

# Investors say Edison hid lapses in wildfire safety measures

---

**DJ**[dailyjournal.com/articles/387695-investors-say-edison-hid-lapses-in-wildfire-safety-measures](https://www.dailyjournal.com/articles/387695-investors-say-edison-hid-lapses-in-wildfire-safety-measures)**Sep. 18, 2025**

---

Investors accuse Edison International of misleading them about wildfire safety measures, linking stock losses to alleged failures in power shutoff protocols and system upgrades after California wildfires.

Edison International shareholders who say they suffered major financial losses argued the electric company can't avoid federal fraud claims that its executives hid critical details about wildfire safety measures.

An institutional investor leading the proposed class vigorously opposed Edison's bid to dismiss the action Tuesday, rejecting the company's claim that it fully disclosed wildfire risk and that "bad news, plus a stock drop" doesn't amount to securities fraud. The opposition brief was filed by Robbins Geller Rudman & Dowd LLP partner Matthew I. Alpert.

The investors, also represented by The Rosen Law Firm, link their stock losses to Southern California Edison's (SCE) alleged failure to maintain power lines in January, which the plaintiffs claim sparked catastrophic wildfires in Eaton Canyon and Sylmar. Central to the complaint is Edison's "Public Safety Power Shutoff" program (PSPS), a protocol that temporarily cuts power during dangerous weather conditions.

"Compounding its wildfire risk, SCE continued to use outdated grounding procedures on idle transmission lines, and lacked approval to harden its transmission system, which left PSPS as SCE's only available wildfire mitigation measure for its transmission equipment," the opposition brief stated.

"Yet, Defendants concealed these facts that overstated their risk-reduction modeling by ignoring PSPS constraints and extreme wind conditions and delayed critical system upgrades - all while assuring investors that wildfire risk had been significantly reduced."

In their opposition brief, investors claimed Edison executives "boasted" the reduction of wildfire risk by 65% in 2021 and nearly 90% in 2024 but failed to disclose whether PSPS could be safely used on certain transmission lines - such as the ones in Eaton Canyon and Sylmar.

The investors further argued that because wildfire safety is central to Edison International's core business, executives had a strong motive to mislead the public about their prevention efforts.

Represented by Munger Tolles & Olson LLP partner John M. Gildersleeve, Edison and its executives argued the company clearly warned investors about catastrophic wildfire risks, noting that its probabilistic estimates explicitly accounted for potential losses.

In their dismissal motion, Edison's counsel said the wildfire risk probabilities came from a commonly used risk management model created by Moody's Analytics, which estimates the likelihood of natural disasters.

The company maintained these estimates were not misleading, even though investors claimed the model ignored PSPS limitations and extreme risks. Edison also said the statements are protected as opinions and forward-looking statements under the safe harbor rules of the Private Securities Litigation Reform Act.

"Edison's stock price fell after the Eaton Fire because investors anticipated, given Edison's risk disclosures and the example of the Thomas and Woolsey Fires, that it may face many tort claims," the motion claimed.

The company's filing pointed to litigation that stemmed from the 2017 Thomas and 2018 Woolsey fires as a basis to dismiss the investors' current case. Those fires, which swept through Santa Barbara, Ventura and Los Angeles counties, led to nearly \$10 billion in settlements against Southern California Edison and its parent company.

One of those cases - *Barnes et al. v. Edison International et al.*, 21-55589 (9th Cir. Mar. 18, 2022) - was dismissed and affirmed by the 9th U.S. Circuit Court of Appeals on grounds Edison gave ample warning about fire risks that could lead to tort claims. In turn, the company was found to have not misled investors.

"Those wildfires were bad news. ... But the fires were not securities fraud," the dismissal motion stated. "This case fails for the same reasons Barnes did. When a disclosed risk of doing business comes to pass, securities laws do not provide stock-market investors with a 'partial downside insurance policy.'"

The motion, filed by lead plaintiff Hawaii Sheet Metal Workers, is scheduled to be heard before U.S. District Judge Otis D. Wright II in Los Angeles on Oct. 27. The union benefit fund became lead plaintiff after a previous judge assigned to the case determined it had a larger financial stake than the named individual investor plaintiff. *Elliott et al. v. Edison International et al.*, 2:25-cv-01154 (C.D. Cal., filed Feb. 19, 2025).

Edison also faces several state lawsuits over allegations the Los Angeles fires this year originated from the company's equipment. Two new federal lawsuits in the Central District of California, seeking a combined \$77 million, accuse Southern California Edison of negligence in the Eaton and Fairview fires.

#387695

## Devon Belcher

---

Daily Journal Staff Writer

[devon\\_belcher@dailyjournal.com](mailto:devon_belcher@dailyjournal.com)

Securities

# LifeMD Leadership Sued Over Lowered FY 2025 Guidance, Selloff

Sept. 17, 2025, 9:57 AM PDT

---

LifeMD Inc. directors and officers overstated the telehealth company's business prospects before having to rein in its fiscal 2025 guidance because of customer acquisition costs and drug refunds, an investor alleges.

LifeMD stock tumbled 45% the day after the Aug. 5 guidance announcement, exposing the company to the costs of defending a proposed class action, James Poulos says in a derivative suit filed Tuesday in the US District Court for the Eastern District of New York.

The selloff was the stock's steepest in nearly 10 years, according to data compiled by Bloomberg.

CEO and board chair Justin Schreiber sold stock for proceeds of about \$1.8 million just days before the announcement, Poulos says.

The case is the second shareholder derivative suit against LifeMD leaders alleging they failed to account for customer acquisition costs in the RexMD men's health segment and for refund rates on sales of GLP-1 weight-loss medications, including Wegovy and Zepbound. Both suits follow a proposed class action filed Aug. 27 in the same district with similar allegations.



Poulos brings claims for contribution to potential class liability, breach of fiduciary duties, unjust enrichment, and waste of corporate assets. He seeks compensatory and punitive damages, disgorgement, restitution, and corporate governance reforms.

LifeMD didn't immediately respond to an emailed request for comment on behalf of itself and the individual defendants.

Rigrodsky Law PA and the Grabar Law Office represent Poulos.

The case is Poulos v. Schreiber , E.D.N.Y., No. 2:25-cv-05197, complaint 9/16/25 .

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

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

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

## Securities

# Records on Cerevel Trades Before AbbVie Sale May Be Released (1)

Sept. 17, 2025, 12:23 PM PDT; Updated: Sept. 17, 2025, 1:26 PM PDT

---

A Delaware judge indicated he may allow a limited exchange of internal documents around disputed trades by Bain Capital LP and Perceptive Advisors LLC ahead of Cerevel Therapeutics Holdings Inc.'s \$8.7 billion sale to AbbVie Inc.

But Vice Chancellor J. Travis Laster warned that release could undermine a pension fund's claims that the private equity firms exploited inside information to secure a \$140 million windfall in those trades.

If the documents don't express "glee" and in fact express "reluctance" about the trades, "it's going to be hard for you to go forward," he told an attorney representing the SEIU Pension Plans Master Trust in a hearing Wednesday in Wilmington, Del.

Bain seeks the lawsuit's dismissal and argued the private equity firms saw their holdings in Cerevel diluted in the October 2023 stock offering that followed AbbVie's initial indication of interest in a sale. The acquisition was approved by the Cerevel board in December 2023.

As for exchanging discovery, "we'd like it better than a total denial of our motion to dismiss," Bain's attorney, A. Thompson Bayliss of Abrams & Bayliss LLP, told Laster. He said he didn't have any "insight" into what kind of internal records Bain would produce, but "I'm almost certain they weren't forecasting they would lose money in the offering."

The Delaware Chancery Court should view the trades "with great skepticism" because Bain didn't participate in similar stock offerings in the previous two years, said the pension fund's attorney, Andrew Blumberg of Bernstein Litowitz Berger & Grossmann LLP.

"The timing was highly suspicious," he said.

Bain's ownership stake in Cerevel dropped to 34.2% from 35.6% in the October 2023 offering, Bayliss said. Perceptive's share fell to 5.7% from 6%, said the attorney for its affiliates, J. Matthew Belger of Potter Anderson & Corroon LLP.

The affiliates joined Bain's motion to dismiss. "Perceptive did not cause or control the offering or its pricing," Belger said.

When the trades went forward, the firms didn't know if AbbVie's interest was real, and "the offering keeps our options open," Bayliss said.

Laster questioned Blumberg about the pension fund's argument that cash raised in the Cerevel stock offering would give it leverage in negotiations with AbbVie.

"Is it that the money would be valued more, or that without the money the company would be valued less?" he asked.

Blumberg replied that Bain wouldn't have participated in the offering unless it believed it would raise the purchase price.

"The money raised in the offer would be valued more than a dollar-for-dollar in an actual merger," he said.

Laster adjourned the hearing without ruling on the motion to dismiss.

The pension fund's lawsuit also targets former Cerevel board members tied to the investment firms. Cerevel and AbbVie aren't named as defendants.

An affiliate of the pension fund previously sued Cerevel for internal documents related to the deal. That case was voluntarily dismissed before going to trial last year.

The pension fund is also represented by Grant & Eisenhofer PA and Bishop Partnoy LLP. Bain is also represented by Ropes & Gray LLP.

The case is SEIU Pension Plans Master Tr. v. Bain Cap. Inv. LLC, Del. Ch., No. 2024-1274, oral arguments 9/17/25 .

(Updates story with additional reporting starting in the third paragraph.)

To contact the reporter on this story: Jennifer Kay in Philadelphia at [jkay@bloombergindustry.com](mailto:jkay@bloombergindustry.com)

To contact the editors responsible for this story: Carmen Castro-Pagán at [ccastro-pagan@bloomberglaw.com](mailto:ccastro-pagan@bloomberglaw.com); Nicholas Datlowe at [ndatlowe@bloombergindustry.com](mailto:ndatlowe@bloombergindustry.com)

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

## Federal Judge Dismisses Securities Lawsuit Against RTX

The court concluded the defendant's argument that it "grew to realize the magnitude of the problem and, at the appropriate time, disclosed that information to regulators and investors is more plausible than any inference of scienter."

September 17, 2025 at 02:04 PM By  **Emily Cousins**



Credit: Svitlana/Adobe Stock

A Connecticut federal judge dismissed a securities class action against aerospace and defense company RTX Corp., accused of hiding a defect that could cause engine failure mid-flight.

Judge Victor A. Bolden determined that the shareholders did not present any facts to support the allegations that the company was aware of the defect before the investors were informed. The case was dismissed without prejudice.

RTX, founded after a merger between United Technologies and Raytheon Corporation. The class action alleged Pratt & Whitney, an aircraft industry manufacturer and subsidiary of RTX, manufactured engine parts using powdered metal, which can become contaminated and lead to

cracks. The complaint claimed a crack can result in "catastrophic fractures, engine fires and ultimately the loss of the airplane."

The powdered metal was allegedly contaminated during an effort to scale up production of the Geared Turbofan engine in 2015. The company allegedly became aware of the defect after a fracture in an engine part on a Vietnam Airlines flight caused a "crew to abort a high-speed takeoff," and the Federal Aviation Administration instructed Pratt to investigate the cause.

The Vietnam Airlines flight used a different engine than the Geared Turbofan engine, but the part that fractured was allegedly manufactured with the same process and powdered metal. To fix this issue, RTX allegedly would have needed to take out the engines affected for months, which would have cost billions of dollars.

The class claimed the defendants made representations to investors that any mechanical problems with the Geared Turbofan engine were resolved. In 2022, a Viva Aerobus flight with a Geared Turbofan allegedly caught fire in Mexico, and RTX recalled 200 engines for inspection, and a thousand more would need to be removed and inspected. RTX's share price dropped around 10%

In 2023, RTX issued a press release and allegedly "admitted that the defect impacted the entire 3,000 engine fleet." That day, RTX's share price dropped nearly 8%.

The named plaintiffs, New England Teamster Pension Fund, Westchester Putnam Counties Heavy & Highway Laborers Local 60 Benefits Fund, and United Union of Roofers, and Waterproofers & Allied Workers Local Union No. 8 WBPA Fund, sued RTX for violations of the Securities Exchange Act for allegedly "concealing the powdered metal defect."

Lead counsel for the plaintiffs, Eric J. Belfi and Francis P. McConville of Labaton Keller Sucharow, declined to comment.

The court concluded "there is nothing" in the allegations that suggest RTX was "Are of the magnitude of the power metal defect" in a conference call in 2019. Judge Bolden also held the plaintiff did not "plausibly allege that a statement would be misleading to a reasonable investor given the 'total mix' of available information."

While the plaintiffs claimed RTX's actions were motivated by profits and to avoid a costly recall, but the court concluded the plaintiffs failed to point to this in any of the allegedly misleading statements.

"Plaintiffs fail to plead that Defendants' conduct represented such an 'extreme departure' from the standards of care," the court ruled. "To the contrary, the extent to which Plaintiffs allege

Defendants were cooperating with the FAA and complying with FAA directives suggests that Defendants were acting within the ordinary standards of care for their industry."

The court concluded the defendant's argument that it "grew to realize the magnitude of the problem and, at the appropriate time, disclosed that information to regulators and investors is more plausible than any inference of scienter."

John Cerreta of Day Pitney and William Savitt, Graham W. Meli, Adam L. Goodman and Sunny S. Jeon of Wachtell, Lipton, Rosen & Katz did not respond to a request for comment.

## Read the decision:

**Page printed from:** <https://www.law.com/ctlawtribune/2025/09/17/federal-judge-dismisses-securities-lawsuit-against-rtx-/print/>

---

### NOT FOR REPRINT

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

## Capital Markets

### SEC Clears Path for IPOs With Mandatory Arbitration Clauses

The U.S. Securities and Exchange Commission has historically blocked initial public offerings that have mandatory arbitration provisions in their registration statements.

September 17, 2025 at 03:01 PM By **Dan Novak**



**U.S. Securities and Exchange Commission building in Washington. Photo by Diego M. Radzinski/ALM**

Companies seeking to go public can more easily force shareholders to resolve lawsuits through arbitration rather than in court under a U.S. Securities and Exchange Commission policy approved Wednesday.

The SEC has historically blocked or discouraged initial public offerings that have mandatory arbitration provisions in their registration statements. The new policy clarifies that a mandatory arbitration clause will not affect the commission's decision on whether to accelerate the effective date of a company's registration statement.

SEC Chair Paul Atkins, a Republican, said the new policy would help "make IPOs great again" at an open commission meeting in Washington.

“The policy statement provides the commission's views on whether mandatory arbitration provisions are inconsistent with the federal securities laws and it concludes that they are not,” Atkins said.

The SEC adopted the measure by a vote of 3-1, with Democratic Commissioner Caroline Crenshaw dissenting.

The Republican commissioners stressed the change in policy does not reflect a judgment by the commission on whether companies should adopt mandatory arbitration.

“Past signaling from the SEC—unrooted in any apparent statutory authority—that it would block the registration statements for companies with arbitration clauses prevented companies from taking a step that some viewed to be value maximizing, and thus good for their shareholders,” said Republican Commissioner Hester Peirce. “Whether those companies are correct should be up to the market to decide.”

Crenshaw said the commission’s action will open the floodgates to mandatory arbitration and that the SEC was “stacking the deck against investors.”

Companies favor shareholder disputes to go through arbitration, where testimony can be shared in a private setting rather than a public forum in the courts, she said.

Crenshaw added that arbitration suits are brought on an individual basis rather than in class-action lawsuits, which could garner more monetary damages for investors.

“The commission has decided to hastily construct a new shortcut to its preferred policy destination,” Crenshaw said. “Investors will be distressed to discover that the only thing waiting to greet them at the end of this journey down this new path to the courthouse is the door welded shut.”

Sen. Elizabeth Warren of Massachusetts—the Senate Banking, Housing and Urban Affairs Committee's top Democrat—wrote in a letter to Atkins Tuesday that “allowing shareholders to waive their litigation rights not only harms individual shareholders but also confidence in the market and the ability to deter future misconduct.”

The commission Wednesday also voted 3-1 on party lines to extend the compliance date for amendments to Form PF adopted in 2024. The updates to the private funds form—which Republican Commissioners Peirce and Mark Uyeda voted against—will impose more stringent disclosure requirements on private fund advisers.

The SEC has delayed the compliance date three times, now to March 1, 2026.

Atkins said further changes to the form could be coming.

"I, for one, certainly want to make sure that if we're demanding information from people that it's not excessive," he said. "So I think it's incumbent on us to be careful as we go through this."

The chair added that SEC staff was preparing a policy recommendation on semi-annual reporting by public companies in response to a social media post by President Donald Trump.

"Subject to SEC Approval, Companies and Corporations should no longer be forced to 'Report' on a quarterly basis," Trump wrote. "This will save money, and allow managers to focus on properly running their companies."

**Page printed from:** <https://www.law.com/nationallawjournal/2025/09/17/sec-clears-path-for-ipos-with-mandatory-arbitration-clauses/print/>

---

**NOT FOR REPRINT**

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

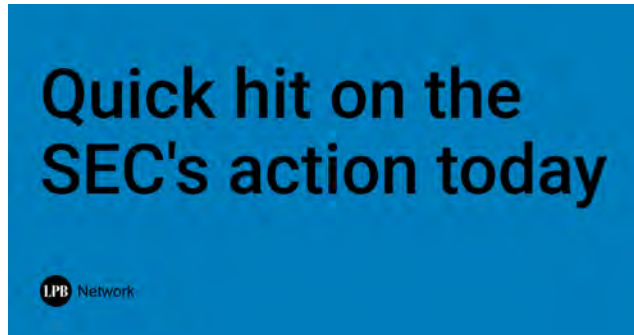
# Quick hit on the SEC's action today



businesslawprofessors.com/2025/09/quick-hit-on-the-secs-action-today

Ann Lipton

September 17, 2025



Last week, [I posted about the SEC's proposal to reconsider its stance on arbitration of federal securities claims](#) – today, they went and did what was entirely obvious and greenlighted the inclusion of securities arbitration provisions in charters and bylaws.

As I posted last week, [Delaware just banned these in September](#), more in anticipation of bylaws that select a forum without jurisdiction to hear a dispute than arbitration provisions. Commissioner Atkins's statement [all but called on Delaware to change its law and/or invited other states to compete by offering a more favorable law](#); I expect we'll see movement along those lines soon.

(I also imagine there will be a resurgence of arguments that arbitration provisions in corporate constitutive documents are not, in fact, contracts, and their enforceability, especially with respect to federal claims, is not controlled by the chartering state. [I of course find that argument persuasive, but a number of courts have already rejected it in the context of forum selection bylaws](#); let's see if they start to walk that back).

The thing is, it feels like we're seeing an attack on public information on a number of fronts. To the [attacks on the BLS](#) and [NOAA](#) and [the CDC](#) to the [proposed shift to semi-annual reporting](#) to eliminating investor class actions and shunting any remaining disputes into private arbitration, we seem to be rapidly entering a world where the general public has a lot less insight into the American economy and its general well being. That, of course, makes it easier for insiders to exploit their informational advantages – including by manipulating or slanting what gets publicly released, so as to influence popular perceptions. And of course, when legal compliance cannot be policed by the general public – when it is only policed by federal regulators – that makes it easier for regulators to favor some and disfavor others with their enforcement choices.

## Oregon Jury Hits PacifiCorp With \$63M Verdict for 10 Wildfire Victims

Tuesday's verdict, awarding all noneconomic damages, is the 10th against PacifiCorp over a series of 2020 wildfires in Oregon.

September 17, 2025 at 02:29 PM By  [Amanda Bronstad](#)

### What You Need to Know

- The verdict, which is expected to increase to more than \$91 million, is one of the largest among the Oregon wildfire trials.
- Another wildfire damages trial against Berkshire Hathaway-owned PacifiCorp is scheduled for Oct. 6.
- The verdict comes as more lawyers are suing utilities over wildfires, including Hawaiian Electric, Pacific Gas and Electric and Southern California Edison.



**Nicholas Rosinia of Edelson. Courtesy photo**

An Oregon jury on Tuesday returned nearly \$63 million to 10 plaintiffs for damages caused by a series of wildfires in 2020.

