporate clients. For example, Tesla had appellate counsel on its trial team for *In re: Tesla Inc. Securities Litigation*. Both sides had embedded appellate counsel in the Harvard affirmative action case from a couple years ago. The Federal Justice Department embeds appellate counsel with trial teams routinely, as do several U.S. Attorney's offices. Appellate lawyers can be a matter of simple risk management in high-dollar or bet-the-

company cases. In complex statutory or regulatory cases, appellate specialists can offer expert guidance on preserving complex issues. I have played this role for dozens of trial teams.

Begin your due diligence with the trial judge. Was she an appellate specialist in private practice? Is the judge frequently reversed on appeal, or usually affirmed? Do the judge's orders show an academic bent, littered with case citations? All of these help predict the likely reaction when you introduce yourself to the court as the team's appellate counsel. And keep an eye on your opponent -- if the adverse party retains appellate counsel and you don't, you could find yourself at a disadvantage.

The relationship between trial and appellate counsel can be a bit fraught. Some trial lawyers worry that the appellate counsel is a spy, ready to criticize the lawyer to the client behind the lawyer's back. But the crucial point to remember, if you are the appellate lawyer, is *you are not in charge*. The trial lawyer is your client just as much as the client is. Work with her, explain the up- and downsides of proposed courses of action, discuss the trial step by step, but ultimately, if she decides to go another way, that's her prerogative. If your strategic advice conflicts with her narrative strategy, she is entitled to go with her narrative -- job one is to win at trial. Nor is the relationship inherently adversarial: of course, you must *never* poach trial work from clients you met in trial consulting. And as for criticizing the trial lawyer in reports to the client -- most criticisms are actually confessions of *your* failures.

And if the budget is very tight, appellate counsel can serve as office staff, writing trial briefs and motions during the day and reading trial transcripts every night. I don't recommend the "office staff" approach because of the loss of immediacy, but it can be made to work.

The differing skill sets and perspectives of trial and appellate attorneys make embedded appellate attorneys a value-added for a trial team. Trial lawyers are storytellers, crafting a compelling narrative for juries of lay people. Appellate lawyers are academics, constantly worrying about the elements of claims and defenses, evidentiary standards, the state of the record and most of all, preservation of error.

Indeed, an epidemic is in progress of waived error on appeal. A Westlaw search for errors not properly preserved for appellate review reveals 2,554 cases of waived errors in the Federal Circuits since 1879. Ten percent of those cases were handed down in just the past three years -- a sign of an increasingly unhappy bench.

The embedded appellate attorney should be involved in a host of ways before and during the trial. The appellate attorney should review each key witness examination outline with her trial lawyer client the night before each examination. Motions in limine are another key point -- both knowing which ones have to be renewed to be preserved and which ones must be reviewed for abuse of discretion.

In California state court, there are a host of pretrial motions to worry about: demurrers, motions to strike, motions for change of venue and motions to compel arbitration. The appellate lawyer can also be a key team member for handling *Daubert* motions, depending on what his or her subject matter expertise is. I once spent weeks writing and opposing *Daubert* motions for economists (my previous life) in a complex antitrust case. Offers of proof are another key point -- they must show not only what was excluded, but why its exclusion was prejudicial to your case.

Spotting opportunities for appellate intervention while the trial is being litigated is another crucial function of the appellate lawyer. Some trial lawyers think virtually everything should be taken up on petition for writ of mandate in California state court, but the fact is most petitions are summarily denied. Statutory writ petitions tend to have very tight deadlines. Most lawyers haven't thought about collateral orders since bar review, but the appellate lawyer needs to recognize them and advise the trial team of the potential appeal. In Federal court, 1292(b) appeals are full of traps for the unwary, depending on what Circuit you're in.

When the jury returns, the team shifts into overdrive. The consistency of the jury verdict must be reviewed quickly. Posttrial motions must be made. If your client suffers an adverse result, a motion for stay of execution must be made and an appeal bond posted.

In 2025, a trial team is more than ever like a race car pit crew. As long as everyone understands their particular job, respects one another's expertise and works together, the result can be more powerful than ever.

#386975

New nonprofit firm in Washington adds to legal resistance to Trump



reuters.com/legal/government/new-nonprofit-firm-washington-adds-legal-resistance-trump-2025-08-04

David Thomas

August 4, 2025

Lawyers walk with their briefcases towards the federal court house in San Diego, California June 22, 2015. REUTERS/Mike Blake/File Photo [Purchase Licensing Rights, opens new tab](#)

Aug 4 (Reuters) - A group of former lawyers from the U.S. Justice Department and major law firms launched a new nonprofit on Monday to take on cases for free opposing actions by the Trump administration.

The newly formed Washington Litigation Group will represent targets of criminal and congressional investigations and pursue civil litigation targeting President Donald Trump's executive orders, according to attorneys Nathaniel Zelinsky and James Pearce.

"We're here to represent folks who need representation in a critical moment for American democracy and the rule of law," Zelinsky told Reuters.

The new firm is part of the legal team [representing Cathy Harris](#), a Democratic appointee to the Merit Systems Protection Board who was fired from the federal employee labor agency by Trump earlier this year.

Zelinsky in June resigned from law firm Milbank, which is among nine major firms that [pledged to donate nearly \\$1 billion in free legal services](#) to causes Trump supports in order to avoid a crackdown by the administration. Milbank is also representing Harris in her lawsuit.

Zelinsky declined to name donors to the new firm. He said it has received funding from institutions that support democracy and is seeking to hire at least one more attorney.

A Reuters investigation last month found that [dozens of major law firms have scaled back](#) pro bono litigation that could place them in conflict with the Trump administration.

Joining Zelinsky and Pearce are Samantha Bateman and Mary Dohrmann, both former Justice Department lawyers. Pearce and Dohrmann were members of U.S. special counsel Jack Smith's team that brought criminal cases accusing Trump of illegally retaining classified documents at his Florida social club and attempting to interfere with the certification of the 2020 election.

Trump pleaded not guilty to all charges and argued the cases reflected a "weaponization" of the legal system. Pearce said he and Dohrmann were fired from the Justice Department in January, after Trump began his second term.

A steering committee of retired lawyers and judges will help lead and advise the new firm, including on hiring matters and case selection, Zelinsky and Pearce said.

The committee includes Peter Keisler, who served as acting U.S. attorney general under President George W. Bush, and Tom Green, a former head of Sidley Austin's white-collar defense practice who is serving as president of the group.

Separately, in May, two former Justice Department lawyers launched the [Civil Service Law Center](#), a law firm founded to "fight against the Trump administration's attempts to dismantle the civil service."

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

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](#).

News from Bloomberg Terminal
Hedge Funds Meet With Companies
Aug. 5, 2025, 10:18 AM PDT

By Matt Levine

(Bloomberg Opinion) --

Corporate access

If you are trying to decide whether to buy the stock of some company, one thing you could do is sit down with its chief executive officer and ask her: "Should I buy your stock?" This probably won't be too informative: For reasons of incentives (her wealth is tied to the stock price) and general CEO optimism/confidence, she will almost certainly say yes.¹ But you can ask follow-up questions. If you say "okay, you think I should buy your stock, does that mean that you will have a good profit next quarter," and she says "no," or "define good," or "oh look at the time I gotta go," or if she says "yes absolutely" but starts sweating and looking around nervously, then perhaps those are useful indications that you should *not* buy the stock. And if she looks you in the eye and says firmly "it's gonna be *amazing*," go ahead and buy it.

This is a little bit fanciful, but not that fanciful. CEOs do regularly meet with investors, and the investors ask questions and the CEOs answer them. In the US, securities regulations prohibit the CEOs from disclosing material nonpublic information in these meetings, so in theory, if you ask the CEO about next quarter's earnings, she shouldn't tell you anything the company hasn't already said publicly. In practice, though, these meetings do happen, which suggests that investors get some value out of them. And empirical studies find that, as you'd expect, investors who have meetings with CEOs make more informed investing decisions. They're definitely learning *something* in the meetings.

The polite way to reconcile these facts – the CEO isn't allowed to give investors material nonpublic information, but the investors do get useful information out of these meetings – is to talk about "tone and body language."² Like, I guess, you ask "will earnings be good next quarter," and the CEO says "of course I can't tell you anything beyond what we have publicly disclosed," and she winks, so you buy the stock. Or she says it in a gloomy voice so you sell the stock. I assume that this is almost entirely euphemistic,³ and what actually happens is that you ask good granular questions about the company's operations and finances, and the CEO thinks "well this is not the sort of material nonpublic information that I am not allowed to disclose" and answers your questions, and you come away with a better understanding of the company's prospects and a more informed investment thesis. The CEO gives you information that is useful and new, but somehow not material and nonpublic.

So it's entirely understandable that you would want to meet with the CEO: She can tell you things that are useful in making your investment decision. But why would she want to meet with you? I think there's a cluster of related answers:

- For incentive reasons (her wealth is tied to the stock price), she wants you to buy the stock, and for general CEO optimism/confidence reasons, she thinks she will be a good salesperson for the stock.
- For corporate finance reasons, she wants you to want to buy the stock, in case the company needs to raise money by selling stock.
- For fiduciary reasons, she wants to meet with the owners of her company's stock, because they are the owners of the company and she works for them. So if you are currently a stockholder, you're her boss and she'll make time for you, and she'll extend the same courtesy to people who are considering buying stock.
- For governance reasons, she knows that it is useful to her to have the support of her shareholders. So she will want to be helpful to you, so you will do things like vote to approve her compensation package or support her in a proxy fight.

But she's pretty busy, and there are a lot of shareholders, and she probably can't meet with everyone. She will need to prioritize, and those answers give you a sense of whom she should prioritize:

- She should meet with investors who are likely to buy a lot of stock, and not with investors who aren't, or who might *short* the stock.
- She should meet with big owners of the stock, not investors who only own a little, or none, or are short.
- She should meet with big *stable* owners of the stock, who will still own it in a year when she needs a favor, and who are management-friendly and not likely to do a proxy fight themselves.