The jury's verdict is the 10th against PacifiCorp, which had already stipulated to \$5.5 million in economic damages before trial. After a week of trial, the jury's decision, broadcast on Courtroom View Network, is among the largest stemming from the Oregon wildfires.

"Rather than do right by survivors and settle these cases, PacifiCorp thinks it can wait these families out. No chance," Edelson's Nicholas Rosinia, the Chicago-based plaintiffs' lawyer, told Law.com. "Our clients are eager to have their day in court, and when they do, juries consistently hold PacifiCorp accountable."

Neither a PacifiCorp representative nor defense attorney Brittani Jackson of Hueston & Hennigan in Los Angeles responded to a request for comment. PacifiCorp [appealed the first verdict](#) of \$72 million for 17 plaintiffs, arguing that the class should not have been certified and the plaintiffs were not entitled to noneconomic damages.

The next trial is scheduled for Oct. 6.

The verdict comes as more lawyers are suing utility companies over wildfires, including Hawaiian Electric, Pacific Gas and Electric and Southern California Edison, which [announced plans for a compensation fund](#) under mediator Kenneth Feinberg for victims of the Eaton fire earlier this year in Los Angeles. Many utilities have paid billions of dollars in settlements.

The Oregon trial is part of a lawsuit with 5,000 class members against PacifiCorp, which is owned by Berkshire Hathaway. All the trials, before Multnomah County Circuit Court Judge Steffan Alexander, have involved multiple residents or businesses with property damages and mostly focused on noneconomic damages.

A jury in 2023 found PacifiCorp liable for the fires and assessed an amount of punitive damages on future verdicts of 25%. The nine subsequent trials have all focused on compensatory damages. Oregon law also allows doubled economic damages, meaning the jury awards were expected to increase.

That means Tuesday's verdict is expected to cost PacificCorp more than \$91 million, according to Edelson, and the total damages awarded by juries, when adding punitive damages and doubled economic damages, now exceeds \$577 million.

So far this year, other juries have come back with initial awards of \$36 million for 11 plaintiffs, \$28 million to 10 plaintiffs, \$35 million to 10 plaintiffs, \$10.77 million to nine plaintiffs and \$36 million to seven plaintiffs.

**Page printed from:** <https://www.law.com/2025/09/17/oregon-jury-hits-pacificcorp-with-63m-verdict-for-10-wildfire-victims/print/>

**Bloomberg  
Law**[Request a Demo](#)[Login](#)

## California Brief

# Social Media Judge Eyes Users' Authority to Testify on Distress

Sept. 17, 2025, 2:49 PM PDT

---

Expert testimony—that social media users say is critical in a sprawling case against platforms like Meta Platforms Inc., Snap Inc., and Google LLC—may not be necessary to establish harm, a Los Angeles judge said Wednesday.

Without testimony from general causation experts on the science of social media addiction, it's unclear whether key claims can proceed in the case. The question hung heavy over the courtroom during the hearing in California Superior Court, Los Angeles County. Lawyers for the companies indicated its exclusion could be the end of the road for hundreds of plaintiffs seeking to put big tech on trial starting in November.

Defense counsel argued the experts aren't reliable, and the evidence they'd use runs afoul of the federal Communications Decency Act's Section 230, the legal shield for online platforms that bars suits based on user content. Plaintiffs' attorneys said doctors and researchers should be allowed to testify so long as they aren't trying to hold companies liable as the publishers of that information.

Judge Carolyn B. Kuhl uncharacteristically asked no substantial questions for the first hour of arguments.

Then, she asked whether, if the opinions of general causation experts are excluded, lay people might be able to testify that social media caused some level of their emotional distress.

"Nobody really digs down on this," she said.

She asked whether there's a distinction between the coordinated proceeding in California Superior Court and federal litigation involving the drug Lipitor, where a court excluded general causation expert testimony and said plaintiffs couldn't testify that the drug caused their diabetes, later granting summary judgment to Pfizer Inc.

Kuhl also said lawyers should be reminded that under state procedural law, motions such as the one at hand—to exclude expert testimony— "cannot come cloaked as a motion in limine but in fact be a motion for summary judgment."

## Section 230

Social media companies argued in court filings that allowing experts to speak to studies that are content-based would run afoul of Section 230—the boundaries and complications of which have marked many of the major skirmishes in the case so far.

Kuhl in January ruled the companies could be sued for the design of their websites under a novel non-product negligent failure-to-warn theory.

She said they may be liable for reasonably predicting the platforms could be addictive to young users and not warning them.

Attorney Jonathan Blavin of Munger, Tolles & Olson LLP, representing Snap, showed deposition recordings Wednesday of several plaintiffs' experts saying it's difficult to separate user-created content from features created by the platforms, such as algorithms and endless scroll.

No studies show the impact of features independently, Blavin said.

The companies also argue that because there is no recognized medical diagnosis for "social media addiction," the experts on causation don't meet California state law standards for reliability.

"Despite hundreds of studies cited in this litigation, there is no scientific consensus that social media causes 'addiction' or the other psychiatric disorders Plaintiffs allege, let alone that content-agnostic social media *features*—as opposed to the content made available on such platforms—causes those harm," the companies said in court filings.

The plaintiffs, on the other hand, argue Section 230 isn't an evidentiary rule, and that evidence discussing content can be admitted so long as they aren't trying to hold the companies liable as a publisher of that information. They also say medical diagnoses aren't needed to establish injury under state law.

"A harm can have multiple causes," said plaintiffs' attorney Josh Autry of Morgan & Morgan.

"As this Court has held, there is no 'but for' test that would require Plaintiffs' case to be entirely divorced from social media content," the plaintiffs argued in filings. "Rather, the question is whether features are a substantial factor in the harm."

The first bellwether trial is scheduled to begin in November.

The case is Social Media Cases JCCP, Cal. Super. Ct., No. JCCP5255, 9/17/25 .

To contact the reporter on this story: Maia Spoto in Los Angeles at mspoto@bloombergindustry.com

To contact the editor responsible for this story: Stephanie Gleason at sgleason@bloombergindustry.com

# A New Wrinkle in AI Hallucination Cases: Lawyers Dinged for Failing to Detect Opponent's Fake Citations



lawnext.com/2025/09/a-new-wrinkle-in-ai-hallucination-cases-lawyers-dinged-for-failing-to-detect-opponents-fake-citations.html

September 16, 2025



A new decision from the California Court of Appeals adds an intriguing dimension to the growing body of AI hallucination sanctions cases, raising the question of a lawyer's duty to detect fabricated, AI-generated citations — not in the lawyer's own filings, but in an opponent's.

While the court did impose a \$10,000 sanction on the attorney who filed two appellate briefs containing fake citations, it also declined to award attorneys' fees or costs to the opposing counsel, because of counsel's failure to report the fake citations to the court or even to detect them.

That makes this what may be the first judicial decision to touch on whether lawyers have a duty to detect and report their opponents' AI-generated fake citations.

## Fabricated Quotations

---

The basic facts of the case, [Noland v. Land of the Free, L.P.](#), follow a now-familiar pattern. The appeal itself, the court said, was “unremarkable,” and would not normally have warranted publication.

But what made the decision worthy of publication, said the court, was the plaintiff’s extensive use of fake, AI-generated citations and quotations. “Although the generation of fake legal authority by AI sources has been widely commented on by federal and out-of-state courts and reported by many media sources, no California court has addressed this issue,” the court said.

The attorney, Amir Mostafavi, used ChatGPT and other AI tools to “enhance” his appellate briefs, then failed to verify the citations before filing. The court found that 21 of 23 case quotations in his opening brief were fabricated, along with many more in the reply brief. Some cases did not discuss the topics for which they were cited, and others did not exist at all.

“Nearly all of the legal quotations in plaintiff’s opening brief, and many of the quotations in plaintiff’s reply brief, are fabricated,” the court said.

Finding that both California’s Code of Civil Procedure and Rules of Court permit an appellate court to impose sanctions for filing a frivolous appeal, the court imposed a sanction of \$10,000 to be paid to the court and referred the lawyer to the state bar.

“Attorney Mostafavi’s fabricated citations and erroneous statements of law have required this court to spend excessive time on this otherwise straightforward appeal to attempt to track down fabricated legal authority and then to research the issues presented without plaintiff’s assistance,” the court said.

## The Twist: No Fees for Opposing Counsel

---

Had the court stopped there, this case might seem little different than the [hundreds of cases](#) in which lawyers’ use of AI has resulted in filings containing hallucinated citations.

But what makes *Noland* unique is the court’s explicit decision not to award attorneys’ fees to the opposing counsel, despite finding the appeal frivolous and despite opposing counsel’s request for such an award. The court explained:

*“We decline to order sanctions payable to opposing counsel. While we have no doubt that such sanctions would be appropriate in some cases, in the present case respondents did not alert the court to the fabricated citations and appear to have become aware of the issue only when the court issued its order to show cause.”*

Although the court did not elaborate beyond that statement, its reasoning raises the question: What is the role of opposing counsel in policing AI hallucinations?

Put another way: What is a lawyer's responsibility to detect and report an opponent's use of hallucinated citations?

The court appears to suggest that had opposing counsel spotted the fake citations and alerted the court, they might have been entitled to be awarded sanctions. Conversely, their failure to detect the fabrications made them undeserving of compensation.

## The Broader Implications

---

Before the advent of gen AI, lawyers had been able to fairly safely rely on the assumption that cases cited by an opponent actually existed.

Of course, that did not mean that lawyers could go without checking those citations. While it was unlikely that the citation was fabricated, it could well be that the case did not stand for the cited proposition or that a quote from the case was erroneous or out of context.

So checking citations, even before gen AI, was simply good lawyering. If you are going to respond to an argument, you need to explore the foundations on which that argument was constructed.

But in the AI era, could it be that lawyers have a heightened responsibility to check their opponents' citations? Does the responsibility now extend not just to the lawyer's clients, but to the courts?

It is fair to say, I think, that the *Noland* court's denial of attorney fees to defendants who failed to spot obvious fabrications hints at an evolving standard of professional competence.

In denying opposing counsel's request for attorneys' fees, the *Noland* court appeared to fault counsel on two counts: their failure to alert the court to the fabricated citations, and their failure to even notice them in the first place.

The *Noland* court's decision seems to suggest that, at minimum, lawyers who spot AI hallucinations and alert the court may be rewarded (or at least may be eligible to be reward), while those who miss them may not be entitled to fee-shifting even when the opposing brief is ultimately sanctioned.

## A Developing Standard

---

While *Noland* appears to be the first case to explicitly address opposing counsel's role in detecting AI hallucinations, it likely won't be the last. As AI-generated fake citations become more sophisticated and potentially harder to detect, courts will need to develop clearer

standards about what level of diligence opposing counsel should exercise.

The *Noland* court's terse approach of declining to award fees without defining a bright-line rule leaves the door open for other courts to provide more guidance.

Will spotting AI hallucinations become part of the expected professional competence of practicing attorneys?

My guess is that courts will increasingly expect all parties to exercise heightened vigilance in an era where fake legal authorities can be generated at the click of a button.

[Hat tip to [David Kluff](#), assistant bar counsel in Massachusetts, who [posted this case on LinkedIn](#).]

## AI Can't Get You Out of Discovery Obligations, but Glitches Might Be Forgiven

Recent case law has begun to define how gen AI can be used in e-discovery and when parties aren't to blame for technical glitches that impact document production.

September 17, 2025 at 04:08 PM By  **Benjamin Joyner**

### What You Need to Know

- Using AI-powered search tools alone is unlikely to satisfy the duty to conduct a reasonable search for requested discovery material.
- Courts are unlikely to hold glitches in information governance against parties acting in good faith.



**Credit: Planetz/Adobe Stock**

On Wednesday, HaystackID hosted a webcast on emerging issues in e-discovery and electronically stored information (ESI), titled "What's Now and What's Next? Trends, Technologies and Legal Authority Shaping eDiscovery for Cybersecurity, Governance and Investigations."

Below are two takeaways from recent case law on e-discovery and sanctions related to electronically stored information.

## Gen AI in the E-Discovery Process

At present, there is no case law explicitly approving the use of generative artificial intelligence in e-discovery. However, pro se parties in several recent cases have inadvertently helped to begin defining the boundaries of acceptable AI use in pre-trial processes.

In one instance, the U.S. District Court for the Southern District of Ohio ruled that a pro se defendant's development of an AI agent to search his files did not constitute a reasonable effort to track down documents requested by the plaintiffs. The court ruled in the case, captioned *Ohio v. Jones*, that lacked sufficient information about how the agent worked and observed that the defendant had not produced responsive documents that were provided by other parties

Leeanne Mancari, co-chair of Covington & Burling's e-discovery, AI and information governance practice, said Wednesday that even the use of AI tools currently on the market would be unlikely to satisfy the duty to conduct a reasonable search for requested discovery material, as the effectiveness of such methods is yet to be verified to the satisfaction of courts and opposing parties.

"As the AI develops, more companies will be using it to search for responsive documents or to search for even potentially relevant documents to either implement preservation or collection," she said. "AI right now is probably ... not at the point where it would constitute a reasonable inquiry. I don't think we're there yet."

But there can still be a role for AI-powered tools in making a reasonable inquiry, as parties can leverage AI as part of a broader process involving human verification. As the technology matures, satisfying the duty to make a reasonable inquiry may even be possible solely with the use of AI-powered tools.

"AI could, if it was a verified tool down the road, be helpful to get you to reasonable inquiry," said U.S. Magistrate Judge Helen Adams of the Southern District of Iowa. "I think today, the way things sit, most courts are going to say, 'trust but verify.' We want to know more than that. ... Judges are going to have a real hard time with just saying, 'OK, you've used AI, that's fine. We'll stop there.'"

## Blameless Glitches

While courts are unwilling to forgive intentional obfuscation, in several recent cases they have

extended grace to parties when technical glitches hindered the production of electronically stored information (ESI).

In a case brought by the Federal Trade Commission against Match Group in the U.S. District Court for the Northern District of Texas, a glitch caused the plaintiffs to be late in producing around 500 documents out of a group of roughly 300,000.

The FTC asked for permission to rely on the late documents and comment on them at trial while preventing Match from doing so, but the court decided that the glitch constituted a good faith reason for the late production. The FTC was instead granted the right to take limited depositions related to the relevant documents, and Match was hit with a lesser sanction for violating the scheduling order.

Brian Morrison, discovery counsel at Google, said the outcome reflected a recognition that all parties now rely on one or more software systems to perform preservation holds, process data and produce documents, with glitches or errors inevitable even with the best systems.

“The reality is, you're relying on a significant amount of software to do your job, ... placing preservation holds, doing the collections, processing the data for review and then for productions,” he said. “There are a lot of points in the process where there can be a glitch, where something goes wrong, and that's just the reality of having such a significant amount of data at issue.”

Mancari added that adherence to a reasonable process helps mitigate any glitches or human errors that arise in production and goes a long way toward establishing good faith.

Adams also noted that the glitch was the first instance of a problem with a procedure Match Group had previously used successfully, which helped the company argue that the error was not a result of negligence or an intent to conceal relevant information.

A technical glitch also emerged as an issue in *Oakley v. MSG Networks*, where a systematic issue with the defendant's data collection through Microsoft Purview meant that defendants were unable to produce certain information.

The fact that the glitch impacted the entirety of the defendant's litigation docket indicated that there was no intent to hide information in the specific case at question, and the fact that none of the missing data was held by one of the key custodians helped to establish that there was no intent to hide the data.

Page printed from: <https://www.law.com/legaltechnews/2025/09/17/ai-cant-get-you-out-of-discovery-obligations-but-glitches-might-be-forgiven/print/>

**California Brief**

# Judges Signal Openness to AI Collusion Claims Against Hotels (1)

Sept. 17, 2025, 12:46 PM PDT; Updated: Sept. 17, 2025, 2:43 PM PDT

---

A panel of Third Circuit judges appeared receptive to plaintiffs' claims that several Atlantic City hotels colluded to fix room prices via an algorithm, as part of a case with consequences for algorithmic pricing.

"They shared competitively sensitive information; they knew their competitors were doing the same thing," Judge L. Felipe Restrepo said during oral arguments Wednesday.

The question in the case is whether the plaintiffs plausibly alleged that Atlantic City hotel-casinos delegated independent pricing decisions to the same third-party algorithm, which used their confidential information to generate prices that the hotels adopted.

The US Court of Appeals for the Third Circuit's ruling in the case will shape how courts view the principles of the Sherman Act—enacted in 1890—as applied to algorithmic pricing platforms, an area of focus in modern antitrust enforcement.

In a similar but separate case, the Ninth Circuit in August affirmed dismissal of a Sherman Act claim in a separate case brought against Las Vegas casino-hotels based on their alleged use of algorithmic pricing software for their hotel rooms on the Las Vegas Strip.

## Timing, Nonpublic Data

Boris Bershteyn of Skadden, Arps, Slate, Meagher & Flom LLP, attorney for defendant Caesars Entertainment Corp., pushed back during Wednesday's argument on the theory of a coordinated rollout, saying Caesars began using Cendyn's software years before other defendants including MGM Resorts International, Hard Rock International Inc., and Tropicana Atlantic City Corp.

"How is that parallel conduct?" Bershteyn said. "If this was a conspiracy, why would Caesars use it five years before anyone else?"

But Judge Theodore A. McKee said he found that defense's argument underwhelming. "People can come, people can leave," McKee said, suggesting that varied onboarding dates alone don't rule out a broader agreement.

Last year, Judge Karen M. Williams of the US District Court for the District of New Jersey tossed the suit, concluding that plaintiffs failed to establish a plausible conspiracy among the hotel-casinos in Atlantic City, a Jersey Shore tourist destination known for gambling.

The plaintiffs then appealed to the Third Circuit.

During arguments, McKee seemed to give credit to the plaintiffs' contention that the algorithm used nonpublic data from the hotels to generate recommendations. "The key thing the plaintiffs have going for them is that confidential information is shared," McKee said.

Zach Fields, attorney with Susman Godfrey LLP who represents the plaintiffs, said that's a key distinction from the Las Vegas case. "If it were purely public, it would clearly not be an antitrust conspiracy," Fields said.

Judge D. Brooks Smith also sat on the panel.

Cendyn, a revenue management system for hotels, is represented by Latham & Watkins. MGM is represented by Munger Tolles & Olson. Hard Rock is represented by Jones Day. Tropicana is also represented by Skadden.

The case is *Karen Cornish-Adebiyi v. Caesars Ent. Inc.*, 3d Cir., No. 24-03006, oral arguments 9/17/25 .

(Updates with additional reporting throughout.)

To contact the reporter on this story: Katie Arcieri in Philadelphia at [karcieri@bloombergindustry.com](mailto:karcieri@bloombergindustry.com)

To contact the editor responsible for this story: Rob Tricchinelli at [rtricchinelli@bloombergindustry.com](mailto:rtricchinelli@bloombergindustry.com)

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

## Google Faces Antitrust Litigation Surge as Ad Tech Remedies Trial Nears

Litigators have hit Google with a recent surge of antitrust lawsuits following U.S. District Judge Leonie M. Brinkema of the Eastern District of Virginia's liability decision ruling Google unlawfully monopolized open-web advertising technology markets in violation of the Sherman Act.

September 16, 2025 at 03:34 PM By 



Google office building in the South Lake Union neighborhood of Seattle. Credit: IanDewarPhotography/Adobe Stock

Rival ad exchanges and online publishers have hit Google with an antitrust litigation surge in August and September as the Mountain View, California-based company prepares for a remedies trial addressing its alleged monopolization of open-web advertising technology markets.

Litigators in at least four pending lawsuits filed in federal district courts since August seek treble damages and injunctive relief on behalf of plaintiffs claiming economic injuries as a result of Google's alleged Sherman Act violations in the publisher ad server and ad exchange markets, according to [Law.com Radar](#) trend detection data.

All of the complaints cite U.S. District Judge Leonie M. Brinkema of the Eastern District of Virginia's [April 17 decision](#) ruling Google unlawfully connected two sides of the ad tech stack.

"The harm caused by Google's conduct is not hypothetical," Cozen O'Connor and Hueston Hennigan alleged in a complaint filed Sept. 8 on behalf of plaintiff PubMatic Inc. in the U.S. District Court for the Eastern District of Virginia.

"In April 2025, after a multi-week trial, the Honorable Leonie Brinkema found that Google had 'willfully engaged in a series of anticompetitive acts to acquire and maintain monopoly power in the publisher ad server and ad exchange markets for open-web display advertising,'" counsel for PubMatic wrote in their complaint.

The U.S. Department of Justice has proposed a forced divestiture of Google's AdX ad exchange and DFP publisher ad server platforms in the *United States v. Google* remedies trial that begins Sept. 22 in Brinkema's courtroom in Alexandria, Virginia.

Google faces similar ad tech monopolization claims from Redwood City, California-based ad exchange [PubMatic](#), New York-based publisher [Insider Inc.](#), New York-based publisher [Dotdash Meredith Inc.](#) also doing business as People Inc., and Pasadena, California-based ad exchange [OpenX Technologies Inc.](#) and its U.K.-based parent company OpenX Ltd.

Kellogg, Hansen, Todd, Figel & Frederick on behalf of the publishers of Business Insider and People magazine have filed two separate lawsuits in the U.S. District Court for the Southern District of New York seeking an injunction to end Google's alleged unlawful ad tech monopoly.

U.S. District Senior Judge P. Kevin Castel of the Southern District of New York ordered Google to answer the *Dotdash Meredith* and *Insider* complaints by Nov. 9.

Cravath, Swaine & Moore and Wiggin and Dana [represent the OpenX plaintiffs](#) in their case filed Aug. 4 in Brinkema's Eastern District of Virginia.

"These allegations are meritless," a Google spokesperson said Tuesday in a statement.

"Advertisers and publishers have many choices and when they choose Google's ad tech tools it's because they are effective, affordable and easy to use."

Axinn, Veltrop & Harkrider represents Google in the *Dotdash Meredith* and *Insider* cases in the Southern District of New York. Counsel have not yet entered an appearance for the tech giant in the *OpenX* and *PubMatic* cases in the Eastern District of Virginia.

Google in the upcoming remedies trial before Brinkema is represented by litigation boutique [Dunn Isaacson Rhee](#); Freshfields; Axinn; and local counsel Craig C. Reilly. The Big Tech company opposes the Justice Department's proposed divestiture remedies.

In another antitrust case, U.S. District Judge Amit Mehta of the District of Columbia in a [ruling filed Sept. 2](#) rejected the DOJ's proposed divestiture remedies in Google's search engine monopoly case, ruling the government overreached in seeking a forced sale of Google's Chrome web browser and Android mobile operating system.

*This action was surfaced by Law.com Radar, which delivers real-time alerting on new litigation across more than 2,900 state and federal courts. [Click here](#) to get started and be first to act on opportunities in your region, practice area or client sector.*



Law.com Radar

**Page printed from:** <https://www.law.com/nationallawjournal/2025/09/16/google-faces-antitrust-litigation-surge-as-ad-tech-remedies-trial-nears/print/>

---

**NOT FOR REPRINT**

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

## First Lawsuit Filed Over Air India Crash Against Boeing, Honeywell

The Lanier Law Firm filed the first suit over the June 12 crash of Air India Flight 171, which killed 260 people in Ahmedabad, India.

September 17, 2025 at 04:59 PM By  **Amanda Bronstad**

### What You Need to Know

- The suit, brought on Tuesday in Delaware Superior Court, blames the crash on a faulty fuel cutoff switch made by Honeywell and installed by Boeing.
- The lawsuit was filed on behalf of four passengers from two families who were killed in the crash.
- A Boeing spokeswoman referred to India's Aircraft Accident Investigation Bureau, whose July 12 preliminary report found there was an abrupt cutoff of the fuel control switches and referenced a recorded conversation in which 'one of the pilots is heard asking the other why did he cut off.'



Boeing 787 Dreamliner twin jet engine passenger aircraft flying. Credit: vaalaa/Shutterstock.com

The Lanier Law Firm filed the first lawsuit over the Air India crash, naming both the Boeing Co. and Honeywell International Inc.

The suit, brought on Tuesday in Delaware Superior Court, blames the June 12 crash, which killed 241 people on board and 19 on the ground in Ahmedabad, India, on a faulty fuel cutoff switch made by Honeywell and installed by Boeing. Flight data showed the pilot accidentally shut off fuel to the Boeing 787-8 Dreamliner's engines, causing a loss of thrust just after takeoff, but the final investigative report is not due for about a year.

"These families deserve answers without waiting on the bureaucrats to get those answers," Lanier Law Firm's Ben Major, in Houston, told Law.com. "If we can help it, we'll get these answers sooner for them."

The lawsuit was filed on behalf of four passengers from two families who were killed in the crash. Major said he expected more suits to be filed against Boeing and Honeywell, as well as cases in the United Kingdom and India against Air India under the Montreal Convention.

A Honeywell representative did not respond to a request for comment.

"We will refer you to the AAIB and their preliminary report for any information about Air India Flight 171 per Annex 13," Boeing spokeswoman Jessica Kowal told Law.com. Kowal referred to international standards and recommended practices for aircraft accidents under the Convention on International Civil Aviation Organization and India's Aircraft Accident Investigation Bureau, whose July 12 preliminary report found there was an abrupt cutoff of the fuel control switches on Flight 171. The flight was bound for London.

The report also referred to a cockpit voice recording in which "one of the pilots is heard asking the other why did he cut off. The other pilot responded that he did not do so."

The plaintiffs claimed in the suit that, according to a cockpit voice recorder, neither pilot appeared to have intentionally shut off fuel to the aircraft. The suit cites a 2018 bulletin from the Federal Aviation Administration stating that Boeing airplanes were being delivered with a "pull-to-unlock" fuel control switch locking feature disengaged.

"Both Honeywell and Boeing knew the locking mechanism of the switches could be missing or become disengaged, thereby allowing for accidental fuel cutoff mid-flight," the suit says. "The result of defendants' negligent inaction was nothing short of catastrophic."

Plus, the suit says, the switch is in a "high traffic" location near the thrust levers that pilots are handling during takeoff.



**Ben Major of The Lanier Firm.**

“If the locking mechanisms aren’t working, someone brushes against one of the switches and turns off the fuel, your passengers are in a lot of trouble,” Major said. “They’re at risk of a crash.”

In a statement, Major said, “This defect is comparable to an auto manufacturer putting an unprotected emergency brake control next to a radio volume knob in your car. And unlike a car, restarting jet engines takes minutes of time, not seconds. Once these engines shut down, that plane basically became a 250,000-pound lawn dart.”

Neither Boeing nor Honeywell warned Air India or its pilots or technicians about the faulty switch, the suit says.

The suit brings products liability and gross negligence claims against both Boeing and Honeywell.

Several law firms are reaching out to Air India crash victims, including Chicago’s Clifford Law Offices and Beasley Allen, where Mike Andrews, in Montgomery, Alabama, claims to represent more than 95 families.

Lanier’s Major filed the lawsuit with Lanier Law Firm founder W. Mark Lanier and attorney Lawrence Wilson, and lawyers from Dalton & Associates in Wilmington, Delaware, and two San Antonio-based firms, Ali Law Group and Panchal Law Firm.

**Page printed from:** <https://www.law.com/2025/09/17/first-lawsuit-filed-over-air-india-crash-against-boeing-honeywell/print/>

---

#### **NOT FOR REPRINT**

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

## Salesforce Breach Spawns 100 Lawsuits Naming Allianz, Christian Dior, Others

The breach of cloud-based software firm Salesforce has generated nearly 100 lawsuits against several companies, including Farmers Insurance, TransUnion and Louis Vuitton.

September 16, 2025 at 02:12 PM By  **Amanda Bronstad**

### What You Need to Know

- Lawyers have asked the U.S. Judicial Panel on Multidistrict Litigation to coordinate the Salesforce-related cases into multidistrict litigation in California's Northern District.
- The cases are the latest to involve a so-called hub-and-spoke data breach, in which hackers used Salesforce's software to access confidential information from its clients.
- The suits allege the companies could have done much more to protect the sensitive information of millions of customers now impacted by the Salesforce breach, such as training their employees on cybersecurity threats.



Credit: Shutterstock.com

Nearly 100 lawsuits have been filed over corporate software firm Salesforce's data breach, naming many of its clients, such as Allianz Life Insurance of North America and Christian Dior Inc.

Salesforce is a defendant in about a dozen of the lawsuits, but most of the complaints target clients that used its cloud-based software, which provides sales, marketing automation, analytics, artificial intelligence and other services to companies. In addition to Allianz and Christian Dior, the suits name Farmers Insurance, TransUnion and Louis Vuitton North America. One suit was filed against Air France.

"Essentially, this is very similar to hub-and-spoke breaches that have occurred in the past," Thomas Loeser of Cotchett, Pitre & McCarthy in Seattle told Law.com. He was one of the lawyers who filed a motion last month asking the U.S. Judicial Panel on Multidistrict Litigation to coordinate all the Salesforce-related lawsuits into multidistrict litigation before U.S. District Judge Jacqueline Scott Corley, in the Northern District of California. Salesforce is based in San Francisco.

"An MDL in a hub-and-spoke-type environment makes sense because you're going to have to be getting discovery and information from Salesforce with respect to how its system were breached, or how its token environment was breached, such that the threat actors could then gain access through the clients' portal system," Loeser added.

Salesforce, in an informational message sent out last month, said its platform had not been compromised and its technology contained no known vulnerability that made it susceptible to cyberattacks.

"As social engineering and phishing threats continue to rise, our top priority is to help customers strengthen their security posture," the company said in a statement. "We encourage all customers to review our blog post (<https://www.salesforce.com/blog/protect-against-social-engineering/>) on key platform features and best practices, including enabling multi-factor authentication (MFA), enforcing the principle of least privilege, and carefully managing connected applications. The post also includes links to additional resources to help organizations protect their Salesforce environments."

Many of Salesforce's clients had discovered the breach months earlier and notified their customers.

An Allianz spokeswoman declined to comment. Larry LaTarte, a Minneapolis partner at Faegre Drinker Biddle & Reath, [represents Allianz](#).

A Farmers Insurance representative did not respond to a request for comment. In a statement about the cyberattack, Farmers previously said it first learned about an unauthorized access on May 29 and, following its own investigation, found some customers had their personal information

compromised. Farmers sent notices to those customers on Aug. 22, providing them 24 months of free credit monitoring.

A Louis Vuitton representative declined to comment, and a TransUnion spokesman did not respond.

Mylan Denerstein, co-partner-in-charge of the New York office at Gibson, Dunn & Crutcher, who represents Christian Dior, did not respond to a request for comment.

Loeser said he expected more companies to be sued. His motion referenced Google, Cisco and Workday as having worked with Salesforce, and lawsuits say the threat actors claim to have compromised data from 91 organizations.

“We will definitely be looking closely at data breaches disclosed over the next weeks to see the extent they concern the Salesforce environment, which has been targeted over and over again through social engineering attacks on employees to gain access to portal credentials,” Loeser said.

### **'Salesforce Ecosystem Could Be More Robust'**

The suits are pending across the country, primarily in federal courts in California, Minnesota, Illinois and New York. They allege the companies could have done much more to protect the sensitive information of millions of customers now impacted by the Salesforce breach. For instance, they allege the companies failed to adequately train their employees on cybersecurity threats.



**Tom Loeser of Cotchett, Pitre & McCarthy. HANDOUT.**

Many challenge the notices sent to customers as inadequate, or delayed, and the 24 months of credit monitoring services as insufficient. Firms involved include Gustafson Gluek; Chestnut Cambronne; Berger Montague; Milberg Coleman Bryson Phillips Grossman; and Aylstock, Witkin, Kreis & Overholtz.

Loeser said the case is similar to that involving the 2024 breach of Snowflake Inc., a cloud storage software firm [hit with more than 80 lawsuits](#), many of which named its clients, including AT&T and Live Nation's Ticketmaster. The MDL panel coordinated cases against Snowflake, which asserted many of the same defenses.

"The issue here is similar," Loeser said. "It may be correct that the clients Salesforce indicates were hacked using social engineering on employees, but that doesn't change the fact that the Salesforce ecosystem could be more robust to prevent that from happening."

Loeser added, "Salesforce says nobody breached our security, but the clients are saying, it's not corporate payroll, it's our Salesforce environment being hacked."

**Page printed from:** <https://www.law.com/2025/09/16/salesforce-breach-spawns-100-lawsuits-naming-allianz-christian-dior-others/print/>

---

**NOT FOR REPRINT**

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

## Class Action

### Manage Newsletters

## **Walgreens Invokes Separation of Powers in Reload Receipt Fight**

Sept. 17, 2025, 10:14 AM PDT

### **Summary by Bloomberg AI**

AI Generated



- Attorneys for Walgreen Co. and the plaintiff, Calley Fausett, framed a dispute over class certification in sweeping terms before the Illinois Supreme Court.
- Walgreen Co. argues that Fausett doesn't have standing to sue because she didn't suffer a concrete injury, while Fausett's attorney says a violation of her rights under the statute is enough to bring a claim.
- The case centers on whether Walgreen Co. illegally printed too many digits on receipts for reloading a prepaid card, with Walgreen Co. challenging the standing of Fausett and a nationwide group of people to sue.

Attorneys before the Illinois Supreme Court on Wednesday framed a dispute over class certification in sweeping terms, with Walgreen Co. warning justices that fundamental separation-of-powers principles are in play while the plaintiff urged them to remember they can remain independent of federal courts' standing guidelines.

"This case asks you to decide who is empowered to determine whether a private citizen has standing to sue in an Illinois court," attorney Robert Riley of Riley Safer Holmes & Cancila, representing Walgreens, told justices, saying they had a "tremendous responsibility."

The Illinois-based drugstore giant wants the court to reject class certification in a case alleging Walgreens illegally printed too many digits on receipts for reloading a prepaid card.

The named plaintiff, Calley Fausett, didn't have her identity stolen and was never actually at risk of harm, Riley argued Wednesday, so she doesn't have the kind of concrete injury necessary to bring a case.

But Walgreens violated Fausett's rights under the statute, attorney Adam Vaught argued, which under Illinois law is enough to bring a claim—and in addition, he said, the plaintiff testified she suffered from anxiety over the prospect of having her identity stolen.

The state supreme court in *Rosenbach v. Six Flags* found that a violation of the Illinois Biometric Information Privacy Act caused an injury sufficient to bring suit, said Vaught of Croke Fairchild Duarte & Beres. Decisions narrowing federal standing guidelines aren't binding on the Illinois court, he said.

The law allows for recovery of actual damages or "statutory damages that are nominal," Vaught said. "You don't have to have anything additional."

Riley said that language "relieves the party of having to quantify the damages, it doesn't relieve the party of having to prove an injury."

And as for *Rosenbach*, Riley said that BIPA is a significantly different law, since it deals with "immutable, unchangeable characteristics" like a fingerprint, "the mere disclosure of which is harmful." The disclosure of financial identifiers doesn't carry the same inherent harm, he argued.

Fausett used cash to reload a prepaid card at a Walgreens in Phoenix, Ariz. In return she got two receipts that featured 10 digits of the card number—a violation, she claims, of a federal law aimed to prevent fraud and identity theft.

The case has snowballed into a dispute over standing that could have significant ripple effects, experts said.

A lower court granted class certification to a nationwide group of some 1.6 million people, according to Walgreens, which is challenging their standing to sue. An appeals court rejected their claim and affirmed the certification, bringing the matter to the state's highest court.

Neither Fausett nor her fellow class members were concretely injured, Walgreens argues, saying that an allegedly elevated risk of fraud isn't enough to prove standing. In response, Fausett argues, the violation of a statutory right is enough to sue in Illinois courts.

Fausett is also represented by Keogh Law, Bret Lusskin of Golden Beach, Fla., and Scott Owens of Hollywood, Fla. Walgreen Co. is also represented by Aronberg Goldgehn Davis & Garmisa.

The case is Fausett v. Walgreen Co., Ill., No. 131444, oral arguments 9/17/25 .

To contact the reporter on this story: Megan Crepeau in Chicago at [mcrepeau@bloombergindustry.com](mailto:mcrepeau@bloombergindustry.com)

To contact the editor responsible for this story: Patrick L. Gregory at [pgregory@bloombergindustry.com](mailto:pgregory@bloombergindustry.com)

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

# Paxton investigating Glass Lewis for alleged 'radical political agendas'



[legalnewsline.com/southeast-texas-record/pax-ton-inves-ti-gating-glass-lewis-for-alleged-radical-political-agendas/article\\_690bde1-906f-4811-8272-ae603edb530b.html](https://www.legalnewsline.com/southeast-texas-record/pax-ton-inves-ti-gating-glass-lewis-for-alleged-radical-political-agendas/article_690bde1-906f-4811-8272-ae603edb530b.html)

Phil Davidson, Chris Dickerson

September 18, 2025

AUSTIN - On Tuesday, Attorney General Ken Paxton announced an investigation into Glass Lewis & Co. and Institutional Shareholder Services for potentially misleading institutional investors and public companies by issuing voting recommendations that advance radical political agendas rather than sound financial principles.

Glass Lewis and ISS collectively occupy more than 95 percent of the international market for proxy advisory services and provide services to shareholders and boards of large corporations to help them make investment decisions.

The two giants routinely issue proxy voting recommendations in conflict with the best financial interests of their fiduciaries.

According to Paxton, Glass Lewis and ISS instruct their proxies to generally vote for public companies making management decisions to implement DEI, gender-based hiring quotas, and aggressive climate activist policies.

Neither Glass Lewis nor ISS seem to support their radical guidelines with any economic analysis, only a word salad of corporate lingo, a press release states.

"Proxy firms like Glass Lewis and ISS too often sacrifice sound financial guidance to advance left-wing political goals, cheating not only investors but the American people as a whole," said Paxton.

"Proxy advisors play a massive role in shaping corporate governance decisions in our country, affecting tens of billions of dollars. My office has zero tolerance for these woke corporations smuggling radical, liberal ideology into the companies they advise and into the entirety of America's financial system."

Paxton has issued Civil Investigative Demands to the proxy advisor duopoly to determine if they violated Texas consumer protection laws, including those prohibiting nondisclosures of material facts.

Paxton's office also announced on Tuesday that the AG secured an expedited injunction hearing to suspend a vagrant shelter allegedly endangering nearby elementary students with drugs and violence

Paxton asserts Sunrise Homeless Navigation Center is a hotspot for drugged-out vagrants.

“Sunrise has blatantly endangered the lives of Texas schoolchildren by harboring violent, drug-ridden vagrants and then haphazardly unleashing them upon a quiet neighborhood and elementary school,” said Paxton.

“Students should be able to focus on learning at school, not worrying about if they are going to step on a playground drug needle. This hearing is an important step forward in ensuring that this community and the parents of Joslin Elementary students have their voices heard and that Sunrise stops threatening the safety of Texas kids as soon as possible.”

# Disney sued by law firm Morgan & Morgan over 'Steamboat Willie' ad



reuters.com/legal/litigation/disney-sued-by-law-firm-morgan-morgan-over-steamboat-willie-ad-2025-09-17

Blake Brittain

September 17, 2025

The logo of the Times Square Disney store is seen in Times Square, New York City, U.S. December 5, 2019. REUTERS/Nick Pfosi/File Photo [Purchase Licensing Rights, opens new tab](#)

Sept 17 (Reuters) - U.S. personal injury law firm Morgan & Morgan sued Disney ([DIS.N](#)), [opens new tab](#) in Orlando, Florida, federal court on Wednesday, seeking a ruling that it can adapt Disney's landmark animated short "Steamboat Willie" in a firm advertisement without violating the entertainment giant's intellectual property rights.

Morgan & Morgan [said in the complaint, opens new tab](#) that it filed the lawsuit after Disney refused to confirm whether it would object to the ad. Disney's copyright on "Steamboat Willie" expired last year, but the company still owns trademarks related to its 1928 film, which featured the first public appearances of Mickey and Minnie Mouse.

Spokespeople for Disney and the firm did not immediately respond to requests for comment on the complaint.

Morgan & Morgan's proposed [, opens new tab](#) features a scene in "Steamboat Willie" style with Minnie Mouse calling the firm after Mickey Mouse crashes the boat into her car. It includes a disclaimer that the video was not approved by or associated with Disney.