Also, like anyone else, she will want these meetings to be pleasant. If you ask friendly questions and are polite, you're more likely to get a second meeting. If you are rude and slovenly and ask difficult questions and push back on her answers and try too hard to get her to reveal material nonpublic information, she won't have a good time, and you won't be invited back.

This all suggests that the CEO will want to meet with analysts and portfolio managers at Fidelity and Capital and Wellington, big long-only asset managers who own large chunks of stock for long periods. She will not want to meet with most retail investors, because they are too small, unless she has a very conscious meme-stock strategy.

But she also may not want to meet with the long/short equity teams at big multimanager hedge funds. Those funds are big and important, but they often have short holding periods, so if she gets them to buy stock today they might sell it in a week. They tend to be market-neutral, and short stocks as well as buying them, so if she meets with them today they might go out and short her stock. And they are in the business of finding edge that no one else has, so they are more likely to ask tough questions and push for detailed information that she is uncomfortable disclosing. They are not good reliable long-term partners for a CEO; they are informed investors looking to do a smart trade.

Also: possibly slovenly? At Business Insider, Bradley Saacks has a fun story about corporate access at big multistrategy hedge funds. For understandable reasons, CEOs used to prefer not to meet with them:

Twenty-seven-year-olds in T-shirts. Cameras off during pandemic-era Zooms. Typing on laptops or phones while CEOs spoke. Twenty people on a call, all vying to ask a hyperspecific question, often related to next quarter's earnings. ...

At bank-held conferences, alongside tenured portfolio managers from long-only funds and asset management giants like Fidelity and Wellington, "we were always the kids' table," one multistrategy executive admitted.

It was "pretty common" between 2018 and 2021 for executives to say no to meeting with some of these firms, or sharply curtailing the number of seats allotted to these funds, said Christopher Melito, a former corporate access pro at Cowen, Citi, and Credit Suisse. Even with how much these firms paid the sell-side, "at the end of the day, a C-suite could say 'don't confirm that request, we aren't meeting with them,'" said Melito, who is now the head of investor access at consulting firm ICR.

But things have improved, at least sartorially:

For example, "a lot of top four funds stopped putting junior members in these meetings," Melito said, and started training younger investment team members on protocol.

One former PM said that at Point72, blazers are required when meeting with an executive. At other large firms, Melito said, young analysts start by meeting with smaller-cap companies before shadowing more senior investors in meetings with large-cap corporations.

Still there are problems. One problem is that, at the big hedge funds, there are a lot of portfolio managers covering similar sectors, so it's possible for a company to get five different calls asking to schedule meetings with "Citadel," which is pretty annoying:

One portfolio manager at a large firm said the biggest fights he ever saw were between two teams wanting access to the same executive – and there would only be room for one. Firms often give more tenured teams the right of first refusal for a meeting, but sometimes big-name new hires will jump the line, causing a rift, another PM said. ...

In the ongoing war for talent that has top moneymakers getting offers of tens of millions of dollars in total potential compensation, an important question for candidates is how many other teams trade their specialty or sector, one recruiter said.

"It's a make-or-break kind of question," he said. No one wants to be one of 20 investing in technology companies "unless the money's just stupid," he added.

Another problem is: Are these meetings actually useful? Again, as a regulatory matter, *they're not supposed to be*, and it's at least possible that companies have gotten better about not disclosing nonpublic information in meetings with investors:

One European equity investor said CEOs have become more scripted than ever, so meetings are basically a rerun of what they've previously said on earnings calls or at conferences. Another, based in the US, said the biggest value from these meetings used to be a sentiment check on how other teams were thinking about the stock – but now questions are often too specific and narrow to give any kind of indication into their thinking.⁴

But there is always body language:

Tiger Global's billionaire founder, Chase Coleman, sees merit in these meetings and still attends them, a person close to the firm said, and funds have brought in former CIA interrogators to help investors dissect body language and read between the lines of a prepared statement.

Yeah, see, this is why the CEOs prefer meeting with Fidelity?

Hedge fund: Hi, we are considering buying your stock, would you be willing to meet with us?

CEO: Sure I love meeting my investors.

Hedge fund: Great, we'll set up a meeting. On our side it will be our tech portfolio manager and two analysts.

CEO: Cool, make sure they wear blazers.

Hedge fund: And our CIA interrogator of course.

CEO: Actually I just realized I'm busy that day.

Private credit is the new banking

Citigroup Inc. is pushing into an innovative new line of business, which is lending money to its corporate clients. Bloomberg's Todd Gillespie reports:

Deals in the expanded scope could include lending to small or mid-sized corporate clients of Citigroup, including companies that can't easily access syndicated markets or bank loans, according to Achintya Mangla, Citigroup's head of financing. ...

"We already have the corporate client relationships with the commercial and corporate bank – not all of them ready necessarily for a syndicated market, not all of them may be rated, not all of them are ready for the bank market," Mangla said in an interview. "Banks have limitations."

One of the most interesting developments in modern finance is the gradual retreat of banks from their traditional core lending businesses, and their replacement by private credit firms. This is in some ways a very natural development, a move in the direction of “narrow banking.” From first principles, banks *are* badly set up to lend companies money. Banks are funded by deposits, the deposits could be withdrawn at any time, and if a bank uses the deposits to make long-term loans there is a dangerous mismatch between its assets and liabilities. Private credit funds, which raise long-term funding to make long-term loans, do kind of make more sense as corporate lenders than banks.

But, you know, banks were making loans funded by deposits for hundreds of years, and the other interesting modern development is that ... everyone forgot that? “Banks have limitations”? “We already have the corporate client relationships”? What was the relationship? The banker would call on a mid-sized company and say “hi we’d love it if you’d use us for your checking accounts” and the borrower would say “great and can we talk about loans,” and the banker would say ... “no”? “Oh we don’t lend companies money, sorry, we’re a bank.”

Anyway now Citi will lend companies money, but in 2025, when a bank lends companies money, that is called “getting into private credit.” Gillespie:

The bank is hiring Aashish Dhakad from Ares Management Corp. to become head of private credit origination for North America, a new role focused on sourcing deals from corporate and commercial banking clients for private credit investors, it said Monday in a memo seen by Bloomberg News. ...

The expanded focus indicates the bank’s aim to deliver a larger suite of private-credit options for its clients – in addition to its traditional underwriting business in public debt markets – and to chase fee revenue across a larger variety of lending models. Such deal referrals already happen, but it’s unusual for a bank to have a banker dedicated to them.

The traditional business of a bank, in 2025, is underwriting deals in the public debt markets, and it’s unusual for a bank to have a banker dedicated to lending companies money.

Elsewhere in private credit, Bloomberg’s Kat Hidalgo reports:

After pouring billions into asset-backed finance, private credit managers and investors are starting to scrutinize what exactly they get back if their bets sour.

With types of collateral ranging from mortgages, to music royalties, to physical assets like aircraft, the answer to that question can mean the difference between an easy recovery and being stuck with something hard to sell. ...

These days, [Kartesia Asset Finance] only lends against mobile assets – like helicopters – and it keeps a bank of video monitors trained on every piece of collateral backing up its investments to make sure they don’t get lost or stolen.

"I can see where any asset I finance is in the world at any time," managing partner Fabrice Fraikin said in an interview. "The few situations where we've been faced with having to recover assets, we have learned from those experiences."

Over the centuries when banks loaned companies money, they figured out how to deal with collateral. Now that private credit has taken over that role, it is learning.

Project Crypto

One of the core ideas of crypto is that a token can be both:

1. The useful currency of some crypto project, and
2. An investment in that project.

So you might buy Bitcoin because you find it to be a useful form of "digital cash," a more convenient way to pay for things than dollars. Or you might buy Bitcoin because you think *other* people will find it to be useful, so its value will go up. You could buy Bitcoin to use it, or just to bet on its future adoption.

Crypto projects that came after Bitcoin took this idea one step further. The people who built Ethereum, for instance, realized that its ETH tokens would not be particularly useful until they actually built out the network. But it would cost money to build out the network. Where would they get that money? Well, by selling ETH tokens. People could pay for ETH, and then the Ethereum developers would have money, and then they would develop Ethereum, and then the ETH tokens would be useful. Why would anyone buy the ETH tokens, which were not useful? Well, perhaps because they were hoping to use them one day, when the network was developed. (It's like a Kickstarter, where you pay in advance for the product, so that the team has the money to make the product.) Or perhaps because they were betting that the network would be popular and ETH would be worth a lot of money. (It's like a startup, where you pay to buy *stock* so that the team has money to make the product, and then if they succeed your stock is worth more.)

I once wrote that Ethereum's "initial coin offering" (selling ETH before building the network, to fund building the network) "was the original sin of crypto as a financing tool." Because: Is that a securities offering? Kickstarter is *not* a securities offering, probably; putting down money to buy a product makes you a customer, not an investor. A stock offering *is* a securities offering; putting down money to buy stock makes you an investor. Buying tokens is somewhere in between; tokens are kind of like a product and kind of like stock.

There is all sorts of analysis on this question – "utility tokens," simple agreements for future tokens, etc. – that I will not worry about here. Here my point is that, for most of the last decade, there have been two *main* positions in US securities law:

1. Tokens are not securities, so people who sell tokens to build crypto projects do not have to register them with the US Securities and Exchange Commission, so they can do whatever they want.
2. Tokens *are* securities, so people who want to sell tokens to build crypto projects have to comply with SEC regulations, filing all the financial statements and other disclosures that a public company would have to do.

The first theory is straightforward enough although also, I think, kind of crazy: It would effectively mean that *any* company could raise money by selling stock to the public, without any disclosure, as long as it called the stock a "token."

The second theory strikes me as more legally defensible but annoying. An important point of crypto is to enable decentralization, to build projects whose governance and economic rights are held not by corporations but by their users. It's just very hard to do that and comply with SEC regulations. How do you file financial statements if there is no corporation in charge? Maybe there is an answer, but it requires a certain amount of accommodation from the SEC. The registration and disclosure process for, like, Ethereum will be different from the process for a tech company.