Orlando-based Morgan & Morgan, which bills itself as the largest U.S. personal injury law firm, is known for its prodigious marketing. The firm accounted for more than 9% of all legal services advertising in the U.S. and spent over \$218 million on ads last year, according to a report from the nonprofit American Tort Reform Association.

Morgan & Morgan said it sent Disney a letter on July 15 seeking confirmation that Disney would not accuse it of infringing the company's copyrights or trademarks with its "Steamboat Willie" ad. According to the complaint, Disney responded later that month that it "did not provide legal advice to third parties, and would not provide such advice in response to the Morgan Letter."

The firm said it had filed the lawsuit based on Disney's "history of aggressive enforcement of intellectual property rights," including a trademark lawsuit the media giant filed against another company on July 16 over jewelry depicting "Steamboat Willie" characters.

The firm asked the court to rule that its commercial would not violate Disney's rights and block the company from suing the firm over it.

The case is Morgan Global PLLC v. Disney Enterprises Inc, U.S. District Court for the Middle District of Florida, No. 6:25-cv-01795.

For Morgan & Morgan: Damien Prosser of Morgan & Morgan

For Disney: Attorney information not yet available

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

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

# Kimmel Suspension Under FCC Pressure Stokes US Political Divide

**B**[bloomberglaw.com/product/blaw/bloombergterminalnews/bloomberg-terminal-news/T2SEHBGOYMTI](https://www.bloomberglaw.com/product/blaw/bloombergterminalnews/bloomberg-terminal-news/T2SEHBGOYMTI)

Emily Birnbaum, Erik Wasson

September 18, 2025

Democratic lawmakers are calling for [Federal Communications Commission](#) Chair [Brendan Carr](#) to resign for a “corrupt abuse of power” for his role in pressuring [Walt Disney Co.](#)’s ABC network before it took late-night host [Jimmy Kimmel](#)’s show off the air indefinitely.

Former Democratic President [Barack Obama](#), who rarely jumps into the political fray or weighs in on the Trump administration, also joined the mounting furor with a [statement](#) posted on social media.

“After years of complaining about cancel culture, the current administration has taken it to a new and dangerous level by routinely threatening regulatory action against media companies unless they muzzle or fire reporters and commentators it doesn’t like,” Obama said.

ABC made the decision after Carr threatened to take action against Kimmel, ABC and Disney. The FCC grants licenses to broadcasters such as ABC and its affiliates.

Carr acted amid conservative backlash to remarks Kimmel made about the killing of Republican activist [Charlie Kirk](#) during his show, Jimmy Kimmel Live.



WATCH: President Donald Trump says Disney fired talk show host Jimmy Kimmel for a “lack of talent” and bad ratings.

Source: Bloomberg

“[Donald Trump](#) and the Republican Party’s war on the First Amendment is blatantly inconsistent with American values,” said House Democratic leaders, including House minority leader [Hakeem Jeffries](#), in a statement on Thursday.

Carr “has disgraced the office he holds by bullying ABC, the employer of Jimmy Kimmel, and forcing the company to bend the knee to the Trump administration,” Democrats said in their statement.

The Democratic leaders also took aim at media corporations, which critics have charged are too quick to give in to Trump administration pressure on their programming to smooth the way for mergers or favorable regulatory treatment.

“Media companies, such as the one that suspended Mr. Kimmel, have a lot to explain,” they said.

Democrats are in the minority in both the House and Senate and so they have little ability to force Carr’s resignation.

But the harsh criticism from Obama, perhaps the party’s most influential person, and congressional leaders has the potential to feed backlash against the television network among Kimmel’s fans and political progressives. They also suggested they wouldn’t let the matter drop, if they regain a congressional majority.

Jeffries and his fellow party leaders promised they would “make sure the American people learn the truth, even if that requires the relentless unleashing of congressional subpoena power. This will not be forgotten.”

Kimmel, one of the most visible Trump critics on television, was kicked off the air after he accused Republicans of using Kirk’s death to criticize their opponents.

“We hit some new lows over the weekend with the MAGA gang trying to characterize this kid who killed Charlie Kirk as anything other than one of them,” Kimmel said in his Sept. 15 monologue.

Carr in a post on X said he was glad “broadcasters are responding to their viewers as intended.”

In a CNBC interview Thursday, Carr also said the comedian's on-air commentary "was appearing to directly mislead the American public about a significant fact."

Senate Republican leader [John Thune](#) said he believed it was a "commercial, economic, market decision" to remove Kimmel's show.

ABC's decision came shortly after [Nexstar Media Group Inc.](#), which owns dozens of ABC TV affiliates, said it would pull the show indefinitely from its stations over the remarks. Nexstar has business pending before the FCC as it seeks approval for a \$6.2 billion agreement to acquire Tegna Inc., another local station owner.

[Sinclair Inc.](#), the largest owner of ABC affiliates, also decided to remove Kimmel's program off the air.

"Nexstar and Sinclair will likely keep their critical push for deregulation on track at the Federal Communications Commission after they promptly followed FCC Chair Brendan Carr's prodding to stop carrying 'Jimmy Kimmel Live' on their local broadcast TV stations," said Bloomberg Intelligence analyst [Matthew Schettenhelm](#) in a note.

Schettenhelm said it was unlikely the FCC could have found a "news distortion" violation by Disney or any of the broadcasters as Carr had threatened. "Yet by prodding Nexstar and Sinclair when the broadcasters need the FCC's support, Carr spurred action anyway," Schettenhelm said.

On the Hill, Democrats lambasted the stations for cowing to Carr.

“Every time a company has a merger, they say ‘yes sir,’” said Texas Democratic Representative [Henry Cuellar](#).

“Nothing he said justifies what they did,” said former House Speaker [Nancy Pelosi](#). “In fact, if you look at what the president says, maybe he should be silenced.”

Maryland Representative [Steny Hoyer](#), the top Democrat on the subcommittee that funds the FCC, said the agency had overreached its authority in the Kimmel case.

“It’s a just terrible place we are in where broadcasters and others are being subjected to the power of government to make decisions that the government wants to take it,” he said on Thursday.

Trump cheered Kimmel’s removal in a post on Truth Social, calling it “great news for America.”

# The FCC's Censorship of Jimmy Kimmel Is Insanely Corrupt

NR

[newrepublic.com/post/200632/fcc-censorship-jimmy-kimmel-insanely-corrupt](https://newrepublic.com/post/200632/fcc-censorship-jimmy-kimmel-insanely-corrupt)

Robert McCoy

September 18, 2025

↑ [Most Recent Post](#)



Easterseals/Getty Images for Easterseals

Jimmy Kimmel

The censorship of Jimmy Kimmel was evidently a sacrifice at the altar of corporate interests.

ABC's Wednesday decision to suspend *Jimmy Kimmel Live!* came after decisions to pull the show from Nexstar Media Group and then Sinclair Broadcast Group, which own many ABC affiliate stations across the country. Earlier Wednesday, President Donald Trump's censorial Federal Communications Commission Chairman Brandon Carr had [threatened](#) broadcasters for platforming Kimmel, due to the host's recent [monologue](#) about the killing of conservative activist Charlie Kirk.

While Kimmel's jokes focused on Trump's and MAGA's response to the killing, rather than the violence itself, Carr called it the "sickest conduct possible." Nexstar and Sinclair followed suit, explaining their decision as a response to the purportedly "[insensitive](#)" and "[problematic](#)" comments. (Going beyond yanking the show, Sinclair also demanded that Kimmel apologize and donate to Kirk's family and organization, and committed to broadcasting an hour-long tribute to Kirk during the show's time slot.)

It is no coincidence that Nexstar is seeking to merge with another major media company, Tegna—a decision that requires not only FCC approval but also a change in regulations that limit companies' reach. [According to Poynter](#), the merger would expand Nexstar's reach to 80 percent of TV households in the country, whereas the FCC currently has a 39 percent cap. And Sinclair has pending business before the administration too—[according to](#) CNN media analyst Brian Stelter—and also proposed merging with Tegna, as *The Wall Street Journal* [reported](#), following the announcement of Nexstar's deal.

"So we know that two major TV station owners, both of which need to curry favor with the Trump administration, were the ones that most loudly and vocally condemned Kimmel and said they were going to not air the show tonight and in the coming nights," Stelter [said](#) on Wednesday evening. "It's an Occam's razor situation. It's exactly what it looks like."

Editor's Pick

[How "Antisemitism" Became a Weapon of the Right](#)

↑ [Most Recent Post](#)



Michael M. Santiago/Getty Images

Fox News host Sean Hannity claimed that he couldn't find a "single prominent conservative voice" pushing to knock Jimmy Kimmel off the air—but in July, President Donald Trump suggested that Kimmel would be "next" to be canceled.

"The left already—starting with humpty-dumpty CNN, Pritzker, Newsom—predictably claiming, 'This is a conservative censorship. The MAGA crowd, Donald Trump got Jimmy Kimmel.' That is false," Hannity [whined](#) Wednesday night. "I can't find a single prominent conservative voice in the country that even remotely wanted or hoped or was pushing to get Jimmy Kimmel taken off the air."

But in July, after CBS announced that *The Late Show With Stephen Colbert* would be canceled, Trump [celebrated](#) the win against a vocal critic by listing who else he'd like to see taken off the air.

"I absolutely love that Colbert got fired. His talent was even less than his ratings," Trump wrote on Truth Social at the time. "I hear Jimmy Kimmel is next. Has even less talent than Colbert! Greg Gutfeld is better than all of them combined, including the Moron on NBC who ruined the once great Tonight Show."

It appears that Hannity is playing defense for the [blatant act of political overreach](#) from the Federal Communications Commission Chair Brendan Carr, who [publicly pressured](#) Nexstar Media Group, the broadcast company that owns ABC, to punish Kimmel for his speech. Nexstar is currently seeking FCC approval for a \$6.2 billion deal to buy Tegna, an acquisition that would make Nexstar the biggest owner of local stations in the country.

During his show Monday, Kimmel said that MAGA had spent the weekend "desperately trying to characterize this kid who murdered Charlie Kirk as anything other than one of them and doing everything they can to score political points from it." In fact, Republicans started doing that the same day Kirk was shot, casting [blame on the left](#) and the [transgender community](#) before the shooter was even identified.

Kimmel's remark about MAGA comments wasn't even a matter of opinion, it was a well-documented fact.

Read more about Kimmel:

[Trump Celebrates Censorship by Mocking Jimmy Kimmel](#)

↑ [Most Recent Post](#)



Nathan Posner/Anadolu/Getty Images

Despite Representative Nancy Mace's best efforts, her Democratic colleague Ilhan Omar will get to speak her mind another day.

Four Republicans joined the Democratic caucus Wednesday night to quash Mace's measure, sending the South Carolinian into a tizzy over the foiled plan and the diminished support inside her own party. Those conservatives were Representatives Mike Flood, Tom McClintock, Jeff Hurd, and Cory Mills, all of whom Mace put on full blast after the vote.

"They voted to shield a woman who mocked the cold-blooded assassination of Charlie Kirk ... a woman who belittled his grieving family," Mace [posted](#) in the wake of the failed vote.

"They showed us exactly who they are. Never forget it."

Over the last week, Mace has advocated for stripping Omar of her committee assignments and censuring her, and has [publicly suggested](#) that Omar should be deported back to Somalia for having allegedly “smeared Charlie Kirk and implied he was to blame for his own murder” during an interview with [Zeteo's](#) Mehdi Hasan.

Disjointed clips from that interview were similarly picked up and recirculated by far-right personalities, who claimed that Omar had said Kirk deserved to die. But that wasn't accurate.

“No one said he deserved to die. Ilhan Omar said the exact opposite to me,” Hasan [wrote](#) on X. “She condemned his killing. And she said her heart goes out to Kirk's widow.”

Omar also pushed back against Mace, arguing that she never made the comments that Mace was attempting to silence her for.

“Her [resolution] does not contain a single quote from me because she couldn't find any,” Omar [said](#). “Unlike her, I have routinely condemned political violence, no matter the political ideology. This is all an attempt to push a false story so she can fundraise and boost her run for Governor.”

Read more about Mace:

[Nancy Mace Launches Racist Attack on Ilhan Omar for Made-Up Quotes](#)

↑ [Most Recent Post](#)



John McDonnell/Getty Images

Brendan Carr

Federal Communications Commission Chair Brendan Carr—who just a few years ago was [waxing poetic](#) about how political satire is the “oldest and most important form of free speech”—is now using *The Office* GIFs to celebrate taking away Jimmy Kimmel’s freedom of speech.

Carr appeared on conservative commentator Benny Johnson’s podcast and floated punishing Kimmel for making remarks about Trump’s reaction to Charlie Kirk’s killing. While ABC was not initially going to rebuke Kimmel, as his statements were pretty run of the mill, threats from Carr and the Trump administration regarding pulling their broadcast licenses made them cave. Late that night they [suspended Kimmel indefinitely](#).

Carr, who wrote the Project 2025 chapter on the FCC, has been jubilant in the days since Kimmel's muzzling. Wednesday night he went on *Hannity* for a victory lap.

"Late-night shows, something's gone seriously awry there. They went from going for applause, for laugh lines, to applause lines. They went from being court jesters that would make fun of everybody in power to being court clerics and enforcing a very narrow political ideology," Carr told Hannity. "There's more work to go, but I'm very glad to see that America's broadcasters are standing up to serve the interests of the community and we don't just have progressive foie gras coming out from New York and Hollywood.

Kimmel is no cleric. And Carr is rich for acting as if his firing was the product of some local, grassroots campaign when it's extremely clear that this was a result of direct pressure on ABC from the federal government.

The backlash to Carr's spineless hypocrisy has been swift, as receipt after receipt of him defending the same principles he is now attacking is circulating widely.

"Should the government censor speech it doesn't like? Of course not," he [said](#) in 2019. "The FCC does not have a roving mandate to police speech in the name of 'public interest.'"

"From Internet memes to late-night comedians, from cartoons to the plays and poems as old as organized government itself—Political Satire circumvents traditional gatekeepers & helps hold those in power accountable," he said the very next year. "Not surprising that it's long been targeted for censorship."

Editor's Pick

[What If the Next Democratic President Governs Like Trump?](#)

↑ [Most Recent Post](#)



John Nacion/Variety/Getty Images

The plug has been pulled on another Trump-critical late-night host, and the president is over the moon.

“Great News for America: The ratings challenged Jimmy Kimmel Show is CANCELLED,” Donald Trump [posted](#) to Truth Social Wednesday. “Congratulations to ABC for finally having the courage to do what had to be done.”

“Kimmel has ZERO talent, and worse ratings than even Colbert, if that’s possible,” he continued, referring to Stephen Colbert, who had his show on CBS canceled in July.

*Jimmy Kimmel Live!* was put on indefinite hiatus Wednesday by Nexstar, one of the largest owners of ABC stations in the country. Nexstar said it “strongly” objected “to recent comments made by Mr. Kimmel concerning the killing of Charlie Kirk,” according to a

[statement](#).

Kimmel was excoriated by Republicans after he suggested earlier this week that Kirk's suspected killer, Tyler Robinson, was a MAGA conservative.

"We hit some new lows over the weekend with the MAGA gang desperately trying to characterize this kid who murdered Charlie Kirk as anything other than one of them and doing everything they can to score political points from it," Kimmel said during a monologue.

But emerging details have painted a more [complicated picture](#) of the 22-year-old Utahn, who according to his friends was relatively apolitical.

The move to deplatform Kimmel immediately followed a threat from Federal Communications Commission Chair Brendan Carr, who condemned Kimmel's language as the "sickest conduct possible."

"[This] appears to be an action by Jimmy Kimmel to play into the narrative that this was somehow a MAGA or Republican-motivated person," Carr told YouTuber [Benny Johnson](#). "What people don't understand is that the broadcasters ... have a license granted by us at the FCC, and that comes with it an obligation to operate in the public interest. When we see stuff like this, look, we can do this the easy way or the hard way. These companies can find ways to change conduct, on Kimmel, or there's going to be additional work for the FCC ahead."

Carr was celebrating the decision hours later. In an interview with [The Hollywood Reporter](#), the FCC chair thanked Nexstar for "doing the right thing" and implored other broadcasters to "follow Nexstar's lead."

Trump was, apparently, in a similar headspace. On Truth Social, the president made it clear that his ideal version of a late-night lineup involves nixing two other NBC hosts who have been hard on his administration. Addressing the network directly, Trump urged NBC to fire two of its stars: Jimmy Fallon and Seth Meyers.

"That leaves Jimmy and Seth, two total losers, on Fake News NBC," Trump wrote. "Their ratings are also horrible. Do it NBC!!! President DJT."

But Nexstar's opposition to Kimmel's monologue might not be entirely moralistic. The massive broadcast network is currently seeking FCC approval for a \$6.2 billion deal to buy Tegna, an acquisition that would make Nexstar the biggest owner of local stations in the country.

The pattern is remarkably similar to the circumstances surrounding Colbert's ended contract. Colbert's show—the most popular show in its time slot—was canceled three days after the comedian claimed that Paramount's \$16 million settlement with Trump over his groundless

lawsuit targeting Kamala Harris's *60 Minutes* interview looked like a "big, fat bribe." Days after the cancellation was announced, the FCC [approved](#) Paramount's \$8 billion merger with Skydance.

Read more about Kimmel:

[The Jimmy Kimmel Suspension: A Huge Step Down the Authoritarian Road](#)

↑ [Most Recent Post](#)



Leon Neal/AFP/Getty Images

President Donald Trump announced that he would designate antifa as a domestic terrorist organization—but not only do anti-fascists not commit nearly as much political violence as the far right, they're not even an organization. Oh yeah, and Trump's move is illegal.

"I am pleased to inform our many U.S.A. Patriots that I am designating ANTIFA, A SICK DANGEROUS, RADICAL LEFT DISASTER, AS A MAJOR TERRORIST ORGANIZATION," Trump wrote on Truth Social Wednesday night. "I will also be strongly recommending that those funding ANTIFA be thoroughly investigated in accordance with the highest legal standards and practices."

But antifa, which is short for "anti-fascist," is a movement, not a group. The so-called organization lacks a central structure and is instead a loose network of individuals and groups who act separately under the banner of opposing facism.

In May 2020, Trump announced that he would designate antifa as a terrorist organization, and Attorney General Bill Barr [warned](#) he would treat violence from group members as domestic terrorism. But in September 2020, FBI Director Chris Wray told Congress that antifa was an ideology, not a group or organization, earning him an earful from Trump.

Crucially, the president lacks the legal authority to designate antifa as a terrorist organization. Congress previously granted the secretary of state the power to designate foreign groups as foreign terrorist organizations, but has granted no such power to the executive branch to designate domestic groups.

During Trump's first term, Mary McCord, a former senior official at the Department of Justice, told [Al Jazeera](#) there was no procedure for "designating domestic organisations as terrorist organisations," and Trump's efforts raised "significant First Amendment concerns."

It's worth noting that while counterprotesters acting under the antifa banner have [sometimes turned violent](#), the actual rate of political violence motivated by left-wing ideologies is dwarfed by right-wing violence. Between 1975 and September 2025, individuals motivated by right-wing ideologies such as white supremacy, involuntary celibacy, and anti-abortion beliefs committed 391 murders, according to the [Cato Institute](#). Comparatively, people motivated by left-wing ideologies were responsible for 65 deaths.

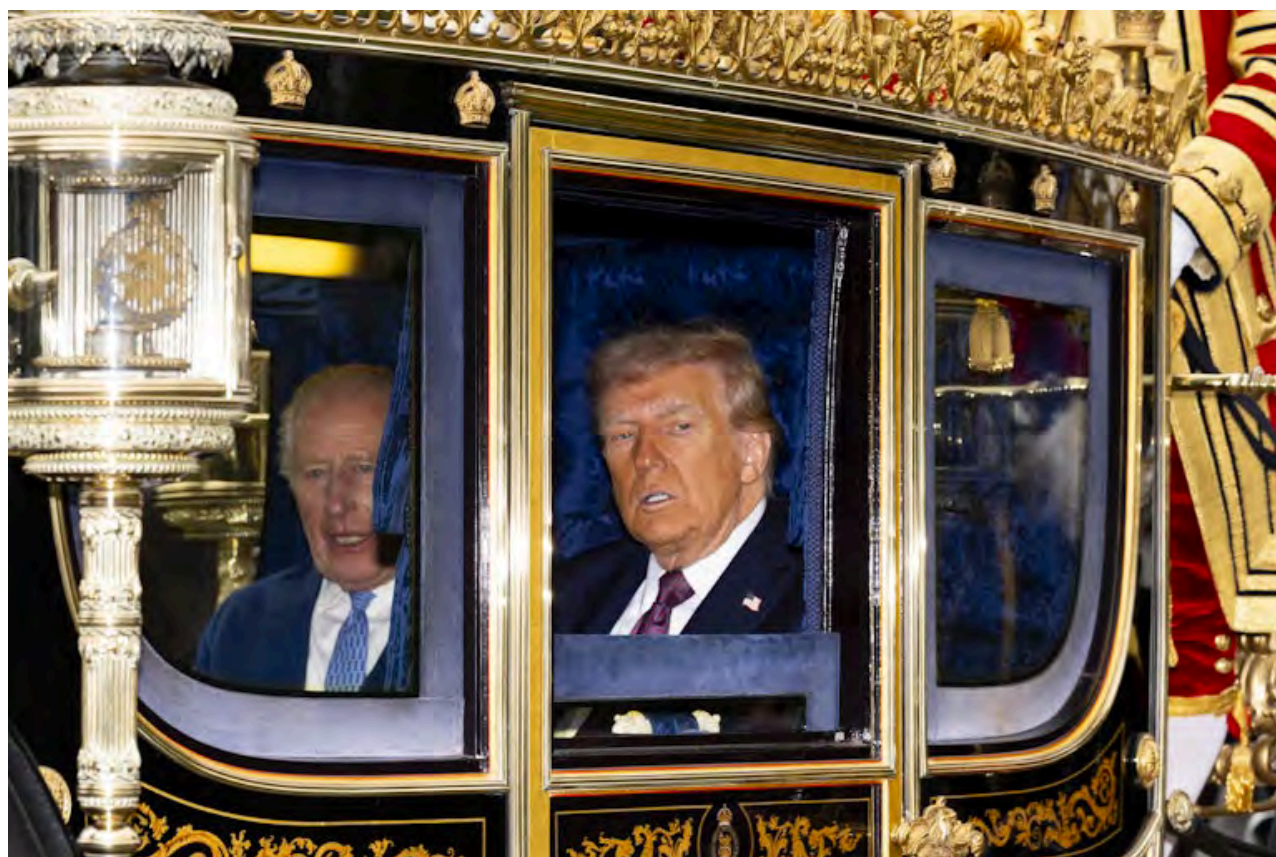
It seems Trump's latest effort is a reactionary move following the death of right-wing activist Charlie Kirk, which elicited condemnations of left-wing violence before the shooter's identity was even known. Earlier this week, White House deputy chief of staff Stephen Miller said that the administration planned to "channel all of the anger that we have over the organised campaign that led to this assassination, to uproot and dismantle these terrorist networks."

As of yet, there is no evidence to suggest that Kirk's death was linked to the network known as antifa or that his assassin was motivated by a [radical left-wing ideology](#).

Read more about Kirk:

[Soldiers Are Being Disciplined for Charlie Kirk Social Media Posts](#)

↑ [Most Recent Post](#)



Jordan Pettitt/WPA Pool/Getty Images

Donald Trump and King Charles ride in a carriage on September 17.

Federal Reserve Chair Jerome Powell on Wednesday [described](#) a “curious balance” in the labor market, in which both supply and demand have sunk “sharply,” thanks to President Donald Trump’s immigration policies and potentially his tariffs.

Asked whether tariffs have created the weakened U.S. job market, Powell said that is “certainly possible.” But while trade policy “may” be affecting the labor market, Powell said, “the change in immigration” is the primary reason “employment is doing what it’s doing.” The change, of course, being Trump’s disruptive mass deportation campaign, which has dramatically decreased the supply of workers.

Amid this decrease in supply, Powell added, “demand for workers has also come down quite sharply,” leading to a “curious balance,” he said, repeating a term he used in a speech last month. “Typically when we say things are in balance that sounds good,” he added. “But in this case, the balance is because both supply and demand have come down quite sharply.”

The situation Powell described, some observers noted, resembles stagflation—the dreaded combination of stagnant economic growth, rising prices, and high unemployment. “‘Curious balance’ ... Say the S word Jay,” [tweeted](#) Kevin Green, a markets correspondent at the Schwab Network, alongside a crying-laughing emoji.

Editor’s Pick

[The Right’s Scary Quick Campaign to Exploit Charlie Kirk’s Death](#)

↑ [Most Recent Post](#)

[Malcolm Ferguson/](#)

September 17, 2025/5:04 p.m. ET



Kevin Dietsch/Getty Images

Pete Hegseth

At least eight members of the military have been punished for comments made in the wake of Charlie Kirk's death, and dozens more have been doxed and reported.

Task and Purpose [reports](#) that at least five Army officers and one Air Force sergeant have been suspended, one Marine was fired from his recruitment job for posting a meme of Kirk captioned, "Another racist man popped," and one Army reserve major is under investigation.

"The Department of War maintains a zero-tolerance policy for military personnel or DOW civilians who celebrate or mock the assassination of Charlie Kirk," the Pentagon [posted](#) from its rapid response account last Friday on X.

Even so, it won't be as simple to just fire soldiers for posting things that don't align with the current administration's politics as the Pentagon is making it out to be.

"People who join the military have less First Amendment rights than those who don't, but they still have robust First Amendment rights," former military colonel, judge, and prosecutor Don Christensen [told](#) CNN. He went on to note that nothing says, "Pete Hegseth doesn't like what you're saying so I'm going to prosecute you."

"You can't just say out of the blue, 'If you say something on social media about Charlie Kirk that Pete Hegseth doesn't like, that's a crime,'" Christensen continued.

While that may be true, it's likely that the Pentagon's gag order has already had the desired chilling effect.

Editor's Pick

[Does Anybody Care This Is the Worst Bribery Scandal Since Teapot Dome?](#)

↑ [Most Recent Post](#)  
[Edith Olmsted/](#)

September 17, 2025/4:06 p.m. ET



Graeme Sloan/Bloomberg/Getty Images

House Republicans wouldn't even let their Democratic colleague finish reading a motion to subpoena Treasury Secretary Scott Bessent Wednesday for information about alleged sex trafficker Jeffrey Epstein and his co-conspirator Ghislaine Maxwell.

During Kash Patel's House Judiciary Committee hearing earlier, the FBI director repeatedly deferred Representative Mary Gay Scanlon's questions about \$1.5 billion in suspicious transactions, which major banks had flagged to the government related to Epstein and his alleged collaborators, to the Treasury Department.

After the hearing, Scanlon attempted to introduce a motion to subpoena Bessent to produce the suspicious activity reports—but her Republican colleague Tom McClintock wouldn't even let her get the words out.

Scanlon said she was seeking reports “in the possession of the Treasury Department identifying the roughly \$1.5 billion in suspicious transactions—”

“Uh, Mr. Chairman?” McClintock interjected.

House Judiciary Committee Chairman Jim Jordan then recognized McClintock, who made a motion to table Scanlon’s request. Jordan replied that the motion was “not debatable.”

“I didn’t finish,” Scanlon said.

“She hadn’t completed the motion,” said Representative [Jamie Raskin](#). “It’s improper to cut it off before it’s completed, Mr. Chairman.”

Jordan said she could finish her last sentence.

“OK, so we’re asking them to identify the roughly \$1.5 billion in suspicious transactions related to the sex trafficking crimes of Epstein, Maxwell, and their co-conspirators—” Scanlon continued, before being interrupted by McClintock yet again.

This time, Jordan moved straight to vote on McClintock’s motion to table, and Republicans promptly squashed her attempt to call Bessent in.

Scanlon [wrote on X](#) that her Republican colleagues had “voted for continuing the cover-up.”

McClintock also moved to table Representative Jasmine Crockett’s [motion](#) to subpoena the head of the Bureau of Prisons to produce records relating to Maxwell’s transfer, and Representative Eric Swalwell’s [motion](#) to subpoena deputy FBI Director Dan Bongino for witness interviews.

Read more about Epstein:

[Kash Patel’s Big Mouth Just Got Him in Trouble on Epstein Files](#)

↑ [Most Recent Post](#)

[Ellie Quinlan Houghtaling/](#)

September 17, 2025/3:40 p.m. ET



Jeff Kowalsky/AFP/Getty Images

The Trump administration is taking its recent assault on alleged drug boats from Venezuela very seriously—not.

Recalling a recent conversation he had with War Department Secretary Pete Hegseth about the unprovoked air strikes in the Caribbean, Vice President JD Vance [joked](#) Wednesday that he “wouldn’t go fishing right now in that part of the world.”

So far this month, the United States has destroyed two small Venezuelan boats traversing international waters, which Trump administration officials deemed—without an investigation or interdiction—were smuggling drugs.

The first attack killed 11 people on September 2, while a second attack on September 15 killed an additional three individuals, [according](#) to Donald Trump.

Venezuela's leader, Nicolás Maduro, said that the Trump administration had violated U.S. and international laws by striking the boats. He condemned the attacks as a "heinous crime" and also suggested that the strikes were an attempt to goad Venezuela into a "major war." In a rare interview, Venezuelan Foreign Minister Yván Gil told [CNN](#) last week that the nation is not looking for a military confrontation with the U.S.

"We are not betting on conflict, nor do we want conflict," Gil told the network.

Another incident late last week, in which the U.S. military "illegally and hostilely" detained another boat off the coast of a Venezuelan island, further intensified relations between the two countries.

In a [statement](#), Venezuela's Foreign Ministry said that the U.S. was "looking for an incident to justify escalating war in the Caribbean, with the aim of regime change" in Venezuela. It further demanded that the U.S. "immediately cease these actions that endanger security and peace in the Caribbean."

But the White House is apparently not looking to deescalate the situation. Instead, Trump and Vance have openly boasted about the unconstitutional killings. On Monday, Trump publicized that the second attack was on his orders, while promising to continue the "hunt," and Vance has claimed that the needless deaths were the "highest and best use of our military."

When a political commentator noted that killing citizens of another country without due process is a war crime, Vance simply [retorted](#), "I don't give a shit what you call it."

Some Republicans back at home, meanwhile, have not been impressed by the aggressive international display. In an interview last week, Kentucky Senator Rand Paul told Fox News that he felt [compelled to address](#) the attacks, underscoring that not every ship sailing in the Caribbean is smuggling drugs.

"The reason we board them before we blow the crap out of them is some of them don't have drugs," Paul [said](#).

Paul additionally lamented that the Trump administration was involving itself in affairs thousands of miles off U.S. coastlines, and expending federal resources on the lowest echelons of the global drug trade.

Read more about Vance:

[Rand Paul Forced to Explain to JD Vance That Arbitrary Killing Is Bad](#)

[View More Posts](#)

Opinion **The FT View**

## Trump hands power back to the CEO

The president and the SEC chair should beware of setting back shareholder rights

**THE EDITORIAL BOARD**

Paul Atkins, chair of the US Securities and Exchange Commission, has aimed to cut 'compliance burdens' on companies © Stefani Reynolds/Bloomberg

**The editorial board**

Published 7 MINUTES AGO



Get ahead with daily markets updates. [Join the FT's WhatsApp channel](#)



Donald Trump's endorsement this week of a six-monthly reporting cycle for US-listed companies is far from his worst idea. Switching from quarterly earnings could encourage more strategic thinking by removing the three-monthly temptation for companies to "beat" analysts' expectations. Unfortunately, it is exactly this strategic mindset that the US president lacks.

His preference for twice-yearly reporting is one of [a series](#) of deregulatory measures that he or his officials have announced, threatened or hinted at recently. Together they would work against corporate transparency, set back shareholder rights, push the balance of boardroom power too far towards chief executives and, at worst, open the door to self-dealing or fraud.

Since taking over in January, Securities and Exchange Commission chair Paul Atkins has aimed to cut “compliance burdens” on companies. Last week, on a visit to Europe, he [told the FT](#) the SEC would in future alert businesses about technical violations rather than first sending regulators to “bash down their door”.

Atkins has also taken issue with EU corporate sustainability directives and threatened to ban non-US companies from using International Financial Reporting Standards if rulemakers continue to press for disclosures on issues such as climate impact. In a [speech](#) last week, he urged the International Accounting Standards Board to “promote high-quality accounting standards that are focused solely on driving reliable financial reporting and are not used as a backdoor to achieve political or social agendas”.

Other measures include the SEC’s decision to let oil company Exxon [automate voting](#) by retail investors so their shares are counted in favour of management unless they opt out. On Wednesday, the SEC said it would no longer block companies from public markets if they [banned shareholders](#) from filing class-action lawsuits. Atkins, a crypto advocate, has also dropped investigations against cryptocurrency platforms.

The Financial Times favours, as far as possible, common and predictable corporate standards that allow investors to compare companies in different jurisdictions and that keep the cost of capital down. Where different regulators choose different paths — for instance, in corporate governance guidelines — a live-and-let-live approach should prevail, allowing investors to choose where to deploy their capital.

A shift to six-monthly reporting would bring the US in line with other large capital markets including the UK, EU and Singapore. But a firm mandate is not essential. Setting six months as the maximum reporting period would give companies [a choice](#) of whether to report more frequently, following their investors' preference for quarterly or even more [radical and frequent financial transparency](#), as the technology allows.

When it comes to sustainability, many investors and companies, particularly in Europe, are already edging towards greater disclosure of climate risks. What is damaging for the environment is also potentially ruinous for companies and their investors. Europe's "agenda" is no more political than the one Trump and his officials are pursuing to sweep sustainability considerations from corporate reporting. Their repeated message that non-US watchdogs and companies must choose the American way smacks of extraterritorial over-reach.

As for activism, many executives would welcome a reduction in pressure. But lessening overall investor and regulatory scrutiny and removing tools such as lawsuits, which US shareholders can use to hold boards to account, would give chief executives too much leeway.

In his speech last week, Atkins set out a creditable goal: to "provide clear, predictable rules of the road so that [US] innovators can thrive". But tearing up established measures for investor protection is no way to entice long-term capital.

---

[Copyright](#) The Financial Times Limited 2025. All rights reserved.

---

## **Follow the topics in this article**

---

The editorial board

The FT View

Corporate governance

US financial regulation

Financials

**Bloomberg  
Law**[Request a Demo](#)[Login](#)

## Securities

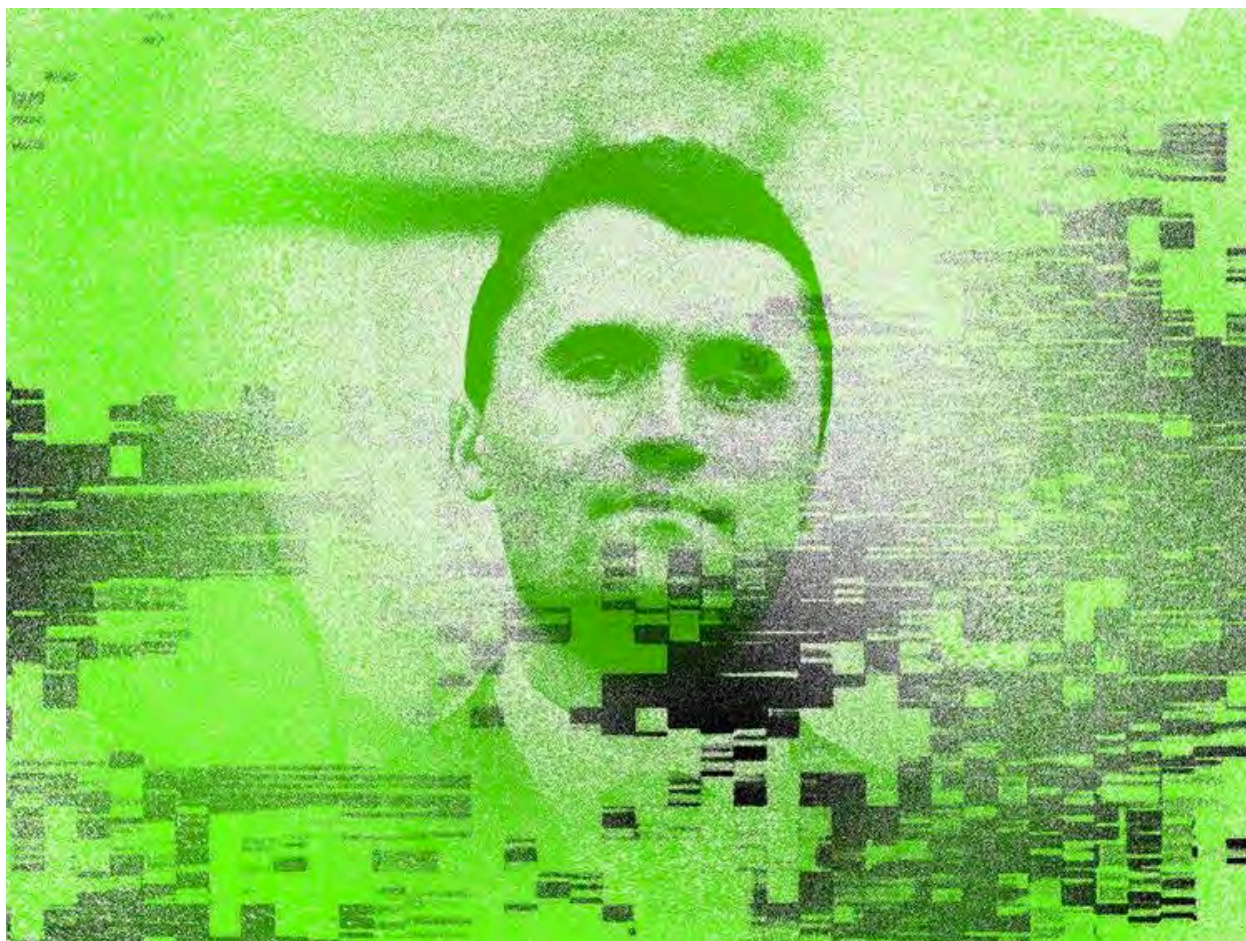
# Memecoin Bros Are Trying to Monetize Charlie Kirk's Killing

Sept. 17, 2025, 10:21 AM PDT

---

Evan Rademaker was sitting in his office in Tampa, Florida, on Sept. 10 when he heard the news of Charlie Kirk's shooting. The first thing he did was check his social media feed on X to follow the developing story. The second thing he did was check the memecoin market.