Also, if tokens are securities, they might have to trade only on securities exchanges, which makes them not particularly useful as *tokens*. It's hard to pay for a sandwich with ETH if you can only buy or sell ETH on the stock exchange. The second theory makes tokens *only* securities, and not at all products, which is not quite right.

You could imagine a third position: "Tokens are securities, but they are different from stocks. You have to register them, so that investors know what they are getting into and have disclosure and fraud protection, but there are special registration and trading rules to accommodate the realities of crypto." This strikes me as more or less the correct position, and there have been glimmers of it from time to time, but most people seem to be on one extreme or the other. Either tokens are securities and mostly illegal, or they are not securities and a free-for-all.

When Gary Gensler ran the SEC, he was a strong proponent of the second theory, which in practice meant that crypto was mostly illegal in the US: Most tokens were securities, so they had to register with the SEC, but it was impossible for token issuers to register with Gensler's SEC, so most tokens were, in the SEC's view, illegal. (Gensler's SEC did not always *win* on these arguments, but it made them.)

Now Gensler is out at the SEC, and Paul Atkins is the new chair. My rough impression of the current SEC is that it leans pretty far the other way, and takes pains to say that most tokens are not securities even while saying that it will regulate them for securities fraud. But it is *possible* that it will take the middle ground, saying "sure, selling tokens to retail to raise money to build a project is a securities offering that you have to register, but unlike the Gensler SEC we will actually let you do that."

Anyway here's a speech Atkins gave last week about what he calls "Project Crypto":

A key priority of mine will be to establish—as swiftly as we can—a regulatory framework for distributions of crypto assets in America. Capital formation is at the heart of the SEC’s mission, yet for too long the SEC ignored market demands for choice and disincentivized crypto-based capital raising. As a result, crypto markets pivoted away from offering crypto assets and deprived investors of the opportunity to use this technology to contribute to productive economic enterprises. The SEC’s head-in-the-sand posture—as well as its shoot first, ask questions later approach—are days of the past.

Despite what the SEC has said in the past, most crypto assets are not securities.

Okay, see, when I read “deprived investors of the opportunity to use this technology to contribute to productive economic enterprises,” I think “yes right he’s describing a securities offering,” but then he goes right on to say “most crypto assets are not securities.” There is a tension here. But then he goes on:

In addition, it should not be a scarlet letter to be deemed a security. We need a regulatory framework for crypto asset securities that allows these products to flourish within American markets. Many issuers will prefer the flexibility in product design that the securities laws afford, and investors will benefit from the opportunity to earn distributions, voting rights, and other features typical of securities. Projects should not be forced to establish decentralized autonomous organizations and offshore foundations or decentralize too early if this is not their desired plan of action. I am excited to see new use cases for crypto asset securities in commerce, such as the ability to participate in blockchain network consensus with tokenized equities.

Thus, for those crypto asset transactions that are subject to the securities laws, I have asked staff to propose purpose-fit disclosures, exemptions, and safe harbors, including for so-called “initial coin offerings,” “airdrops,” and network rewards. Regarding these sorts of transactions, our goal should be that issuers no longer exclude Americans from their distributions to avoid legal complexity and lawsuits, but instead choose to include Americans to enjoy legal certainty and an accommodating regulatory environment.

Two points here. One is that this seems to me to be the substantively correct approach: Many crypto projects are securities-ish, so investors should have securities-ish protections, but they are not quite the same thing as stock, and those protections should be tailored to what they are. Under Gensler, the SEC occasionally hinted that it might help token issuers to register their offerings, but its actions were pretty resolutely hostile. Atkins’s statements suggest that the SEC might actually make it feasible to register crypto tokens, which is probably the right approach.

The other point is that this is definitely, in 2025, the correct approach for the SEC as a matter of *politics*. The Gensler SEC took the approach of “crypto tokens are securities, so they are under the SEC’s jurisdiction, and the SEC will outlaw them.” I think there is a real appeal to that position (lots of dumb stuff in crypto!), but that ship has sailed and crypto is way too globally influential to just ban it in the US. The SEC is in many ways the best agency to regulate crypto – because crypto tokens are obviously securities-like, and because the SEC has long experience in investor protection, disclosure regulation and trading supervision – but it has to affirmatively apply for the job. “We will ban crypto” is no longer feasible for the SEC, and “we will ignore crypto because it’s not a security so not our problem” is not very attractive for the SEC. The only choice left is “we will regulate crypto, but in a way that you like.”

Things happen

Wall Street Bonuses Are on Track to Rise Despite Tariff Uncertainty. Regional Banks Are Ripe for Mergers as DC Warms to Consolidation. White House Preps Order to Punish Banks That Discriminate Against Conservatives. Taiwan Arrests Six in Probe of TSMC Chip Technology Leak. Core Scientific shareholders balk at terms of CoreWeave merger offer. What Happens to AI Startups When Their Founders Jump Ship for Big Tech. Cognition Offers Buyouts to Newly Acquired Windsurf Staff. Push to Add 'Buy Now, Pay Later' Loans to Credit Scores Hits a Snag. A Generation Is Turning to 'Buy Now, Pay Later' for Botox and Concert Tickets. Deutsche Bank chief approved controversial trade he was later asked to probe. Russia's Secret War and the Plot to Kill a German CEO. HelloFresh Is Investing \$70 Million to Have AI Help Plan Dinner. A Zoo in Denmark Wants to Feed Your Pets to Its Predators.

If you'd like to get Money Stuff in handy email form, right in your inbox, please subscribe at this link. Or you can subscribe to Money Stuff and other great Bloomberg newsletters here. Thanks!

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. There are occasional exceptions, from unusual CEOs. Elon Musk once tweeted "Tesla stock price is too high imo." Berkshire Hathaway Inc. did a stock offering in 1996, and Warren Buffett told shareholders: "Let me also put our thoughts about valuation more baldly: Berkshire is selling at a price at which Charlie and I would not consider buying it."
2. Or to just pretend that these meetings don't happen? I occasionally mention the Supreme Court argument in an insider trading case where Justice Sonia Sotomayor told a lawyer "There's regulations that stop that, talking to analysts." Not exactly!
3. Though I do sometimes cite an anecdote about a governance specialist at a big long-only manager who met with the chairman of the board of a public company who was "looking unfeasibly tanned for this time of year." The asset manager sold a bunch of the company's stock, not *exclusively* because of the chairman's tan (he also gave some bad answers to questions), but the tan was in the analyst's report. "The company eventually went into insolvency." A tan is not quite "body language," but it's a related concept.
4. That's a fascinating explanation of the value of corporate access, by the way. Several of the big multimanager funds rigorously compartmentalize their teams, to make sure they are making independent bets: If a fund has two tech teams, they will each have to come up with their own ideas and won't be allowed to talk to each other. The only time they'll be in the same room is if the fund sets up a meeting with a tech CEO and lets them both come. So the portfolio managers can learn something material and nonpublic from the meeting, but not *from the CEO*: They can each learn what the other is thinking, which makes their own model of the market a bit better. (Though at the expense of being less independent.)

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

Class Action

X Challenge to Unveiling of Musk Investors Dismissed as Moot

Aug. 5, 2025, 6:50 AM PDT

Summary by Bloomberg AI

AI Generated



- A federal appeals court said X Corp.'s quest to shield its parent entity's shareholders' identities is moot because the information is already public.
- The US Court of Appeals for the Ninth Circuit said it can't provide an effective remedy because the information has already been published widely across the internet.
- The court dismissed X Corp.'s appeal, vacating the district court's order, as X's appeal doesn't qualify for an exception to mootness.

X Corp.'s quest to shield the identities of its parent entity's shareholders in a worker dispute is moot because the information is already public, a federal appeals court said.

The district judge overseeing a dispute between X and former Twitter employees who lost their jobs after Elon Musk took over the social media platform in 2022 unsealed the list of X Holdings Corp. investors after a journalist intervened in the suit. X challenged that reveal, but there's no live controversy left to resolve, the US Court of Appeals for the Ninth Circuit said in a Monday order.

The court can't provide an effective remedy because "the information in X Corp.'s corporate disclosure statement has already been published widely across the internet and has been public on both the district court and Ninth Circuit dockets for months," the unsigned order dismissing the appeal said.

Independent journalist Jacob Silverman secured the unveiling of the shareholders' identities—including previously disclosed investors such as Twitter founder Jack Dorsey and new names such as billionaire Bill Ackman's Pershing Square Foundation—in 2024. Silverman intervened in a worker lawsuit involving arbitration costs before Judge Susan Illston of the US District Court for the Northern District of California.

X faces multiple actions over its alleged failure pay former Twitter workers promised severance and give them adequate notice before a mass layoff. Other lawsuits challenge the purported race, age, sex, and disability bias at play in who X let go. The company says it could face millions of dollars in arbitration costs on top of any severance it's ordered to pay and is also involved in several other fights over who must foot the bill for those proceedings.

X's appeal doesn't qualify for an exception to mootness. A party in the company's position "could usually receive review by seeking a stay pending appeal of a district court's order to unseal," and inability to secure that relief doesn't make the case one that's capable of repetition yet evading review, the order said. "Given our dismissal of the appeal as moot, we vacate the order of the district court."

Judges Sidney R. Thomas, Kenneth Kiyul Lee, and Roslyn O. Silver made up the panel. Silver sat by designation from the US District Court for the District of Arizona.

Morgan, Lewis & Bockius LLP represents X and Musk. The Reporters Committee for Freedom of the Press and Jassy Vick Carolan LLP represent Silverman.

The case is *Anoke v. Twitter Inc.*, 9th Cir., No. 24-5936, 8/4/25 .

To contact the reporter on this story: Jennifer Bennett in Washington at jbennett@bloombergindustry.com

To contact the editors responsible for this story: Carmen Castro-Pagán at ccastro-pagan@bloomberglaw.com; Drew Singer at dsinger@bloombergindustry.com

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

SEC Expected to Follow DOJ in Scaling Back FCPA Enforcement, Experts Say

August 04, 2025 By Dan Novak



U.S. Securities and Exchange Commission building in Washington. Photo: Mike Scarcella/ALM

The U.S. Securities and Exchange Commission will likely follow the Department of Justice in scaling back investigations of and civil actions against alleged foreign bribery violations, legal observers said.

Since May, the SEC has closed at least two Foreign Corrupt Practices Act investigations into research firm Inotiv and GE Healthcare. The commission also announced last month that it was dismissing, for policy reasons, an FCPA lawsuit against two former chief executive officers of information technology company Cognizant after the DOJ dropped criminal charges.

President Donald Trump has made reducing FCPA enforcement a priority at the DOJ, but has not directly addressed the SEC. Trump signed an executive order in February pausing FCPA actions at the DOJ until the agency issued revised enforcement guidelines regarding the statute.

The FCPA makes it illegal for U.S. citizens and companies to make "payments to foreign government officials to assist in obtaining or retaining business," the DOJ stated. The law "extends to publicly traded companies and their officers, directors, employees, stockholders and agents," according to the SEC.

When the DOJ released new FCPA guidelines in June, the department said it would prioritize corruption cases that harm U.S. interests and put American companies at a disadvantage.

"If the DOJ gets an executive order saying that they need to change their policy, even if it doesn't formally apply to the SEC, it would still make sense to the SEC to follow that policy," said Duke University law professor Rachel Brewster.

SEC officials have been relatively quiet on how the commission intends to handle FCPA cases.

In March, then-acting Deputy Director of Enforcement Antonia Apps said at an American Bar Association conference the SEC would "follow the lead" of the DOJ in pausing FCPA enforcement. But SEC Chair Paul Atkins told Congress in early June that the SEC's FCPA investigations were not directly affected by the DOJ's change in enforcement.

The SEC did not respond to requests for comment Monday.

The DOJ has broad latitude to bring criminal corruption cases, while the SEC only brings civil actions against publicly traded companies, often related to books and records violations. Brewster said the two agencies frequently work in tandem, bringing coordinated civil and criminal charges in FCPA cases.

Although the two agencies often engage in parallel investigations and prosecutions, the SEC does not always act in line with the DOJ, said Baker McKenzie partner Jerome Thomas. He added it may not be entirely clear how the commission will handle FCPA cases under the Trump administration until it brings a case separately from the DOJ.

Thomas said the SEC dropping the civil charges against the Cognizant CEOs appears to be an example of the commission following the DOJ’s lead.

“In my view, the SEC will continue to enforce the FCPA in some form or fashion looking forward,” he said. “What exactly that looks like and what cases they will prioritize and won’t prioritize still is something that largely is tea-leaf-reading.”

But the SEC is likely to prioritize enforcement in a way that pleases the White House, Thomas added. He said companies may now be “even more incentivized” to seek declinations or resolutions of active investigations with the commission.

“To a certain extent, the [SEC] enforcement director and the majority Republican commissioners at the commission will clearly be cognizant of the administration’s policy objectives,” he said.

Page printed from: https://www.law.com/nationallawjournal/2025/08/04/sec-expected-to-follow-doj-in-scaling-back-fcpa-enforcement-experts-say/?kw=SEC+Expected+to+Follow+DOJ+in+Scaling+Back+FCPA+Enforcement.+Experts+Say&utm_position=2&utm_source=email&utm_medium=enl&utm_campaign=morningupdate&utm_content=20250805&utm_term=nj

NOT FOR REPRINT
© 2025 ALM Global, LLC, All Rights Reserved. Request academic re-use from www.copyright.com. All other uses, submit a request to asset-and-logo-licensing@alm.com. For more information visit [Asset & Logo Licensing](#).



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Cold Storage Co. Duped Investors Before 2024 IPO, Suit Says

By **Katryna Perera**

Law360 (August 4, 2025, 3:39 PM EDT) -- A pension fund has sued Lineage Inc., a cold-storage real estate investment trust, and several of its executives in Michigan federal court over the company's initial public offering, the largest of 2024, alleging the REIT and its top brass misled investors about softening demand and unsustainable pricing.

The City of St. Clair Shores Police and Fire Retirement System filed a **complaint** Friday against Lineage; its co-founders and co-executive chairs, Adam Forste and Kevin Marchetti; the REIT's CEO, Walter Gregory Lehmkuhl; Chief Financial Officer Robert Crisci; and several other executives and directors.

The lawsuit was brought on behalf of a proposed class of all purchasers of Lineage common stock in or traceable to the company's registration statement used in connection with Lineage's July 2024 IPO.

According to the complaint, Forste and Marchetti founded a company called Bay Grove in 2007 that rebranded in 2021 as Lineage, which operates hundreds of temperature-controlled storage facilities used by grocery companies and retailers to store food and other perishable goods. Through one of its business lines, the company also provides customers with logistics services to move products through the food supply chain and reduce transportation costs, the pension said.

By 2019, Lineage had become the largest cold-storage company globally, "surpassing one billion cubic feet of storage capacity for the first time," the suit noted.

Its "acquisition spree" continued between 2020 and 2024, but at the same time, the company felt the effects of the COVID-19 pandemic "as supply chain disruptions and temporary shortages of food and medicine led to efforts by businesses and governments to improve cold-storage supply chain and distribution networks," according to the complaint.

However, in the years leading up to its IPO, Lineage represented that its growth metrics were stable and sustainable based on the "characteristics" of the cold-storage industry, the pension alleged.

Lineage filed a registration statement for its IPO June 26, 2024, and ultimately sold more than 65 million shares of Lineage common stock at \$78 per share, raising more than \$5 billion in gross offering proceeds, making it the largest U.S. IPO of 2024, the suit says.

According to the complaint, the registration statement contained several material misrepresentations about Lineage's business, historical financial results and the industry trends facing the company.

Specifically, the registration statement failed to disclose that Lineage's financial and operational results had been temporarily inflated leading up to the IPO as a result of "artificial market distortions caused by the COVID-19 pandemic, increased supply of cold-storage facilities, and the imposition of unsustainable price increases by Lineage," the pension said.

"Rather than disclose these facts," the complaint read, "the registration statement portrayed Lineage's more muted results for the first six months of 2024 as a return to normalized customer inventory levels, which, after this short 'rationaliz[ation]' period, would purportedly allow the company to enjoy stable revenue growth and steady occupancy and rent escalations as global

demand for coldstorage products and services continued to increase and Lineage's purported competitive and technological advantages and economies of scale drove favorable operational and financial results."

The suit says Lineage was in the middle of a "sustained downturn," contrary to what investors were being told, as customers were destocking excess inventory built up during the pandemic and shifting to the maintenance of "leaner inventories on a go-forward basis and as more cold-storage supply came on line."

The REIT suffered negative effects in terms of occupancy rates and pricing power due to its recent imposition of unsustainable price increases among its customer base, the pension added.

Following the IPO in August 2024, Lineage filed its second-quarter financial results with the U.S. Securities and Exchange Commission, disclosing an \$80 million net loss for the period.

The company reported more losses in November 2024, and in January 2025, The Wall Street Journal reported that Lineage was laying off employees due to reduced customer demand, according to the complaint.

Reported revenue losses continued throughout the first half of 2025, and since the IPO, the price of Lineage stock has fallen to nearly half the offering price, the shareholder said.

The suit is seeking damages, attorney fees and a jury trial.

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

The pension fund is represented by Thomas C. Michaud of Vanoverbeke Michaud & Timmony PC, and Brian E. Cochran and Samuel H. Rudman of Robbins Geller Rudman & Dowd LLP.

Counsel information for Lineage and the other defendants was not immediately available.

The case is City of St. Clair Shores Police and Fire Retirement System v. Lineage Inc. et al., case number 2:25-cv-12383, in the U.S. District Court for the Eastern District of Michigan.

--Editing by Covey Son.



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Investors Say Novo Nordisk Misled Them Over Drug Demand

By **George Woolston**

Law360 (August 4, 2025, 4:53 PM EDT) -- Novo Nordisk was hit with a proposed securities class action in New Jersey federal court alleging the company misled investors over its revenue outlook for 2025 by allegedly overstating the likelihood patients would switch to its branded diabetes and weight loss drugs.

Eric Barta alleged on Friday that Novo Nordisk A/S and company executives on the management board artificially inflated its stock prices earlier this year by greatly overstating the potential market for its semaglutide drugs Ozempic and Wegovy, and its ability to penetrate those markets, only for it to lower its sales and profit outlook last week.

As a result of Novo's alleged misrepresentations and misleading statements, its price per share fell 21.83% from \$69.00 per share on July 28 to \$53.94 per share on July 29 after it announced it was lowering its sales and profit outlook ahead of reporting its results for the second quarter, the complaint alleged.

The company attributed its lowering of expectations to the continued use of compounded alternatives and slower-than-expected market expansion and competition, according to the complaint.

"In truth, Novo's optimistic reports of growth, cost cutting measures, and its overall potential and ability to continue to capitalize upon both the compounded and unreachd GLP-1 markets fell short of reality," the complaint said.

According to the complaint, in earnings calls held in May and June, Novo said it had confidence in its ability to grow GLP-1 sales, the class of medications Ozempic and Wegovy belong to that mainly help manage glucose levels in people with Type 2 diabetes but are also used for weight loss, by capitalizing on patients who would purportedly be no longer able to utilize their preferred compounded GLP-1 alternatives.

The company repeatedly ignored and minimized the significance of the personalization exception for GLP-1 compounding and greatly overestimated its ability to capture patients coming off of compounded treatments, the complaint alleged.

The suit alleges securities violations against the company and the individual defendants, which include president and CEO Maziar Mike Doustdar, former president and CEO Lars Fruergaard Jørgensen, chief financial officer Karsten Munk Knudsen and executive vice president of U.S. operations David S. Moore.

Barta is seeking to represent all those who purchased or otherwise acquired Novo's common stock from May 7 to July 28. He is seeking damages, prejudgment and post-judgment interest, as well as reasonable attorney fees, expert fees and other costs.

Representatives for both parties did not immediately respond to requests for comment on Monday.

Barta is represented by Adam M. Apton of Levi & Korsinsky LLP.

Counsel information for the defendants was not immediately available.