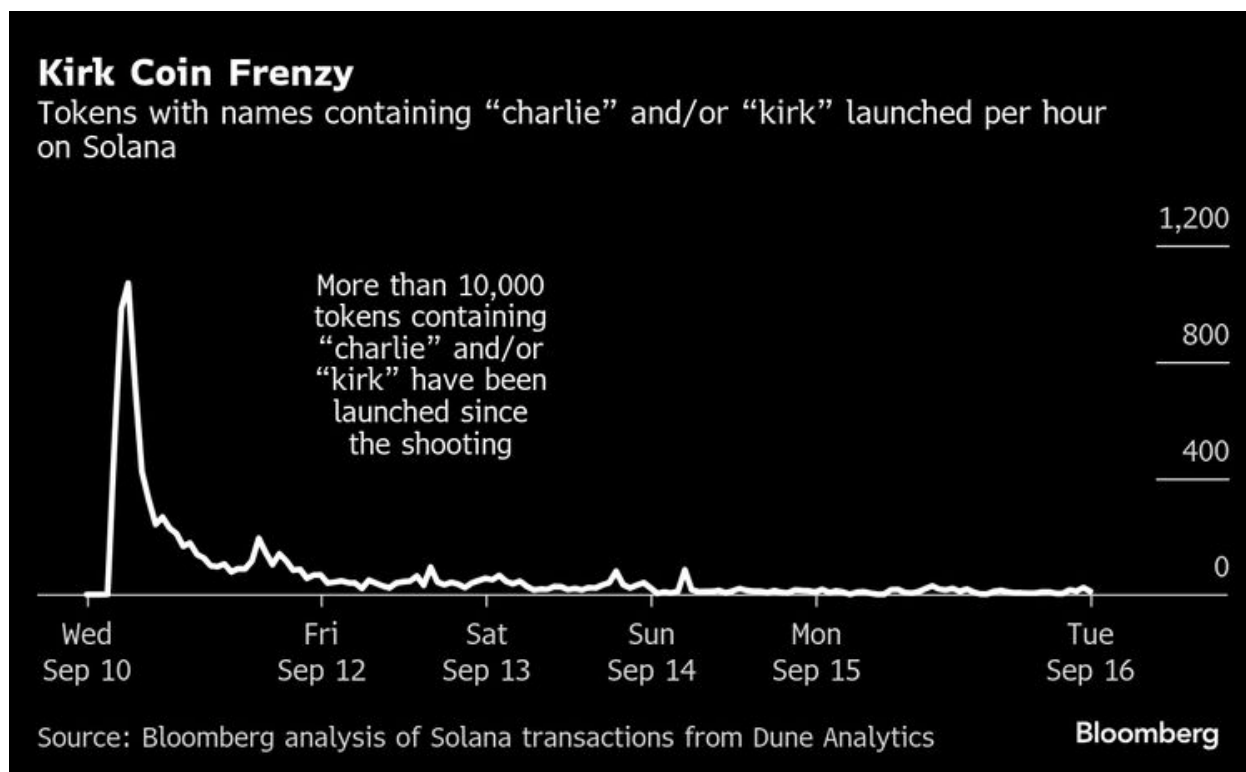
Often when there's a major news event, Rademaker, a 30-year-old executive at a solar panel company, looks to see which new tokens are appearing on Pump.fun, a website where crypto enthusiasts launch, trade and discuss memecoins. The site serves as a kind of news feed, as users create and promote tokens pegged to whatever person or event happens to be drawing attention that day.



Charlie Kirk.

Photo illustration: Daniel Zender for Bloomberg Businessweek; Photo: Getty Images

Minutes after Kirk was shot, tokens associated with him started to appear: "Pray For Kirk Coin," "DEAD KIRK" and "Charlie Kirk's dog," among dozens of others. While many of the coins' creators pitched the tokens as memorials to Kirk or sources of charity for his family, each was fundamentally an attempt to turn Kirk's death into profit.



Source: Bloomberg analysis of Solana transactions from Dune Analytics

Within an hour of the shooting, one Kirk token reached a market capitalization of \$16 million. By that evening, creators of Kirk coins had already collected hundreds of thousands of dollars in transaction fees on the Solana blockchain. On X, many crypto traders and influencers chided their fellow “degens”—a half-pejorative, half-affectionate term short for “degenerate gambler”—for making money from Kirk’s death.

Rademaker decided to buy some Kirk coins. One of them, called RIP Charlie Kirk, was new but seemed to have relatively decentralized ownership, which suggested to him that it might not be a scam. He bought \$30,000 worth.

The coin soon plummeted, and he sold his tokens at a loss of \$17,000. Then it went back up, and he bought more, only for it to drop again. “It was almost double pain for me,” Rademaker says.

But there was still hope that he might recoup his losses. That evening, Rademaker saw that someone was trying to take control of the RIP Charlie Kirk token, which goes by the ticker \$CHARLIE. Essentially, when a coin’s original creator disappears or loses interest, Pump.fun allows users to stage a “community takeover.” A leader submits evidence that a quorum of dedicated investors exists—a website, an active group on X, an account on a popular memecoin tracking site. If Pump.fun approves, the leader gets control of the token’s wallet and can begin collecting so-called creator fees, which are the portion of transaction fees that typically go to the originator of the coin.

Rademaker reached out to the anonymous leader who was orchestrating the takeover, offering his services. He had experience in the space—he’s bought thousands of memecoins over the years and has helped run NFT communities. To aid in the takeover, he built a website for \$CHARLIE.

The operation was successful, and Rademaker became one of the moderators of the community on X, where he posts under the handle Cooktoshi. He and his co-leader promised to donate 100% of the token's creator fees to Kirk-affiliated organizations and charities. But to generate fees, more people had to buy the token. Their job now was to spread the word.



A vigil for Kirk in Tempe, Arizona, on Sept. 15.

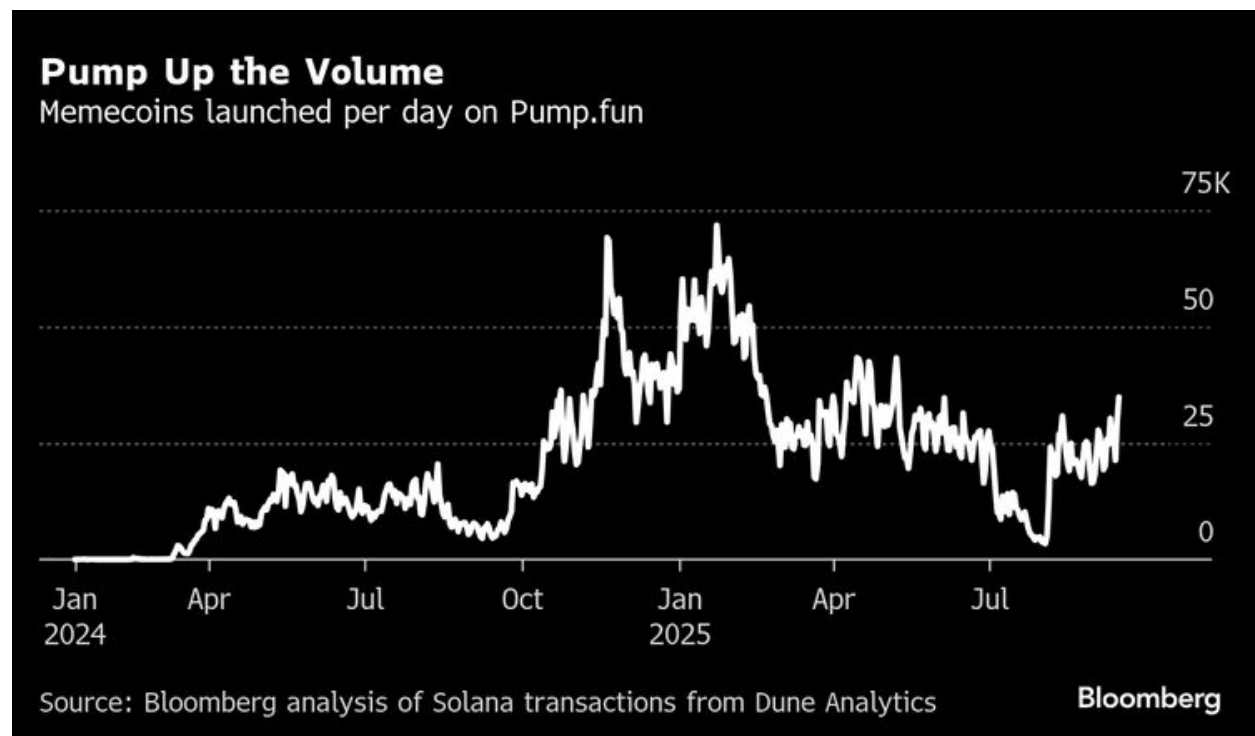
Photographer: Charly Triballeau/AFP/Getty Images

Memecoins are the purest form of crypto speculation: They're fundamentally driven by narrative and attention, with no underlying value. They've been around for more than a decade—Dogecoin was created as a joke in 2013—but in recent years their role in the crypto ecosystem has grown. \$DOGE turned out to have lasting value, thanks to Elon Musk's salesmanship. The rise of Pump.fun in 2024 democratized the market, for better or worse. Now anyone can create a memecoin almost instantaneously by connecting their crypto wallet, picking a name and a JPEG image, and clicking a button.

The memecoin market largely tracks whatever the world is paying attention to. In late 2024 the token \$MOODENG spiked after its namesake pygmy hippo went viral. When internet-famous Peanut the Squirrel was euthanized last year, a token called \$PNUT boomed; it still has a market cap of \$250 million. Memecoin sites have lately featured tokens named after President Donald Trump, the Sept. 11 anniversary and Iryna Zarutskya, a Ukrainian immigrant whose killing on a train in Charlotte, North Carolina, became a national news story.

Pump.fun, the most popular memecoin site, feels like 4chan but with money. The chaotic interface updates constantly with new memecoins and can be hard for newcomers to navigate. The default user logo is Pepe the Frog, a ubiquitous meme designated a hate symbol by the Anti-Defamation League. Comment sections are full of nihilistic jokes. Since its launch, the site has developed a reputation for scams and desperate gimmicks: Last year it suspended a livestreaming function after, among other stunts, someone doused himself in alcohol and had fireworks shot at him in an attempt to boost a token's value. (The stuntman survived with third-degree burns. The site has since brought back livestreaming.)

Maximilian Brichta, a postdoctoral researcher at the University of Virginia who studies memecoins, says he wasn't surprised by the Kirk exploitation coins. "Not even the slightest bit," he says. The whole point of memecoins is that they're "parasitic on attention," according to Brichta. "It doesn't matter how morbid the event is, it doesn't matter the social implications of it, and sometimes it doesn't even matter if they are poaching the intellectual property of a company or of a person." He adds, "It's really just a game of, how can you capitalize on where attention is being funneled into at the moment?"



Source: Bloomberg analysis of Solana transactions from Dune Analytics

The relationship between memecoins and their real-world referents is messy. In some cases a memecoin surges when the person or thing on which it's based succeeds, or drops when they fail. Far more often, a coin's value declines over time as interest dwindles and traders direct their funds toward something newer and hotter. For example, Rademaker bought Kirk coins largely with funds previously invested in a token dedicated to Zarutsky, the Ukrainian immigrant.

Brichta says the key to launching a successful memecoin is drumming up attention by any means necessary. In the anarchic culture of memecoin trading, he says, “nothing is off-limits, anything can be said, and that’s just the game.”

For Rademaker and his team, the strategy was to boost the RIP Charlie Kirk token by generating attention and fostering a sense of legitimacy. To gin up interest, Rademaker posted about the coin on X and tagged people who he thought could bring eyeballs, including the co-founders of Pump.fun and the Solana blockchain, as well as Musk.

To gain legitimacy, the team contributed donations to Kirk’s family and to a fund dedicated to creating a memorial sculpture, which was being organized by Utah State Senator Dan McCay, who publicly thanked them for their support. The vast majority of their donations went to Turning Point USA, the conservative nonprofit Kirk founded. To show transparency, Rademaker posted transaction details of their donations on the coin’s website.

The TPUSA donations paid off. After their initial contributions went through, Rademaker reached out to TPUSA by email, and a representative named Alex Russo soon responded: “Tremendous thanks for your generosity and for the heart behind your community’s support.” A couple of days later, Russo told Rademaker he was looking into creating a wallet on the Solana blockchain for TPUSA to receive donations directly and said he’d started talks internally about an official partnership or sponsorship. He added, “I love the website update. Charlie would have loved it as well.” Rademaker posted some of their communications on X for both transparency and hype purposes. (TPUSA didn’t reply to requests for comment.)



A makeshift memorial for Kirk outside the Turning Point USA headquarters in Phoenix.

Photographer: Charly Triballeau/AFP/Getty Images

According to Rademaker, the community faced attacks from a rival Kirk coin. When they organized a Spaces meeting on X to donate funds live on the call—a gesture to prove the donations were real—someone reported them to Musk’s social network, which got the organizer briefly suspended. Rademaker says some accounts posted fake screenshots alleging that their tokens were overly centralized and therefore more likely to result in a “rug pull”—crypto slang for a sudden selloff that tanks a project. Rademaker says he can’t rule out members of his community engaging in similar underhanded tactics to combat other Kirk tokens.

By Monday, the coin—now rebranded as We Are Charlie Kirk—seemed to have outlasted the other Kirk tokens, at least in terms of market cap, which currently stands at about \$3 million. The project has donated more than \$100,000.

Short-term, Rademaker says his goal is to get a shout-out from Musk or Trump. “All it takes is one mention from a big name, and all of a sudden we’re probably \$50 million in market cap,” he says. Long-term, he says he wants \$CHARLIE to have lasting value, like \$TRUMP or the \$PNUT token dedicated to the squirrel. “Nobody will ever forget Peanut now,” he says.

To maintain its charitable narrative, the Kirk coin needs to keep generating transaction fees, which means it needs to keep growing. I asked Rademaker if he's concerned that the coin might plummet and anger investors or otherwise inadvertently hurt Kirk's legacy. He says most traders know what they're getting into. "If you buy Amazon stock and it goes down and you sell for a loss, you don't all of a sudden hate Amazon," he says. Memecoin projects can also fall apart because administrators turn on one another or have different visions. But Rademaker says he knows the identity of his co-leader, and trusts him. "A rug pull on our token is actually impossible," he says. "The only way something could happen is if we just took all the money and disappeared."

For now, the token seems to be giving Rademaker a sense of purpose. Toward the end of one interview, he says he believes the memecoin project is "divine intervention." His voice breaks as he says it. "We were definitely guided." —*Data analysis by Leonardo Nicoletti*

*Read next: The CEO Guide to Getting What You Want Out of Trump*

To contact the author of this story:

Christopher Beam in New York at [jcbeam@gmail.com](mailto:jcbeam@gmail.com)

To contact the editor responsible for this story:

Stacey Shick at [sshick@bloomberg.net](mailto:sshick@bloomberg.net)

Mark Milian

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

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

Securities

# Steve Witkoff Has Yet to Divest Trump-Linked Crypto Assets

Sept. 17, 2025, 4:13 AM PDT

---

Steve Witkoff has yet to divest his crypto assets, including a stake in the Trump family linked-World Liberty Financial, according to the White House, potentially posing a conflict of interest for the president's special envoy for peace missions.

World Liberty Financial's co-founders include President Donald Trump's sons, **Donald Jr.**, **Eric** and **Barron**, and his own sons, **Zach Witkoff** and **Alex Witkoff**. Witkoff's ongoing ownership of those assets, almost nine months after he started working for the administration, could pose potential legal and ethical problems as he serves as a key White House negotiator to broker peace deals in the Middle East and in the Ukraine-Russia conflict.

A White House official said Witkoff has completed his financial disclosure and is working with ethics officials and counsel to ensure he is in full compliance with government rules, including taking all the legal steps necessary to divest.



Steve Witkoff

Photographer: Francis Chung/Politico/Bloomberg

World Liberty Financial is actively engaging in deals in the Middle East, in May announcing that its stablecoin, USD1, is being used by investment fund MGX to make a \$2 billion investment in cryptocurrency exchange Binance. Abu Dhabi's government launched MGX in 2024 to invest in artificial intelligence. Donald Trump signed an AI agreement with the United Arab Emirates when he visited the country in May.

Witkoff was sworn in as the president's special envoy at the Oval Office in early May, though has unofficially been working for the president since Trump's inauguration in January. He served at the State Department until he officially became a White House employee, according to the official.

Earlier: Trump Family Adds \$1.3 Billion of Crypto Wealth in Span of Weeks

Witkoff told Bloomberg News in March he was in the process of divesting from his real estate company and crypto assets, transferring holdings to his sons to manage potential conflicts of interest. The White House official said he's still in that process, and that divestiture can be lengthy for someone with Witkoff's wealth and long career.

The process of determining which assets an appointee must divest can turn into a negotiation with ethics officials. Having a protracted battle over which assets cause conflicts could leave Witkoff in legal jeopardy, especially if he substantially participates in specific matters in which he has a personal financial interest, potentially violating the criminal conflicts of interest statute.

Government ethics rules require cabinet members and other high-level officials to divest assets that could pose financial conflicts of interest, but the president is not subject to those restrictions.

Read More: Witkoff Sold \$120 Million Stake in His Company, Disclosure Shows

The White House on Saturday released Witkoff's financial disclosure that showed he sold an interest in his eponymous real estate management company for \$120 million to resolve potential conflicts of interest.

The document also showed Witkoff received \$34 million in distributions from one of his holding companies whose assets include various real estate developments, golf and hotel management companies and World Liberty Financial. The New York Times reported earlier that Witkoff's process of divesting crypto assets was ongoing.

Witkoff's responsibilities, which have broadened since he first entered the Trump administration, include regularly meeting with foreign officials to end to the conflict in Ukraine launched by Russia in 2022 and diplomacy in the Middle East.

To contact the reporters on this story:

**Natalia Drozdiak** in Washington at [ndrozdiak1@bloomberg.net](mailto:ndrozdiak1@bloomberg.net);

**Bill Allison** in Washington DC at [ballison14@bloomberg.net](mailto:ballison14@bloomberg.net)

To contact the editors responsible for this story:

**Nick Wadhams** at [nwadhams@bloomberg.net](mailto:nwadhams@bloomberg.net)

Laura Davison, Romy Varghese

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

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

**BREAKING** Trump asks the Supreme Court to let him remove Lisa Cook from the Fed board

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com).

<https://www.wsj.com/tech/ai/elon-musk-xai-executives-advisers-clash-eac3913b>

**EXCLUSIVE** **ARTIFICIAL INTELLIGENCE** [Follow](#)

# Executives at xAI Clashed With Musk Advisers Before Departing

Some who left say they were concerned about the artificial intelligence company's financial projections

By [Alexander Saeedy](#) [Follow](#) and [Berber Jin](#) [Follow](#)

Sept. 17, 2025 9:00 pm ET



Jared Birchall and John Hering oversee day-to-day operations at xAI. PHOTO: PATRICK T. FALLON/BLOOMBERG; KEVIN DIETSCH/GETTY IMAGES

## ☰ Quick Summary



- Several executives at xAI left after clashing with two of Elon Musk's closest advisers over the startup's management and financial health.

**View more**

Several executives at xAI left after clashing with two of [Elon Musk's](#) closest advisers over concern about the startup's management and financial health, according to people familiar with the matter.

Those advisers, Jared Birchall and John Hering, [oversee the day-to-day operations](#) of xAI while Musk, as chief executive officer, makes final decisions. Some of xAI's executives voiced objections internally over how Birchall and Hering were trying to run the company on Musk's behalf and felt there was no formal chain of command, the people said.

Some xAI executives said they left because they were concerned that some of the company's financial projections were unrealistic, the people said. They also raised questions internally about the role Musk's family office, Excession, played in managing some of xAI's cash and accounting.

"The suggestion that the financials are in any way improper is false and defamatory," Alex Spiro, a lawyer representing Musk, said in an email. He said the financials are audited by PricewaterhouseCoopers.

A person close to xAI said that it has full confidence in its projections.

A [number of top executives](#) have left xAI in recent months, including [Linda Yaccarino](#), who was chief executive of X; Mike Liberatore; who was xAI's chief financial officer; Igor Babuschkin, a former Google research scientist who was one of Musk's first recruits to co-found xAI; and xAI's general counsel, Robert Keele.

The executive conflicts inside xAI showcase how Musk's unorthodox approach to running companies is complicating his ambitions to build the world's dominant AI company.



Antonio Gracias, CEO of Valor Equity Partners, an early Tesla investor and a backer of xAI. PHOTO: MARCO BELLO/BLOOMBERG

A spokeswoman for xAI said Musk “leads xAI with unwavering vision and commitment, making it his top priority in advancing AI for the benefit of humanity.”

Musk’s xAI has made strides in developing a powerful AI, but it is struggling to compete with industry leaders such as OpenAI and Anthropic, which have a lot more paying customers. The startup is also spending significantly on graphics processing chips and equipment to power its data centers, generating concern among some former executives and investors about its finances.

The company took a reputational hit recently when its chatbot Grok began to spread [violent and antisemitic content](#) on social media, prompting the company to issue an apology.

Birchall, the longtime head of Musk’s family office, has been central to xAI’s operations and fundraising from investors, which include Andreessen Horowitz and Fidelity.

Vy Capital, Hering’s own investment fund, is an xAI investor.

Disagreements between some xAI executives and Musk’s advisers over how the company was run grew so contentious that Antonio Gracias, an ally to Musk, met with company executives to navigate those issues, people familiar with the matter said. Gracias is the CEO and founder of Valor Equity Partners, an early [Tesla](#) investor and a backer of xAI.