The case is Barta v. Novo Nordisk A/S et al., case number 3:25-cv-14045, in the U.S. District Court, District of New Jersey.

--Editing by Patrick Reagan.

All Content © 2003-2025, Portfolio Media, Inc.



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Catching Up With Delaware's Chancery Court

By **Sydney Price and Jeff Montgomery**

Law360 (August 4, 2025, 4:52 PM EDT) -- Last week at the Delaware Court of Chancery, insurance brokerage and risk management giant Marsh & McLennan Cos. sought injunctive relief in a new suit accusing U.S. affiliates of London-based Howden Holdings Ltd. of a poaching scheme that involved over 100 M&M employees resigning on July 21.

Other businesses are also expected to go head-to-head in the state. In another case, real estate giant Newmark Holdings Inc. sought a declaratory judgment confirming cancellation of cash, stock or restricted shares potentially earned by a Midwest contractor and his company, alleging they cost Newmark millions by handing off trade secrets to competitor Cushman & Wakefield Inc.

In case you missed it, here's the latest from the Chancery Court.

Top News

Last month, Marsh & McLennan clients allegedly began notifying the company within hours of the **employee exits** that they were jumping to Howden, according to the suit filed by M&M against Howden on Friday. The suit claims the alleged scheme is an attempt to raid M&M after Howden failed "to acquire a thriving U.S. insurance brokerage business."

The Chancery case followed a suit filed by an affiliate of M&M in Manhattan federal court last Tuesday, which named four Marsh USA managers allegedly involved in the effort to recruit away other Marsh employees.

Legal Fee Battles

A Delaware magistrate in chancery gave private equity firm 777 Partners and its counsel a **Monday deadline** to report still-accumulating fee advancement debts for attorneys for the firm's former chief financial officer in connection with a fraud investigation and multiple lawsuits related to the company's business. A Young Conaway Stargatt & Taylor LLP attorney said that more than \$500,000 in unpaid fees have accumulated in the litigation, with subsequent fees and interest pushing the total to nearly \$800,000.

Reversed Decisions

Chancellor Kathaleen St. J. McCormick, ruling on a Pioneer Natural Resources shareholder's exceptions to a decision limiting access to documents on the \$59.5 billion May 2024 merger with Exxon Mobil, **reversed a previous finding** that the fund lacked a credible basis to seek access to additional records on the deal.

A Delaware Supreme Court panel has revived a suit filed in late 2023 by Amazon stockholders seeking company documents to probe alleged **anticompetitive practices** and other wrongdoing, finding the lower court declared the claims "overbroad" without considering their credibility.

Documents Requests

Stockholders of dairy company Blue Bell Creameries USA Inc. want the Delaware Court of Chancery to grant them **access to records** concerning a \$60 million settlement of liability claims after a deadly ice cream contamination incident 10 years ago.

A Delaware magistrate in chancery issued a **split decision** determining that a stockholder of The Trade Desk Inc. should receive formal board documents, but declined to direct the release of informal, privileged documents in a suit accusing the company of converting into a Nevada chartered business to preserve a billionaire co-founder's control.

Recent Oral Arguments

An attorney for stockholders of real estate brokerage eXp World Holdings Inc. who sued the company in October and are currently fighting a motion to dismiss the suit claims that the company's response to long-running sexual assault allegations was an example of "**bad faith inaction**" and that the company operated for years without a viable system for monitoring and investigating the "drugging and sexual assault of eXp real estate agents."

Company-to-Company Payout

A Delaware vice chancellor determined that a subsidiary of insurance company Arthur J. Gallagher & Co. **breached a contract** by withholding \$50 million owed to a patent insurance and underwriting venture under first-year terms of a three-year merger and earnout deal.

New Suits

Institutional financial services venture StoneX Group Inc. sued XL Specialty Insurance Co., Ironshore Indemnity Inc. and others in Delaware state court, accusing them of refusing to provide defense coverage in **arbitration over trade secret** and no-compete violations by five employees.

Global real estate company Newmark said loyalty breaches by Malcolm P. Crowther and his company, MPC of Kansas, "**openly disparaged**" Newmark in communications to clients and urged them to "immediately transition all of their pending work" to Cushman & Wakefield Inc., described as "one of Newmark's biggest competitors."

Quotable

"I think I can find contempt based solely on that [\$500,000] amount, and then we proceed from there. [Still-pending amounts are] not going to stop my clerk and I from starting to write on this, to get it out quick," said Magistrate in Chancery Christian Douglas Wright. He was ruling on a call for sanctions or a receiver for 777 Partners, accused of running up long-unpaid legal bills.

--Editing by Robert Rudinger.



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Rocket Cos. Investor Drops Mich. Derivative Suit

By **Emilie Ruscoe**

Law360 (August 4, 2025, 9:02 PM EDT) -- An investor in the parent company of online mortgage lender Rocket Mortgage has dropped derivative allegations that the company's brass concealed a loan demand downturn a week after a proposed shareholder class action making similar claims was voluntarily tossed.

In a Friday notice in Michigan federal court, Rocket Cos. Inc. investor Michele Rayner-Altenbernd told U.S. District Judge Thomas L. Ludington that she would voluntarily dismiss her claims against the lender and certain company executives and directors, including its founder and former CEO Dan Gilbert and former CEO Jay Farner.

Rayner-Altenbernd said Friday she would dismiss her claims without prejudice, noting she hadn't made the decision based on any compensation agreement with the defendants, who had neither answered her complaint nor moved for summary judgment.

The Friday filing ends Rayner-Altenbernd's claims that between February and May 2021, the seven individual defendants had breached their fiduciary duties by hiding that Rocket was seeing a declining total loan demand and a higher percentage of less profitable loans that were referred to the company via its partner network of third party brokers, with whom the company shares loan profits in contrast to loans made via its direct-to-consumer channel.

Despite being aware of these trends, Rayner-Altenbernd claimed in her May 2023 suit, the company's executives told investors that at the time that Rocket was seeing "strong consumer demand" and that rising interest rates would not impact its mortgage business.

According to Rayner-Altenbernd, when Rocket said in May 2021 that its guidance for the second quarter of its 2021 fiscal year was about \$18.5 billion lower than its guidance for its first quarter of 2021, share trading prices fell about 17%, harming investors.

The dismissal of the derivative claims comes after the July 24 dismissal of proposed investor class action claims arising from the same series of events.

In that matter, institutional investor Construction Laborers Pension Trust for Southern California told the same court that it would toss its claims with prejudice and the parties would bear their own fees.

The voluntary dismissal of the proposed class action came about nine months after the judge denied the pension fund's bid for class certification in the matter, finding, among other things, that in the suit, "a considerable mismatch exists between the generic nature of the alleged misrepresentations" and the alleged revelations about the alleged fraud.

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

Rayner-Altenbernd is represented by Seth D. Rigrotsky and Gina M. Serra of Rigrotsky Law PA, Joshua H. Grabar of the Grabar Law Offices and Anthony L. Deluca of Anthony L. Deluca PLC.

Rocket Cos. Inc. is represented by Deborah S. Birnbach, Adam Slutsky and Kate MacLeman of Goodwin Procter LLP and Nick Gorga, Jeremy D. Lockhart and Carsten Parmenter of Honigman LLP.

The Rocket executives and directors are represented by Sharon L. Nelles, Jeffrey T. Scott and Julia A. Malkina of Sullivan & Cromwell LLP and Jeffrey B. Morganroth of Morganroth & Morganroth PLLC.

The case is Rayner-Altenbernd v. Gilbert et al., case number 2:23-cv-11207, in the U.S. District Court for the Eastern District of Michigan, Southern Division.

--Additional reporting by Sydney Price. Editing by Jay Jackson Jr.

All Content © 2003-2025, Portfolio Media, Inc.



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Vestis Shareholder Drops Suit Over Growth Plan Statements

By **Allison Grande**

Law360 (August 4, 2025, 10:34 PM EDT) -- A Vestis Corp. shareholder on Monday dropped his latest attempt to hold current and former executives and board members liable for allegedly breaching their fiduciary duties by making false and misleading statements about the uniform and workplace supply provider's financial condition and growth prospects.

In a **notice** lodged in the Northern District of Georgia, plaintiff Lawrence Hollin voluntarily dismissed without prejudice the six-count shareholder derivative **complaint** that he filed on July 31 against former Vestis CEO Kimberly Scott and 10 other high-level officers over "significantly overstated" statements they allegedly made about the company's anticipated growth and projected revenue between May 2, 2024, and May 6, 2025.

Because the voluntary notice was filed before the defendants had answered the complaint or moved for summary judgment, the dismissal of the less-than-week-old action "is effective upon the filing of this notice," according to Monday's filing.

The newly dropped action marked the second time that Hollin had mounted a shareholder derivative suit on behalf of Vestis, following his July 2024 **complaint** similarly accusing Scott and several directors of concealing that the division had been underfunded before being spun off by Aramark the prior year.

U.S. District Judge Steven D. Grimberg dismissed that action without prejudice in December. The judge closed the dispute because, while more than 90 days had passed since it had been initiated, "there is nothing in the record showing that defendants were served with process," and Hollin hadn't asked for "additional time to effect service," according to the dismissal order.

While both suits had several aspects in common, including naming many of the same plaintiffs and sharing similar allegations, the latest complaint added two additional board members as defendants and focused on a later time period than the prior suit, which centered on public statements disseminated between Oct. 2, 2023, and May 1, 2024.

According to the newest complaint, executives and board members made "repeated statements" regarding Vestis' expected fiscal year 2025 financial performance that highlighted corporate strategies, including one to purportedly increase both customer retention and prices.

Hollin alleged that this guidance "was significantly overstated," leading to unwarranted support from the company's stockholders before "the truth [was] revealed" in a May earnings call that revealed a drop in revenue of around \$18 million in the second quarter of 2025 compared with its first quarter, and that the company was withdrawing its guidance with respect to revenue and growth for the rest of the fiscal year.

Following that call, Vestis's stock price declined approximately 37.5%, or \$3.27 per share, from closing on May 6 to the following day, according to the complaint.

The company was also hit with a securities fraud class action in the Southern District of New York in June, which "has caused, and will continue to cause, Vestis to expend significant funds to defend itself against the claims asserted in that action, and exposed the Company to massive potential class-wide liability," Hollin asserted in his latest complaint, which, like his prior lawsuit, sought to hold

defendants accountable for breaching their fiduciary duties, being unjustly enriched, wasting corporate assets and violating the Securities Exchange Act.

Hollin is represented by G. Franklin Lemond Jr. of Webb Klase & Lemond LLC, Seth D. Rigrodsky and Gina M. Serra of Rigrodsky Law PA and Joshua H. Grabar of Grabar Law Office.

Counsel information for the defendants wasn't available.

The case is Lawrence Hollin v. Kimberly Scott et al., case number 1:25-cv-04268, in the U.S. District Court for the Northern District of Georgia.

--Additional reporting by Sydney Price. Editing by Dave Trumbore.

All Content © 2003-2025, Portfolio Media, Inc.



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Hair Care Brand Olaplex Settles IPO Investors' Suit For \$47.5M

By **Katryna Perera**

Law360 (August 4, 2025, 6:06 PM EDT) -- Olaplex Holdings Inc. has reached a \$47.5 million settlement with investors to resolve a proposed class action alleging that the hair care brand's initial public offering documents did not disclose that the European Union had banned a controversial ingredient called lilyal, which would affect Olaplex's main product offering.

The investors, led by the Arkansas Teacher Retirement System, filed **a motion for preliminary approval** Friday, saying the deal was reached through "vigorous arm's-length negotiations" and is an excellent recovery for the class, which includes all those who purchased Olaplex stock from the time of the IPO through Nov. 12, 2021.

In asking for preliminary approval, the motion said that although the retirement system and lead counsel from Labaton Keller Sucharow LLP believe the suit asserts strong claims, they also recognize the challenges and risks of continued litigation.

"In particular, defendants would likely argue that lead plaintiff could not prove that Olaplex materially misled investors with regard to risk factor statements concerning the potential impact of laws and regulations on Olaplex's business and risks related to product safety," the motion said.

According to the motion, class counsel will ask the court for an award of attorney fees worth no more than 25% of the settlement fund, or approximately \$11.8 million, plus roughly \$875,000 in litigation costs. Additionally, class counsel will seek a service award for the retirement system not to exceed \$20,000.

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

According to the suit, the ban on the use of lilyal as an ingredient in cosmetics took effect in March 2022, five months after Olaplex's IPO. Several research studies have linked lilyal to infertility, the complaint noted.

In June 2021, without informing the public, Olaplex reformulated one of its best-selling products, the No. 3 Hair Perfector, removing lilyal as an ingredient. But Olaplex chose to continue selling its existing stock of the old version of the product until at least January 2022, subjecting consumers to significant health risks, the suit said.

When the truth came to light, Olaplex's stock plunged by 73%, according to the court filings.

In June, Olaplex urged a California federal judge not to certify the proposed class, citing the U.S. Supreme Court's 2023 *Slack* decision.

The investors are represented by Lauren A. Ormsbee, Lisa M. Strejlau and Charles J. Stiene of Labaton Keller Sucharow LLP and Robert V. Prongay of Glancy Prongay & Murray LLP.

Olaplex and the other defendants are represented by Anne Johnson Palmer, Peter Welsh and Brian Blais of Ropes & Gray LLP and Adam M. Harris of Israel David LLC.

The case is *Leslie Lilien v. Olaplex Holdings Inc. et al.*, case number 2:22-cv-08395, in the U.S. District Court for the Central District of California.



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Consumers Want Fees Of \$49M From \$203M In Chicken Deals

By **Lauraann Wood**

Law360 (August 4, 2025, 8:46 PM EDT) -- Broiler chicken consumers asked an Illinois federal judge on Monday for about \$49 million in attorney fees from two rounds of price-fixing deals they've struck with major producers, matching the settlement percentage to which a Seventh Circuit panel last month found class counsel was entitled.

The end-user class' motion requests \$45.8 million from more than \$181 million in a first round of settlements and more than \$3.2 million from another \$22.35 million in additional price-fixing settlements they say U.S. District Judge Thomas Durkin hasn't yet addressed. The motion **says** that both amounts reflect the same 26.6% cut the Seventh Circuit said the class's lawyers could collect as fees when the plaintiffs resolved an objector's appeal last month.

"While plaintiffs maintain that a higher percentage would more accurately reflect the market rate for this case, the Seventh Circuit's ruling now constitutes the law of the case for the end-user plaintiffs," they told the court.

The end users also requested nearly \$10 million from their \$203.3 settlement pot as reimbursement for litigation expenses, more than \$1.6 million in interest that has accrued on the first-round settlements and a second \$2,000 incentive award to further compensate 25 class representatives' decade of service in the sprawling litigation.

The motion came about a month after the appellate court commended Judge Durkin's approach to calculating class counsel's appropriate fee percentage, "spreadsheet and all," despite removing what it called "a handful of skewed fee awards" from his considerations. The tweak dropped counsel's 30% award to 26.6%, which the appellate court noted was at the top end of objector John Andren's "wide range" of award revision requests.

Andren has returned to the lower court, as well, to ask Judge Durkin for a \$947,000 cut of class counsel's fees, saying the amount represents about 6.6% of the additional \$14.3 million he helped redirect to class members' pockets through two appeals.

The end users make up one of three classes pursuing claims alongside direct-action plaintiffs proceeding along two tracks in the massive case accusing Koch Foods, Tyson, Perdue and several other leading chicken producers of falsely inflating prices through an illegal supply reduction scheme.

Judge Durkin has largely turned to the case's so-called track-two claims, which include bid-rigging allegations the track-one plaintiffs decided to drop, after Sanderson Farms beat the case's direct purchasers at trial and more pre-trial settlements took the case's other track-one trials off the calendar.

The end users are co-led by Hagens Berman Sobol Shapiro LLP and Cohen Milstein Sellers & Toll PLLC.

Law firms representing the defendants include Armstrong Teasdale LLP, Axinn Veltrop & Harkrider LLP, Venable LLP, Proskauer Rose LLP, Mayer Brown LLP, Quinn Emanuel Urquhart & Sullivan LLP, Shook Hardy & Bacon LLP and ArentFox Schiff LLP.

The case is *In re: Broiler Chicken Antitrust Litigation*, case number 1:16-cv-08637, in the U.S.

District Court for the Northern District of Illinois.

--Editing by Melissa Treolo.

All Content © 2003-2025, Portfolio Media, Inc.



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Roundup Judge Threatens Sanctions For Unpaid Plaintiff Fees

By **Lauren Berg**

Law360 (August 4, 2025, 11:14 PM EDT) -- The California federal judge presiding over multidistrict personal injury litigation over Monsanto's Roundup weed killer has threatened to sanction 37 plaintiffs' firms that have not held back a percentage of their recovery fees for a common benefit fund.

U.S. District Judge Vince Chhabria's Friday order came after attorneys for Monsanto informed him that they have not been able to confirm with a number of firms representing personal injury plaintiffs if they have deposited a percentage of their attorney fees from recoveries into a common fund.

The underlying ruling was made over four years ago, when Judge Chhabria **ordered** all attorneys representing plaintiffs in the MDL to **hold back 8%** of the gross amount of any recovery received through settlement or judgment from Monsanto over allegations that its Roundup product caused their cancer, and to deposit the money into a common benefit fund. He specified that the 8% must come from the attorneys' fee portion and not the client's portion.

Then in an October 2023 **order**, Judge Chhabria told counsel for the MDL plaintiffs to deposit the 8% holdback into the common benefit fund "to the extent that they have not already done so," instructing attorneys to also notify the fund administrator.

More recently, the judge in a June **order** reminded plaintiffs' counsel to continue depositing their holdbacks and told Monsanto that it would be responsible for identifying the counsel who have and have not made the required deposits. The order gave plaintiffs' counsel a deadline of 21 days to deposit the money.

In a July 31 **letter**, Monsanto's counsel from Shook Hardy & Bacon LLP told Judge Chhabria that the company has attempted to follow up with all of the plaintiffs' firms that have not yet met their 8% holdback payment.

According to the letter, 34 firms — including Circelli & Walter PLLC, Cory Watson Attorneys, HMS Law Firm and Knight Nicaastro MacKay LLC — did not respond to three separate emails from Monsanto's attorneys seeking information about their payment of the holdback amounts for their settled MDL cases.

Eleven other firms have not paid the holdback based on their objections to the applicability of the order to their cases.

"Because Monsanto lacks authority to adjudicate the validity of such objections, these firms are included subject to their objections, which either have been or will be presented to the Special Master," the letter states.

Another six firms are still investigating the details of any previously paid holdback amounts and unpaid amounts, while 20 other firms have not yet paid but intend to do so as soon as possible, according to the letter.

Meanwhile, three firms — the Law Offices of Perrin F. Disner, Ross Law Offices PC and The Killian Firm PC — could not be contacted, Monsanto said, noting that it received bounce-back messages from its email attempts.

In a brief **order** Friday, Judge Chhabria told Monsanto "to call the heads of each of the 34 firms listed as having failed to respond to its emails as well as the three firms listed as delivering bounce-back responses."

He also told Monsanto to inform those firms that "the court plans to initiate sanctions proceedings for any firm that fails to pay their holdback amounts promptly," according to the order.

Monsanto must update the court on its efforts to communicate with the firms within 21 days, the order states.

A few of the law firms that Monsanto says did not respond to its communication attempts did not immediately answer Law360's requests for comment late Monday.

Thousands of plaintiffs have filed suits accusing Monsanto and its parent, BayerAG, of failing to warn regulators and consumers of cancer risks associated with the use of Roundup.

At the time the MDL was formed in 2016, there were 21 cases pending in 14 districts across the country; since then, more than 4,000 complaints have been included in the MDL, with more continuing to be filed.

Monsanto has been engaged in the product liability litigation for years, and although the company has won some trials, it has also faced billion-dollar jury awards. However, trial judges across the country have **slashed 10-figure verdicts** for being excessive.