Spiro said The Wall Street Journal’s characterization of Gracias’s “mediating some invented dispute is totally false.”

Valor has taken an even bigger role in helping run xAI since the string of executive departures, some of the people said. Gracias has also been involved in crises at Tesla, such as production problems with its Model 3 sedans, and Musk’s acquisition of Twitter in 2022. He became more involved in corporate work after ending his stint at the Department of Government Efficiency in the summer.

“xAI is in hyperscale mode, which of course is hard, but we’re very excited about its trajectory and speed, which are extraordinary,” said a spokeswoman for Valor. She said xAI “is performing well across research, team, infrastructure and fundraising.” Valor serves companies that are rapidly growing and is “supporting Elon’s deep personal commitment and extremely hands-on leadership of his company,” she said.

Since founding xAI two years ago, Musk has built a giant data center in Memphis, Tenn., and raised over \$15 billion, promising to create the world's smartest artificial intelligence. In March, he merged the startup with X, his social-media platform, where its Grok chatbot responds to users' questions. Musk said the [combined company](#) was valued at \$113 billion.

The company needs to continue with its fundraising to keep up with rivals and is spending heavily on data centers. Musk has said more computing power is essential to winning the AI wars. The company is developing a [second data center in Memphis](#) that will host some 550,000 Nvidia Blackwell chips to power Grok.

A person familiar with xAI said the wealth of Musk and other top investors should help ensure that the company has capital to pay for its longtime business needs.

A [\\$5 billion debt fundraising](#) arranged by [Morgan Stanley](#) in recent months limited the amount of new debt it is able to borrow, The Wall Street Journal previously reported.

The AI company turned to another Musk venture, SpaceX, for [\\$2 billion in funding](#), the Journal first reported in July. During the summer, xAI representatives told some investors that it was discussing an investment from Tesla of at least \$2 billion, people familiar with those discussions said.

“The notion that there is any issue raising capital for xai is demonstrably false and defamatory—the demand to invest has far outweighed the supply,” Spiro said in the email.

[Tesla shareholders](#) are set to vote on a proposal in November that would enable the company's board to invest an unspecified amount in xAI. Musk has said that if it were up to him, Tesla would have invested in xAI a long time ago.

Write to Alexander Saeedy at [alexander.saeedy@wsj.com](mailto:alexander.saeedy@wsj.com) and Berber Jin at [berber.jin@wsj.com](mailto:berber.jin@wsj.com)

---

## Videos

## Securities

# Tesla Keeps Musk-Inspired Political Neutrality Vote Off Proxy

Sept. 17, 2025, 2:08 PM PDT

---

A Tesla shareholder's bid to institute a "political neutrality" policy for company leadership won't get a vote at the automaker's upcoming annual meeting.

The automaker left the proposal, which sought to protect the company's image by curtailing company officers' political activism, off its proxy ballot after permission from the Securities and Exchange Commission.

Tesla shareholder Jay Butera's resolution came in response to stock price concerns and governance queries that have surrounded the electric vehicle maker and its outspoken CEO, Elon Musk, since he began playing an outsized role in politics in recent years.

The SEC on Tuesday found that Butera's proposal "seeks to micromanage" the company, which is a basis for exclusion. Tesla had asked for the agency's permission on Aug. 6 to omit the proposal.

"I'm disappointed in the outcome because I think my proposal would have helped Tesla repair the brand," Butera said in an emailed statement. "I hope Tesla's board at least takes note of my proposal's intent and the substantial investor interest in the concept of political neutrality."

The SEC's decision came the same week it backed ExxonMobil Corp.'s plans to encourage more retail investors to vote in line with the company's board at annual meetings. Under President Donald Trump, the agency has taken a generally pro-business approach to regulation and made it easier for companies to exclude certain proposals from their ballots.

Butera's resolution was meant to ban Tesla leaders from public actions supporting or opposing any political party, candidate, or campaign—even using personal resources. It came in response to stock price concerns and governance queries that have surrounded the electric vehicle maker and its outspoken CEO, Elon Musk, since he began playing an outside role in politics in recent years. Tesla didn't immediately respond to a request for comment.

Tesla Board Chair **Robyn Denholm** has rejected concerns about Musk's political speech, recently telling Bloomberg Television that "what he does from a personal perspective in terms of his political motivations is up to him."

Tesla's annual meeting is scheduled for Nov. 6. The company is set to consider shareholder proposals urging it to incorporate sustainability metrics into executive compensation and to study harassment and discrimination prevention efforts.

To contact the reporter on this story: Drew Hutchinson in Washington at [dhutchinson@bloombergindustry.com](mailto:dhutchinson@bloombergindustry.com)

To contact the editors responsible for this story: David Jolly at [djolly@bloombergindustry.com](mailto:djolly@bloombergindustry.com); Jeff Harrington at [jharrington@bloombergindustry.com](mailto:jharrington@bloombergindustry.com)

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

**Bloomberg  
Law**[Request a Demo](#)[Login](#)

## California Brief

# NHTSA Raises Issue of Tesla FSD Failing at Rail Crossings: NBC

Sept. 17, 2025, 8:07 AM PDT

Regulators with the US National Highway Traffic Safety Administration told NBC News they had raised with Tesla the issue of vehicles using Full Self-Driving failing at train crossings.

Six Tesla drivers who use FSD told NBC News they experienced problems with the driver-assistance system at rail crossings, and four of the drivers provided videos

NBC also found seven other Tesla driving videos posted online showing mishaps from June 2023 and through August

In one video posted on X in July, a robotaxi test rider said a Tesla employee sitting in the front seat had to intervene when the vehicle failed to recognize railroad crossing lights and gate arms in Austin

"We are aware of the incidents and have been in communication with the manufacturer," the agency told NBC in a statement

"The agency continuously analyzes consumer complaints to determine whether a potential vehicle safety defect trend exists," the statement continued. "We will continue to enforce the law on all manufacturers of motor vehicles and equipment, in accordance with the Vehicle Safety Act and our data-driven, risk-based investigative process"

Tesla and CEO Elon Musk didn't respond to NBC's requests for comment on railroad crossing complaints

NOTE: NHTSA opened a defect investigation into FSD in October 2024 to assess whether the system has the ability to detect and appropriately respond to sun glare, fog and other reduced visibility conditions

Related, June 12: Fatal Tesla Crash Shows Dangers of Full Self-Driving

--With assistance from Kara Carlson.

To contact the reporter on this story:

Craig Trudell in London at [ctrudell1@bloomberg.net](mailto:ctrudell1@bloomberg.net)

**Bloomberg  
Law**[Request a Demo](#)[Login](#)

## Securities

Column

# Big Law's IPO Oligopoly Emerges as Market Roars Back

Sept. 18, 2025, 2:15 AM PDT

*Welcome back to the Big Law Business column . I'm Roy Strom, and today we look at the firms advising on the latest string of initial public offerings. Sign up for Business & Practice , a free morning newsletter from Bloomberg Law.*

Companies are once again rushing to go public, and a handful of top law firms are helping—clearly showing the dominance of the biggest legal operations.

Six companies raised more than \$285 million through initial public offerings last week, making it the busiest stretch of new public listings in the US since 2021. Each deal requires at least two law firms: One to represent the company and another to represent the underwriters, or banks who package up the deals.

Out of those 12 plum positions up for grabs last week, just four top 100 law firms by revenue worked on the deals: Latham & Watkins, Davis Polk & Wardwell, Skadden, and Kirkland & Ellis. Brownstein Hyatt Farber & Schreck, a top 200 firm by revenue, also had a role in two of the deals.

It's no surprise to find those firms listed on major IPOs. Latham and Davis Polk have been the busiest firms on company and underwriter-side representations for most of the past decade or more, according to data compiled by Bloomberg, and Kirkland and Skadden haven't been far behind.

## Big Law's Top IPO Firms Flex Muscle in Busy Week

Just four top 100 law firms by revenue advised on the six major initial public offerings that began trading the week starting Sept. 7.

| Company               | Offer Size | Company Counsel  | Underwriter Counsel |
|-----------------------|------------|------------------|---------------------|
| Klarna                | \$1.372M   | Davis Polk       | Latham & Watkins    |
| Figure                | 906        | Latham & Watkins | Davis Polk          |
| Gemini                | 446        | Skadden          | Davis Polk          |
| Legence               | 826        | Kirkland & Ellis | Davis Polk          |
| Via Transportation    | 493        | Skadden          | Latham & Watkins    |
| Black Rock Coffee Bar | 294        | Latham & Watkins | Kirkland & Ellis    |

Source: Company filings with US Securities and Exchange Commission  
 Note: Top 200 firm by revenue Brownstein Hyatt also advised Figure and Gemini.

Bloomberg Law

The exclusion of other firms raises important questions for the broader market: Has the practice grown significantly more concentrated after years of slow activity? And how much will the work broaden out among more firms if the IPO market stays hot?

Lawyers from the top four firms say they have seen the IPO market grow more concentrated as fewer companies go public and those that do stay private longer than ever before.

Private companies growing larger are more frequently engaging big firms to handle funding rounds or other complex financings, the lawyers said. Lawyers at those firms are working on earlier transactions for the companies while preparing for public life, they said, making them the natural choice to work on any eventual IPO.

"That, in many respects, is our unique competitive advantage," said Ian Schuman, global chair of capital markets and public companies representation at Latham. "I'm optimistic we'll press that advantage as the IPO market continues to improve going into next year."

Still, nobody expects the market will remain as concentrated as it was last week. It's already broadened out.

At least four major IPOs were scheduled to begin trading this week, and work on those deals included other firms, such as Cooley, Wilson Sonsini, Goodwin Procter, and Gibson Dunn. Cooley, Wilson Sonsini, and Goodwin Procter, in particular, have historically had strong relationships with tech startups, making them solid brands for IPOs.

Those tech-focused firms have maintained their model of working with young companies through an IPO.

What has arguably changed most over time is the concentration of underwriter-side work among fewer firms, which has affected traditional New York players such as Cravath Swaine & Moore, Sullivan & Cromwell, and the firm formerly known as Shearman & Sterling.

Those three New York firms were among the top four underwriter-side advisers in 2000 by deal value, according to Bloomberg league tables. None have ranked inside the top 10 over the past five years.

### StubHub Takes Leap

StubHub, which listed its shares publicly on Wednesday in a deal that raised \$800 million, exemplifies a company with significant pre-IPO transactions that were handled by major firms. Its 2019 merger with Viagogo involved Wachtell, Lipton, Rosen & Katz, Quinn Emanuel, Skadden and Kirkland.

StubHub pursued a direct listing in 2022, and delayed its IPO this year in April following President Donald Trump's tariff rollout. Latham advised StubHub on the IPO while Cooley represented the underwriters in the deal.

"These are not small deals," said Bob Hayward, a Chicago-based Kirkland capital markets partner. "So, you are going to see companies move toward the law firms that have proven track records on large, complex, high-profile deals, especially ones that are supported by sophisticated investors like private equity firms."

Hayward said one client that's preparing for an IPO called him after seeing his name listed on the regulatory documents [or S-1] of a peer company he helped take public. The company's founder had used a regional firm for its corporate legal work but wanted a larger firm with more IPO experience to handle such an important deal.

"I am seeing more of that than I ever have before," Hayward said.

The IPO practice has seen a "pattern of concentration" among a small group of firms, said Maurice Blanco, Davis Polk's capital markets co-head. He attributed the trend to investments in the practice by those firms and the shift in companies staying private longer.

"We're seeing a lot of [companies] upgrade their counsel well before the IPO and begin to work with larger firms," Blanco said. "They're just doing larger, more sophisticated and higher-value deals."

Ryan Dzierniejko, global head of Skadden's capital markets practice, said he expects IPO activity will remain robust well into next year. There's still a backlog of companies that have filed their plans to go public with the Securities and Exchange Commission.

"We have a very busy fourth quarter ahead of us at Skadden," Dzierniejko said.

#### Worth Your Time

**On Ropes & Gray:** The law firm hired Kirkland & Ellis M&A partner Michael Brueck as it continues to bolster its New York office, seeking to round out the industries in which it advises on major deals.

**On Dunn Isaacson Rhee:** Leaders of the Paul Weiss spinoff spoke to Tatyana Monnay about their plans for their new boutique firm.

**On Walmart:** The retail giant will be looking for a new top lawyer as Rachel Brand prepares to leave next year, Brian Baxter reports.

*That's it for this week! Thanks for reading and please send me your thoughts, critiques, and tips.*

To contact the reporter on this story: Roy Strom in Chicago at [rstrom@bloombergindustry.com](mailto:rstrom@bloombergindustry.com)

To contact the editors responsible for this story: Chris Opfer at [copfer@bloombergindustry.com](mailto:copfer@bloombergindustry.com); John Hughes at [jhughes@bloombergindustry.com](mailto:jhughes@bloombergindustry.com); Alessandra Rafferty at [arafferty@bloombergindustry.com](mailto:arafferty@bloombergindustry.com)

© 2025 Bloomberg Industry Group, Inc. All Rights Reserved

# How an Enron Parody Turned Into a Financial Mess of Its Own

B

[bloomberglaw.com/bloombergterminalnews/bloomberg-terminal-news/T2S10RGPWCPA](https://www.bloomberglaw.com/bloombergterminalnews/bloomberg-terminal-news/T2S10RGPWCPA)

Max Chafkin

September 18, 2025



Connor Gaydos with the Egg.

Photographer: Houston Cofield for Bloomberg Businessweek

In early December an advertisement appeared on social media with an inviting caption: "We're back. Can we talk?"

[Omny Studio: Enron: The Satire - Listen to the Story.](#)

[Listen to the story.](#)

A time-lapse video of Manhattan followed. “The world is changing faster than ever,” a voice intoned. “Can you feel it?” The announcer extolled dynamism and innovation as a series of portraits flashed across the screen. There was a protester embracing a riot policeman, a stone-faced farmer surveying his field, an elegant ballerina dancing on a beach and an elderly man beaming while wearing a virtual-reality headset.



The new Enron ad on a billboard in Houston.

Source: @Enron/X

The ad was instantly familiar to anyone conversant in the language of corporate reputation management. It could have been a promotion for a scandal-prone chemical conglomerate, a comically amoral management consulting firm or the tourism bureau of an authoritarian kingdom. In fact it was a [relaunch video](#) for an entity held in even lower esteem than any of those.

“I am Enron,” said the stone-faced farmer.

“I am Enron,” said a young pregnant woman.

“We are Enron,” said the ballerina, as the camera pulled back to reveal that she was among hundreds of people forming the energy company’s logo—an “E” cocked upward.

That design was by Paul Rand (who also did IBM, ABC and UPS), a distinction befitting a company that at its height was one of the world’s largest and most admired. Twenty-five years ago, Enron’s revenue made it bigger, on paper anyway, than AT&T, Volkswagen and JPMorgan Chase. Of course, that revenue turned out to be a product of financial engineering and creative accounting. The company collapsed in 2001, making fools out of the boosterish analysts and credulous journalists who’d sung its praises. Its [executives were charged with fraud and received lengthy prison sentences](#), one of the world’s largest accounting firms shuttered, and Enron’s brand name—a marketing neologism meant to evoke the future of energy—became a byword for corporate greed and crony capitalism.



Outside the original Enron's headquarters in 2001.

Photographer: Greg Smith/Getty Images

In 2025 corporate greed and crony capitalism aren't quite as taboo as they once were, though the new Enron promised it was going to set a good example this time. The relaunch video sent viewers to a website that explained the company's name now stood for "Energy, Nurture, Repentant, Opportunity, Nice." A few weeks later, Enron's social media accounts posted another video, this one featuring a mysterious product the company claimed would "revolutionize three critical industries"—the power industry, the "independence industry" and the "freedom industry." As an audience looked on, an executive in a [Steve Jobs](#)-style getup

lifted a cloth to reveal a large polished egg, proclaiming it “the first micronuclear reactor for residential suburban use.” Not only was the device “safe for the whole family,” he said, but “my little ones, they freaking love it.”

If anyone wondered whether this was satire, the identity of the would-be nuclear energy entrepreneur, Connor Gaydos, left little doubt. In 2017, Gaydos helped create [Birds Aren't Real](#), an absurdist performance art project that satirized conspiracy theories such as Pizzagate and QAnon. Gaydos and his co-founder, Peter McIndoe, financed the project by selling T-shirts that warned “If It Flies, It Spies” and “Birdwatching Goes Both Ways.” I own one of these items, along with a Birds Aren't Real sticker on my laptop that never fails to get a laugh at airport security.

The difference between Birds Aren't Real and Enron is that Enron goes way further to commit to the bit. At the same time Gaydos was promoting his “nuclear reactor” on social media, Enron filed a real application with the Public Utility Commission of Texas to sell electricity—essentially attempting to turn the satirical energy company into a real one. That was followed by allegations of actual financial chicanery and investor losses. The deeper I got into the reporting of this story, the harder it became to discern satire from reality, and I started to wonder if anyone besides Gaydos knew exactly where that line was.

To Gaydos—a fan of Nathan Fielder, the stunt comedian who got licensed as a real-life commercial airline pilot for the latest season of HBO's *The Rehearsal*—none of this is as strange as it sounds. “I think I'm more a CEO than most CEOs,” he says. “Everyone's an actor at this point.” To reinforce this idea, Gaydos name-drops a handful of his “friends” in business, including [Walt Disney Co.'s Bob Iger](#) and [GameStop Corp.'s Ryan Cohen](#). On his relationship with Iger: “We're not buddies, per se, but there's a level of mutual respect.” Cohen, Gaydos says, is “someone that I've not met a ton but am familiar with.” Disney declined to comment. GameStop didn't respond to a request for comment.

Fake or not, the reference to GameStop seems deliberate. The company, after all, was a near-bankrupt mall retailer that was resurrected thanks in part to a novel social media phenomenon—in which a group of Reddit users [spontaneously banded together to pump up the stock price](#)—and to the performance of a chief executive officer who, so far, has figured out how to keep that community on his side. Similar observations could be made about [Tesla Inc.](#) and [Palantir Technologies Inc.](#), where charismatic executives have persuaded retail investors to bid up share prices well beyond what would make sense based on strictly business terms. Most big tech companies trade at a share price equal to about 30 times their earnings per share. As of mid-September, Palantir's price-earnings ratio was around 570, Tesla's was above 260. One possible explanation for this disparity is that these companies have much brighter futures than their peers. Another is that they're meme stocks.

Put this another way: A more or less straight-faced argument could be made that running one of these meme stocks requires a performance that isn't especially different from the orchestration of an elaborate hoax. Which is why, ridiculous as it sounds, the Enron reboot is worth paying attention to. Gaydos is simultaneously sending up an entire generation of fake-it-till-you-make-it CEOs while attempting to profit from their playbook. When asked whether the man Enron identifies as the creator of its nuclear reactor is an actual nuclear scientist, Gaydos smirks. "I mean, he is a nuclear scientist," he says, before pausing. "He also has an acting career."

If he were a normal CEO of a normal startup and I were writing a normal magazine profile, this would be the point at which I'd note that Gaydos is 29, tall and boyish, with a tangle of curly hair and a slightly detached manner that may or may not owe to his frequent puffs on a vape pen.

We're sitting in his home in a wood-paneled room with a large window that looks onto a leafy suburban neighborhood in Fayetteville, Arkansas. "Because we did *Birds Aren't Real*, this seems like another performance art project," Gaydos says. "There's elements of that. But I also think there's elements of things that we would accept as being connected to reality in a media landscape which has allowed [Donald Trump](#) to become president twice."

After holding forth on the line between satire and reality in Trump's America, he excuses himself, walks to the other side of the room, opens a door to the outside and proceeds to urinate. "Nature is my toilet," he says. "Please quote me on that." Is he making a point about the hypocrisy inherent in the way energy companies talk about environmental responsibility? Is this just the most convenient place in his home to relieve himself? I'm not sure—and I can't tell if Gaydos is either.



Gaydos at home in Fayetteville.