In 2020, Monsanto entered into a \$9.6 billion settlement that ended most of the cases involved in the MDL at the time. The following year, Judge Chhabria **refused to sign off** on a deal that would have limited future claims to a \$2 billion settlement cap.

Firms representing plaintiffs in the MDL include Abbott Law Group PA, Carazo-Quetglas Law Offices, The Driscoll Firm PC, Napoli Shkolnik PLLC, The DiLorenzo Law Firm LLC, Bernstein Liebhard LLP, Motherway & Napleton LLP, Anderson & Associates PC, HMS Law, Spurling Law Firm LLC, and Villarreal Law Firm LLC.

Monsanto is represented by Anthony R. Martinez of Shook Hardy & Bacon LLP.

The MDL is In re: Roundup Products Liability Litigation, case number 3:16-md-02741, in the U.S. District Court for the Northern District of California.

--Additional reporting by Emily Field, Dorothy Atkins and Emily Sawicki. Editing by Emily Kokoll.



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Fiat Chrysler, Drivers Seek OK Of Truck Defect Settlement

By Carolyn Muyskens

Law360 (August 4, 2025, 8:03 PM EDT) -- A group of Dodge Ram drivers has asked a federal judge to preliminarily approve a class settlement resolving claims that Fiat Chrysler sold trucks with a defect that causes vehicle fires.

FCA US LLC, the U.S. subsidiary of Stellantis NV, has agreed to extend warranties, reimburse costs and cut \$3,000 checks for owners whose vehicles caught on fire due to allegedly defective exhaust gas recirculation coolers, according to the plaintiffs' Friday **motion** for preliminary approval.

"Taken together, this is a significant result for the settlement class, which seeks to both compensate truck owners who have already experienced out-of-pocket costs for a repair or suffered from devastating engine fires, and provide some peace of mind for current truck owners who are concerned about future EGR failures," the drivers said.

The class comprises current and former owners of model year 2014-2019 Dodge Ram 1500 EcoDiesel trucks, which FCA manufactured between June 12, 2013, and Oct. 23, 2019. According to the motion, there are about 100,000 class vehicles.

The drivers **alleged** in the lawsuit, filed in 2020, that the trucks contained defective exhaust gas recirculation coolers that cracked over time, making it possible for coolant to leak and cause combustion. Several of the named plaintiffs experienced vehicle fires.

FCA knew about the defect three years before it announced a recall, the drivers claimed, and some of the drivers experienced delays in receiving cooler repairs promised under the recall.

In March 2024, U.S. District Judge Stephen J. Murphy III **trimmed** unjust enrichment claims from the suit but denied most of FCA's motion for summary judgment against the named plaintiffs that did not experience vehicle fires, finding they still suffered an injury and had cognizable claims for damages.

The settlement was reached after two formal mediation sessions and "numerous individual discussions with the mediator and several arm's length negotiations," according to the motion.

The settlement saves the parties from having to litigate expert issues, class certification, additional summary judgment motions, pretrial motions and a trial "that would likely have consumed thousands of hours in attorney time [and] millions of dollars in litigation expenses for both parties, and delayed relief to the class," the plaintiffs said in the motion for preliminary approval.

"We believe the settlement is fair and reasonable and look forward to presenting to the court," E. Powell Miller of The Miller Law Firm PC told Law360 in an email.

If the deal is approved, FCA will provide a five-year warranty extension for costs to repair a condition caused by the cooler and reimbursement for certain out-of-pocket repairs and costs that class members incurred, such as for tow truck services, rental cars and additional coolant. The plaintiffs who experienced vehicle fires will also get direct payments of \$3,000.

The drivers asked the court to appoint The Miller Law Firm PC, Hagens Berman Sobol Shapiro LLP and Robins Kaplan LLP as co-lead class counsel. The firms are experienced class action litigators and

"vigorously investigated the facts and allegations underlying the matter," according to the motion.

The firms plan to ask the court to approve an award of up to \$2.45 million in attorney fees and expenses, according to the drivers' motion.

FCA will separately pay \$5,000 to each class representative as part of the settlement. The class representatives may receive an additional discretionary \$2,500 award from the pot of class attorney fees and expenses, according to the motion.

FCA continues to deny the class allegations and that class members were injured, according to the motion.

The plaintiff and proposed class are represented by E. Powell Miller and Dennis A. Lienhardt of The Miller Law Firm PC, Steve W. Berman and Shelby Smith of Hagens Berman Sobol Shapiro LLP, and Stacey P. Slaughter and J. Austin Hurt of Robins Kaplan LLP.

FCA US LLC is represented by Stephen A. D'Aunoy, Thomas L. Azar Jr., Fred J. Fresard and Ian Edwards of Klein Thomas Lee & Fresard.

The case is Crawford et al. v. FCA US LLC, case number 2:20-cv-12341, in the U.S. District Court for the Eastern District of Michigan.

--Additional reporting by Mike Curley and Hailey Konnath. Editing by Philip Shea.

All Content © 2003-2025, Portfolio Media, Inc.



Portfolio Media, Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

E-Discovery Quarterly: Rulings On Relevance Redactions

By **Tom Paskowitz, Colleen Kenney and Matt Jackson** (August 4, 2025, 2:04 PM EDT)

This article is part of a quarterly column analyzing the most notable e-discovery developments from the previous three months. This installment assesses how courts have addressed redactions that parties sought to apply based on the information's relevance, as opposed to privilege considerations.

"[I]t is a rare document that contains only relevant information."

"[O]ftentimes, irrelevant information within a document that contains relevant information may be highly useful for providing context for the relevant information."

"[U]nilateral redactions are generally unwise. They breed suspicions, and they may deprive the reader of context."^[1]

These quotes — from the U.S. District Court for the Eastern District of Louisiana's April decision in *Madden Gulf Coast LLC v. Hilark Industries Inc.* — reflect a trend in recent case law addressing redactions that a party applied, or sought to apply, based on the relevance of the information redacted, as opposed to considerations of privilege.^[2]

The propriety of these redactions is affected by twin requirements under Rule 34(b)(2)(E) of the Federal Rules of Civil Procedure: First, that a "party must produce documents as they are kept in the usual course of business or must organize and label them to correspond to the categories in the request." And second, that "[i]f a request does not specify a form for producing electronically stored information, a party must produce it in a form or forms in which it is ordinarily maintained or in a reasonably usable form or forms."

Based on recent decisions, courts appear to apply these considerations to limit a party's ability to withhold nonresponsive or irrelevant material in documents that must otherwise be produced.

In *Madden Gulf Coast*, for example, the court required the defendant to produce an unredacted copy of an asset purchase agreement it had previously produced in redacted form.^[3]

Quoting extensively from the U.S. District Court for the Western District of Texas' 2013 decision in *U.S. ex rel. Simms v. Austin Radiological Association*,^[4] the court noted the following themes with respect to the propriety of redactions on the basis of relevance:

- (1) "[R]edaction of otherwise discoverable documents is the exception rather than the rule;"
- (2) "ordinarily, the fact that the producing party is not harmed by producing irrelevant information or by producing sensitive information which is subject to a protective order restricting its dissemination and use renders redaction both unnecessary and potentially disruptive to the orderly resolution of the case;" and
- (3) "the Court should not be burdened with an in camera inspection of redacted documents merely to confirm the relevance or



Tom Paskowitz



Colleen Kenney



Matt Jackson

irrelevance of redacted information, but only when necessary to protect privileged material whose production might waive the privilege." [5]

The majority of recent decisions appear to comport with these themes and follow the reasoning in *Madden Gulf Coast*.

In *Megatel Homes III LLC v. Moayed*, for instance, the U.S. District Court for the Northern District of Texas was presented with a motion seeking to force the plaintiff to produce full copies of financial documents from which the plaintiff had redacted purportedly "irrelevant, non-responsive financial information" about companies it claimed were "not 'the subject of this lawsuit.'" [6]

In response to the motion, the court on June 9 first posited that "redactions based on relevance are disfavored under the discovery rules" because they result in "an alteration of potential evidence." [7] In addition, the court noted that "a party should not take it upon him, her or itself to decide unilaterally what context is necessary for the non-redacted part disclosed, and what might be useless to the case." [8]

The court also referred to the provisions of Rule 34(b)(2)(E)(i), quoted above, as further support for this position. [9]

Citing to the same three considerations identified in the *Madden Gulf Coast* decision, the court found that the protective order in the case sufficiently addressed any concerns regarding proprietary information and confidentiality, and held that the plaintiff "was not entitled to unilaterally redact information it believed to be irrelevant or non-responsive" to the defendants' discovery requests. [10]

Three federal court decisions from the U.S. District Court for the District of Kansas earlier in the year addressed these considerations in more detail.

For example, in *Wuhan Healthgen Biotechnology Corp. v. ExpressTec LLC* — a patent infringement lawsuit involving the process for extracting and purifying a synthetic protein — the defendant sought a protective order permitting it to maintain redactions on records related to the manufacturing process for the protein because the redacted portions were purportedly "irrelevant and not proportional to the needs of the case." [11]

In particular, the defendant argued that the redactions covered only parts of the manufacturing process that were not being challenged and therefore the plaintiff did not need to prove its claims, and production was not "proportional to the potential harm to [the defendant] 'from producing the material to its direct competitor.'" [12]

In addressing these arguments in its Feb. 7 decision, the court repeated the general rule that "a party may not unilaterally redact information from documents it produces in litigation simply because the redacted information is irrelevant or non-responsive." [13] This was because "[p]ermitt[ing] indiscriminate redactions inserts 'another step in the process,' [that] would 'invite additional discovery disputes and undermine Fed. R. Civ. P. 1's directive to construe the Rules to advance the just, speedy, and inexpensive determination of cases.'" [14]

Moreover, the court noted that such "redactions are 'both unnecessary and potentially disruptive to the orderly resolution of the case' because parties are not ordinarily harmed by producing irrelevant or sensitive information that is already subject to a protective order restricting its dissemination and use." [15]

The court first focused on whether the documents at issue were relevant, because Rule 34 "requires a party to produce or permit inspection of responsive documents, not just relevant information contained in those documents." [16] The court found that the documents were relevant because they contained the "core technical production for the accused manufacturing processes" and therefore were "among the few documents that are likely to be most fundamental to [the plaintiff's] infringement claims." [17]

Having concluded that the redacted documents were relevant, the court found that the defendant was required to show good cause under Rule 26(c)(1) "to support 'narrowly tailored redactions of limited information' that is not relevant to the issues in the case 'by establishing specific, significant

competitive harm that would result from disclosure." [18]

But the court found that the defendant had not made this showing to support its redactions, including because redactions the defendant applied were extensive rather than narrowly tailored. [19]

The parties' submitted dueling declarations regarding the scope of the redactions, but the court conducted an in camera review of the documents at issue and concluded that "the redacted information likely provides necessary context for [the plaintiff's] expert and hence is likely relevant to [the plaintiff's] patent infringement claims, particularly under the broad definition of relevance." [20]

The court also found that the defendant had not established a "specific, significant competitive harm [that] would result from producing the documents in unredacted form." [21]

The court noted that the defendant would have to "demonstrate that disclosure would 'result in a clearly defined and very serious injury, such as showing the competitive harm that would befall it by virtue of the disclosure of the trade secrets or other highly-confidential proprietary information'" to justify the redactions. [22]

But the defendant had not made this showing, because the protective order agreed upon by the parties limited the disclosure of highly confidential information to outside counsel of record, and the defendant had "not set forth a particular and specific demonstration of fact establishing that it would suffer a concrete, significant competitive harm if unredacted copies were produced under the ... provision of the protective order." [23]

The other two opinions from the District of Kansas are in accord. In *In re: Winter Storm Uri Natural Gas Litigation*, the defendants produced invoices for natural gas that redacted information related to sales outside of the state, which the defendants claimed were not relevant. [24]

The court on Jan. 2 denied the defendants a protective order to maintain the redactions, finding that the invoices were relevant documents and the defendants had not shown any "specific, significant competitive harm that would result from disclosure" under the protective order in the case. [25]

In *Edelman Financial Engines LLC v. Mariner Wealth Advisors LLC*, [26] the court relied on the same concerns to find on Jan. 21 that the defendant could not redact the identities of employment candidates in a case involving claims of misappropriation of trade secrets. [27]

But at least one recent decision — the U.S. District Court for the District of South Carolina's May decision in *Colleton River Club Inc. v. RSUI Indemnity Co.* — has taken a more nuanced approach to nonresponsive and irrelevant information. [28]

In that case, the defendant insurance company redacted a copy of a claim file and an underwriting file in a suit for a declaratory judgment as to the defendant's duty to indemnify arising from the settlement of an underlying lawsuit. Among other things, the defendant had redacted confidential information from the files, "such as premium and pricing information[,] as well as purportedly non-responsive portions of those documents." [29]

Contrary to the decisions discussed above, the court took different approaches to the confidential redactions versus the nonresponsive redactions.

With respect to information the defendant claimed was confidential, including "policy premium information, commission information, pricing formation and a claim note reflecting reserve information," the court held that the defendant could maintain those redactions because the plaintiff had failed to describe how the information was relevant to its claims. [30]

In other words, the plaintiff had not made "a prima facie showing of discoverability of this information," and "the burden does not shift to [the defendant] to justify its redaction of such information." [31]

But with respect to other redactions of nonresponsive information, the court held that the defendant "may not unilaterally redact information from its discovery responses on the grounds that such information is non-responsive without providing any accompanying description of the redacted

information," quoting the District of South Carolina's 2017 decision in *Waters v. Stewart*[32] for the proposition that the "burden rests with the party resisting discovery to establish that the information is not relevant or proportional to the needs of the case." [33]

And another decision from the U.S. District Court for the Central District of California relied on the parties' agreement to find relevance redactions acceptable.

In *Innovative Health LLC v. Biosense Webster Inc.*, [34] the parties entered into a stipulated protocol "govern[ing] 'the search, processing and production' of electronically stored information" that permitted "the parties to redact information that is 'proprietary, or personally or commercially sensitive, so long as that information is not responsive to any agreed requests for production.'"

When the defendant redacted over 11,000 documents, including for relevance, the court, on Feb. 26, refused to require the defendant to remove the redactions, even for documents that the defendant intended to designate as potential trial exhibits.[35] The court found that "these redactions do not yet appear to be improper where they were purportedly made pursuant to the Stipulated Protocol." [36]

Takeaways

Consistent with the theme expressed in many of the cases above that "redaction of otherwise discoverable documents is the exception rather than the rule," parties would be well advised to think ahead regarding potential nonresponsive or irrelevant materials that might be wrapped up in otherwise responsive discovery.

Early consideration among counsel and clients regarding the nature of the documents that might need to be produced — and what other, unrelated material might be in those documents — may allow for negotiation between the parties to limit the scope of discovery. Or the parties may consider negotiating rights to redact certain information, like the stipulated order in the *Innovative Health LLC* case, and avoid the need for costly motion practice later in discovery.

One approach discussed in these decisions for avoiding unnecessary redactions of potentially nonresponsive material is to protect confidential information under a stipulated protective order that permits the parties to limit the disclosure of discovery material. Parties looking to avoid redaction of material in this manner will want a robust protective order to protect confidential and sensitive information.

Parties who seek to redact information may consider whether the information being redacted could be found — such as during an in camera review, like in the *Wuhan Healthgen Biotechnology Corp* case — to provide context for other relevant information.

But parties may be able to justify redactions of irrelevant material and shift the burden to the requesting party to substantiate the need for confidential information in otherwise responsive documents by making a showing regarding the nonresponsiveness of the material and narrowly tailoring redactions within that showing, like the producing party *Colleton River Club*.

Tom Paskowitz is a partner at Sidley Austin LLP.

Colleen Kenney is a partner, and the founder and head of the e-discovery and data analytics group, at the firm.

Matt Jackson is counsel at the firm.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of their employer, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] *Madden Gulf Coast LLC v. Hilark Industries Inc.* , No. 24-2233, 2025 WL 1170705, *2 n.3 (E.D. La. Apr. 22, 2025).

[2] These decisions do not appear to address redactions on other grounds, such as for personal identifying information (such as social security numbers) or health information.

[3] *Madden Gulf Coast* , 2025 WL 1170705, *2 n.3.

[4] *U.S. ex rel. Simms v. Austin Radiological Ass'n* , 292 F.R.D. 378, 387 (W.D. Tex. 2013).

[5] *Madden Gulf Coast*, 2025 WL 1170705 at *2 n.3.

[6] *Megatel Homes III LLC v. Moayed* , [6] No. 20-cv-00688-L-BT, 2025 WL 1638927, *4 (N.D. Tex. June 9, 2025).

[7] *Id.*

[8] *Id.* (quoting *Pavillion Bank v. OneBeacon Am. Ins. Co.* , 2013 WL 12126258, at *3 (N.D. Tex. Nov. 13, 2013)).

[9] *Id.*

[10] *Id.* See also *Tye v. County of Orange* , No. 18-cv-00544-RGK-KES, 2025 WL 1420109, * (C.D. Cal. Apr. 3, 2025) ("Redaction is generally an inappropriate tool for excluding information that a party considers to be irrelevant or nonresponsive"); *Oakley v. MSG Networks Inc.* , No. 17-cv-6903 (RJS), 2025 WL 307413, *2 (S.D.N.Y. Jan. 27, 2025) (rejecting redaction of material defendant claimed was "plainly irrelevant" because "courts in this circuit have often rejected defendants' requests for redaction of irrelevant text within relevant documents.").

[11] *Wuhan Healthgen Biotechnology Corp. v. ExpressTec LLC* , No. 24-4089-KHV-ADM, 2025 WL 436042, *1 (D. Kan. Feb. 7, 2025).

[12] *Id.* at *2.

[13] *Id.* at *3.

[14] *Id.*

[15] *Id.*

[16] *Id.* at *2.

[17] *Id.*

[18] *Id.* at *3.

[19] *Id.*

[20] *Id.* at *4.

[21] *Id.*

[22] *Id.*

[23] *Id.* at *5.

[24] *In re: Winter Storm Uri Natural Gas Litigation* , No. 24-1005-DDC-ADM, 2025 WL 18678 (D. Kan. Jan. 2, 2025).

[25] *Id.* at *4-5.

[26] *Edelman Financial Engines LLC v. Mariner Wealth Advisors LLC* , No. 23-2515-HLT-BGS, 2025 WL 252928, *4-7 (D. Kan. Jan. 21, 2025).

[27] See also, e.g., *Law Offices of Christy Lee P.C., v. Rae* , No. 24-cv-00176-SLG, 2025 WL 1770748 (D. Alaska. June 26, 2025) (rejecting redactions to credit card statements that rendered them "unhelpful without the context of the full record" and were adequately protected by marking the documents 'Confidential' under the parties' protective order"); *Glaxosmithkline Biologicals SA v. Pfizer Inc.* , No. 24-512-GBW, 2025 WL 1547724 (D. Del. May 30, 2025) (rejecting redactions of material that the defendant claimed was irrelevant commercially sensitive information outside the scope of this action" and finding that the defendant could "rely on the standard process for resolving any discovery disputes").

[28] *Colleton River Club, Inc. v. RSUI Indemnity Company* , No. 24-cv-6357-RMG, 2025 WL 1540600 (D.S.C. May 28, 2025).

[29] Id. at *2.

[30] Id.

[31] Id. at *3.

[32] *Waters v. Stewart* , No. 15-CV-4143-RBH-TER, 2017 WL 770535, at *2 (D.S.C. Feb. 28, 2017).

[33] Id.

[34] *Innovative Health LLC v. Biosense Webster Inc.* , No. 19-cv-01984-JVS (KES), 2025 WL 1090390, *1 (C.D. Cal. Feb. 26, 2025).

[35] Id.

[36] Id. at *2.

All Content © 2003-2025, Portfolio Media, Inc.