Photographer: Houston Cofield for Bloomberg Businessweek

“Honestly it sounds insane, but I’ve sort of been following the Enron story my whole life,” he says. Perhaps it was because his father worked as a stockbroker in Little Rock, or maybe it was the way the company’s troubles dominated headlines when he was in grade school, but Gaydos says he followed the trials of Enron executives [Kenneth Lay](#), [Jeffrey Skilling](#) and [Andrew Fastow](#) obsessively. He claims he came to regard what they’d built with the same reverence with which some of his peers viewed [Apple Inc.](#) under Jobs. “People have their secret fantasy crushes,” he says. “My secret fantasy crush was Enron of the 1990s.”

Another part of Gaydos’ account of his childhood has a greater ring of truth. He says he was an enthusiastic consumer of conspiracy theories and a regular viewer of *The Alex Jones Show*. Gaydos sees Jones, a ranting fabulist who was successfully sued and bankrupted after he claimed that parents whose children died in the 2012 Sandy Hook Elementary School shooting were actors, as a “great entertainer,” even if “I don’t subscribe to a lot of the stuff he agrees with.” (Jones is [appealing the ruling against him](#).)

In early 2017, not long after Jones had been promoting the idea that elites were operating a sex-trafficking ring out of a pizza shop, Gaydos and his college roommate, McIndoe, stumbled into a conspiracy of their own. To make a little money, they’d been selling novelty T-shirts with nonsensical phrases, including one proclaiming “Birds Aren’t Real.” Shortly after Trump’s inauguration, McIndoe was visiting friends in Memphis, where as in many American cities there were anti-Trump protests as well as anti-anti-Trump counterprotests. Struck by the absurdity of the whole spectacle, he grabbed a piece of poster board, wrote “Birds Aren’t Real” on it and began berating passersby with expressions of avian paranoia. “Have you ever seen a bird in real life?” he yelled. “No! You’ve seen an Obamadrone!”



Gaydos and McIndoe in 2022 at a Birds Aren't Real rally in New York.

Photographer: Andrew Lichtenstein/Getty Images

The performance was caught on camera and went viral, prompting McIndoe to wonder, as he later put it in an NPR interview, if he could “convince the public that our satirical movement was a real one.” McIndoe and Gaydos decided to pivot their business to conspiracy. They manufactured fake blueprints of the Obamadrones, a WikiLeaks-style document dump (“Poultrygate,” complete with hundreds of fake emails) and “banned” video footage featuring Gaydos as the original movement’s founder.

“Since the Eisenhower administration, the US government has been committing genocide on the entire bird population,” Gaydos explained in the video, which they shot on an old VHS camera, with a 1980s movie set as the backdrop, and then posted on YouTube. The government, he continued, was “replacing these birds with sophisticated robot replicas.”

Over the next few years, Gaydos ran the merch business, while McIndoe, wearing a pair of wraparound sunglasses and frequently shouting, played the grassroots activist. He drove across the US in a white van covered in slogans (“Birds Charge on Power Lines”) and equipped with a satellite dish and bird-detering metal spikes.

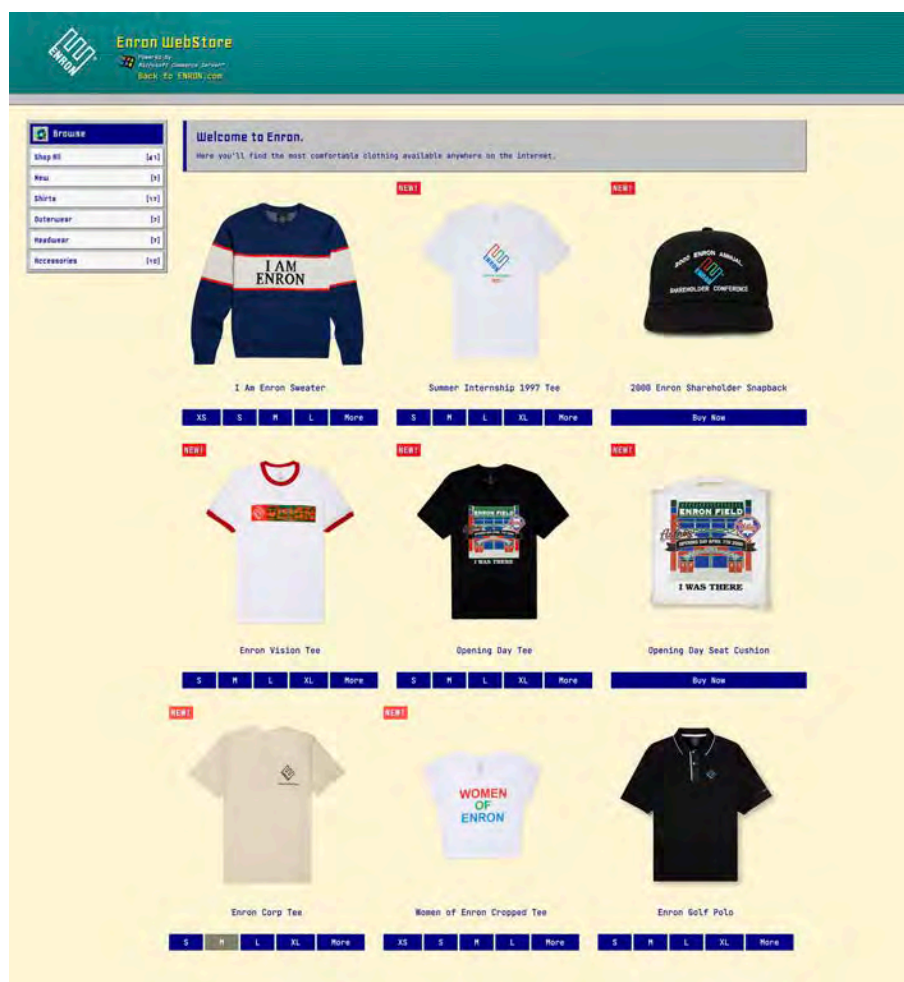
In July 2019 an anchor on a Memphis morning show, which had covered one of his protests, asked McIndoe to explain the satire. “Honestly that’s kind of offensive,” McIndoe said, wearing a look of aggrieved disbelief. “I don’t think you’d say that if I said ‘birds are real.’ I don’t know why the other side of the argument can’t be treated with equal respect.” The performance, which simultaneously mocked the paranoid petulance of Jones and his ilk and the media’s fetishization of balance, attracted even more media interest and more merch purchases.

In an attempt to stop online sellers from offering knockoff shirts, Gaydos started filing for trademarks for Birds Aren't Real and its various catchphrases, and in 2020 he added to his portfolio, paying a \$275 filing fee to take over Enron's expired trademark. He says he just randomly typed the name into the US Patent and Trademark Office search bar to see who owned it. "I assumed it was, like, a bank or someone who was incentivized to keep it away from people like me," Gaydos says. "But no one seemed to do that." He sold a few novelty tees with the phrase "Enron Summer Internship 1997," but he didn't seriously consider turning Enron into a full-blown performance art project/energy company at first. "I didn't truly believe it to be an interesting idea," he says. "But I'd sort of be a few drinks in and let it slip."

Gaydos got more serious about the project in 2022, imagining a Birds Aren't Real-like project that would involve "bringing back this notorious company and doing it in the most self-serious way you could ever imagine," he says. "The only question you ever needed to ask yourself was, what would the real Enron do in this situation? What would their marketing look like?" He started talking to McIndoe about the idea.

By 2024 the project was in full swing and had raised funding from a group of crypto-connected investors, and McIndoe had recruited a half-dozen writers, filmmakers and other creative types to help him develop a story for the fictional company. The idea was to create a satirical rebranding campaign centered on a misguided attempt to create home nuclear reactors. Gaydos played a sensitive but morally challenged change-the-world type—the kind of guy who, on a fake earnings call that streamed in July, would complain about the noise that an elderly board member's oxygen tank was making and ask an assistant to "turn that down." Later on, with the board member seemingly slipping into unconsciousness, Gaydos cut their video feed and then offered to "pray us out." He then intoned: "Just like Noah was a second chance for the world, uh, with his ark, Enron is a second chance for the United States. So thank you. Amen."

Like with Birds Aren't Real, the absurdist social media stuff would be bolstered with a series of stunts and a community of supporters who'd be "hired" as Enron interns. Gaydos and McIndoe cast a chief technology officer, persuaded [Paris Hilton](#) to endorse the nuclear reactor ("Thank you @Enron and CEO @ConnorGaydos for personally delivering The Egg," a clearly amused Hilton wrote in a Facebook post) and purchased a real-life trucking company in Texas to make the supposed deliveries of nuclear reactors look more realistic. The company's tractor trailers have been making their regular deliveries, but now they have the Enron logo and the phrase "Nuclear You Can Trust" printed in giant letters on the sides, leading to dozens of confused and/or amused social media posts featuring pictures of the trucks in the wild. (For instance: "Am I tripping? What is this possibly transporting?")



Some of the merch available at new Enron's online store.

Source: Enron

There was a second part of the plan: Gaydos became convinced Enron could evolve from a satirical company into a real one. And so, about a month after the December launch, he and McIndoe found themselves at a dinner meeting with two longtime energy executives—Gregory Forero and DJ Withee—about starting what's known as a retail energy provider, or REP, in Texas, where state law allows companies to buy power from producers and resell it to consumers.

Withee says the idea was proposed by an investor, whom he declines to name, but adds that he initially found the whole thing offensive. "If you guys are just using this as a joke or some internet thing, I'm not interested," Withee recalls saying. But over the course of the meal, he came around. I press Withee to explain how exactly this would work. The whole joke of "Nuclear You Can Trust" is that there isn't a less trustworthy company than Enron. The idea that Texas consumers will laugh at the joke and then decide to trust the Birds Aren't Real guys with their power needs seems crazy.

“You mean crazier than a talking gecko that can save you 15% on your auto insurance?” Withee asks. He notes that even though deregulation has led to the formation of hundreds of REPs, most electricity consumers rarely change providers. “The challenge as a REP is to break some of those loyal customers away,” Withee says. “To get in front of them and then make your pitch. That is 21st century marketing.”

Withee’s definition of marketing seems to suggest that satirical stunts might be indistinguishable from whatever they’re satirizing, at least on social media. This concept—which in internet forum culture is sometimes called Poe’s Law—is undoubtedly true, and also somewhat depressing.

In our first interview in Fayetteville, Gaydos seemed to perfectly parody tech bro hubris. He insisted that the Enron nuclear reactor was real “in theory” and that “we have a team of people that are developing nuclear reactors to help the president solve the energy crisis.” He encouraged me to speak with the Egg’s purported inventor, Daniel Wong, who refused to disclose the makeup of the research team, his past experience or pretty much anything else concrete about the project. “I have to remember my NDAs,” Wong said, though he did mention a recent appearance as an uncredited extra on *Law & Order: Special Victims Unit*.

This was funny, though I couldn’t help but notice how Gaydos’ nuclear pitch was basically identical to hundreds of pitches I’ve heard from real-life tech CEOs and investors—in so far as it consisted of a flashy event, a collection of wild claims and absolutely zero useful details. Big venture-capital-backed companies have been built on less.

Frauds too. In February—as members of Trump’s inner circle frantically launched so-called memecoins—Gaydos posted a video suggesting a new \$ENRON token would power the company’s resurrection. “People forget that the *Titanic* was a beautiful ship,” he said. “It doesn’t deserve to be rotting away at the bottom of the ocean.” If you attempted to buy the token, a disclaimer warned that the project “represents First Amendment protected parody and performance art” and not an investment, adding that references to fuel and energy were “purely metaphorical and refer solely to motivational or inspirational energy.”

On one hand, there was nothing surprising about any of this. Since it’s basically impossible to be a Silicon Valley huckster without having a crypto token these days, no tech culture parody would be complete without its own. But then Enron’s token actually went up for sale and briefly reached a market capitalization of around \$700 million. It crashed in the hours that followed after two early investors sold off their shares. Enron said these traders, who netted about \$9 million in profit, were “snipers”—outside speculators having nothing to do with Enron—and the company later posted an 80-minute video of Gaydos undergoing a polygraph examination to make the same point.

The token launch led to something resembling an actual scandal. A trade publication, *Defiant*, described the Enron memecoin as “predatory.” And the investigative reporter Stephen Findeisen (better known by his YouTube handle, [Coffeezilla](#)) pointed out that Gaydos’ response to the controversy, in which he claimed to be a victim rather than acknowledge his own complicity in creating a dubious asset, was similar to the one deployed by the boosters of other questionable memecoins, such as the \$HAWK token promoted by Halley Welch, of the “hawk tuah” meme. (Google the phrase, if you must. Welch has said she only served as a spokesperson for the token. She hasn’t been accused of wrongdoing.)

“I thought it was really cringe,” Findeisen said in a video posted shortly after the Enron token was released, noting it was “kind of disappointing to see the guy behind a legitimately funny project do what is not actually that funny.” He noted that ironic scams are still scams, though he did acknowledge there was irony here. “If you can’t trust Enron,” he said, in mock rage, “who can you trust?” He recorded the video wearing a hoodie he’d bought from Gaydos’ online store.

Satire, of course, isn’t always ha-ha funny, and, watching all this play out, I’d assumed that the token launch, the crash, the polygraph and even Coffeezilla’s reaction were part of a deliberate storyline. But when I began reporting on the crypto token, several people familiar with the inner workings of the project said it wasn’t a joke—the token launch had been a legitimate screwup that led to a power struggle within the company and a frantic scramble at damage control. These people, who requested anonymity to avoid reprisals, say that McIndoe and Gaydos were pressured into releasing the token by an Enron investor, an entertainment entrepreneur named Craig Watson, and that McIndoe left the project, essentially in protest. McIndoe declined to comment. Many of the token’s early buyers, according to these people, were part of the team McIndoe and Gaydos hired to orchestrate the prank. According to the account of these sources, they were victims of a reanimated version of the original Enron fraud. An Enron spokesman says that Watson is not an investor but an executive who helped Gaydos and McIndoe raise funding and that “the core Enron team were all aligned on launching a coin.” He blamed “bad actors” and noted that “Enron has been actively gathering evidence since the attack and will soon be filing a fulsome legal action” against the perpetrators.

Up until this point, Gaydos’ manner with me had been of the uberconfident CEO, but when I brought up Enron’s crypto token a month later on a call, he took a deep breath. Then he broke character. He declined to discuss the specifics of his relationship with Watson or of McIndoe’s exit, but he didn’t dispute the account I’d heard. He said he’d raised money from outside investors to buy the “enron.com” domain name—a six-figure expense—and because he thought the joke of Enron’s rebranding would be funny only if it were absolutely convincing, which meant spending lots of money. “We needed money, because it was a sort of barrier between us and doing the project at the level we felt like it needed to be done,” he says. “And then you just become what you’re satirizing.”

There was a second setback. In early August the staff of the Public Utility Commission of Texas filed a brief recommending that the state deny Enron's application. "By attempting to market potentially legitimate retail electric services alongside satire, Enron has made it unnecessarily difficult for Texans to differentiate between real information and humor," the brief said, citing the fake earnings call and the nuclear reactor. "The public interest is not served by forcing consumers to meticulously sort fact from fiction when selecting an electric provider." Enron disputed the rationale but responded to the ruling by pulling its application on Aug. 22 while promising to find another way to enter the energy market for real. Shortly after doing so, the company and its erstwhile partners, Withee and Forero, cut ties. Withee declined to comment further. Forero didn't respond to a request for comment.

Gaydos seems unsure of what's next. "When I think back on the way I was thinking about Enron, three or four years ago, it was driven by the desire to poke fun and turn a mirror around on the state of corporate America and the institutions that have been our overlords for a long time," he says. "That's where I really thought Enron could have"—he pauses and corrects himself—"I think Enron can have a generational impact on the way that we view corporations and on marketing and branding, entertainment, whatever. Sometimes that gets lost." Not long after, a person familiar with the company told me that Gaydos was resigning but might stay involved with Enron in some other capacity.

Gaydos says he's been thinking about the economic changes he's been a part of during his years as a social media prankster and performance artist. These include the corrosive cultural effect of social media and the potential job losses coming from the tech industry's unregulated embrace of artificial intelligence. He hoped Enron could be a warning about those things. And of course, if this is where the company's second act ends, it will be.

*Read next: [Are Trampoline Bunnies and Dog Podcasters the Future of Entertainment?](#)*



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

# SEC Policy Shift Could Foreclose Some Investor Class Actions

By **Jessica Corso**

Law360 (September 17, 2025, 6:19 PM EDT) -- The U.S. Securities and Exchange Commission issued a policy statement Wednesday that allows the use of mandatory arbitration by new publicly traded companies as its chief seeks to "make IPOs great again," but Democrats warned the move could shut the door to shareholder class actions.

The policy statement, approved along party lines by three of the commission's four members, says that the SEC will not stop a company from quickly going public simply because its registration statement includes a clause that investors need to arbitrate any disputes with the company.

SEC Chair Paul Atkins said in a supporting statement given at a Wednesday open meeting that the move comes in response to past commissions that "effectively strangled" initial public offerings by slow-walking their approval process.

In addition to the policy statement authorizing mandatory arbitration clauses, the SEC also voted along party lines to prohibit a single commissioner or third party from putting the brakes on an IPO by challenging a registration statement before the commission.

Those challenges could still be made, according to SEC staff, but they would not delay a company selling its shares.

"This ambitious project will make being a public company an attractive proposition for more firms by eliminating compliance requirements that yield no meaningful investor protections, minimizing regulatory uncertainty, and reducing legal complexities throughout the SEC's rulebook," Atkins said in his statement approving both measures.

Commissioner Caroline Crenshaw, the sole Democrat on the commission, dissented.

She accused the SEC of "quietly shutting the door on investors" by forcing them out of the courthouse and into private arbitration.

"Mandatory arbitration forces harmed shareholders to sue companies in a private, confidential forum, instead of a court and without the benefit of proceeding in the form of a class action," Crenshaw said in a statement shared at Wednesday's meeting.

She said the cost of suing will discourage individual investors, particularly small investors, from pursuing justice via arbitration and allow companies to keep "ill-gotten gains." And she wondered whether the SEC had the authority to issue the statement without any public comment period.

Some of Crenshaw's concerns were shared by two leading Senate Democrats, who sent a letter to Atkins on Tuesday asking him to reconsider the move.

U.S. Sens. Elizabeth Warren of Massachusetts and Jack Reed of Rhode Island warned that the policy statement "would open the floodgates to companies adopting these provisions."

"This would eliminate the critical tool of private securities litigation for securities law enforcement, denying relief for investors and allowing misconduct to go unpunished," they said in their letter.

SEC Commissioner Hester Peirce, however, argued in a statement supporting the new policy that investors can choose whether to support companies with mandatory arbitration clauses. The statement merely prevents the SEC from putting its "thumb on the scale" of the debate over the clauses, she said.

"The market will do a better job than we can in assessing those arbitration provisions, and will do so on a case-by-case basis," Peirce said.

In addition to the two votes addressing the process for IPO approvals, the commission on Wednesday also voted to further extend the compliance date for new rules requiring additional disclosure from private funds.

The changes to Form PF, which were **adopted jointly** with the U.S. Commodity Futures Trading Commission in February 2024, would require hedge funds and other private fund advisers to confidentially report to the commissions more information about their operations and strategies and to provide more details about their investments.

The SEC, under Republican leadership, had **previously extended** the compliance date twice after the rules were initially set to go into effect in March of this year. This latest extension pushes the compliance date to October of next year while the agency considers changing the rules.

Atkins said in a statement supporting the move that he has directed SEC staff "to consider whether we can reduce the number of advisers required to file the form without meaningfully reducing the key risk and exposure information needed by the commissions."

Crenshaw once again was the lone dissent on the compliance date extension, saying that it appeared to be an agency attempt to flout the Administrative Procedure Act by indefinitely delaying a regulation rather than outright repealing it.

"This is a thinly veiled sleight of hand to dismantle the work of a prior commission while weaseling out of the clear requirements of well-established law," she said.

—Additional reporting by Tom Zanki. Editing by Michael Watanabe.



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

## Chancery Approves \$30M Match.com Spinoff Suit Settlement

By **Jeff Montgomery**

Law360 (September 17, 2025, 6:57 PM EDT) -- A Delaware vice chancellor approved a \$30 million mediated settlement Wednesday to resolve a five-year dispute over the fairness of Match.com's 2019 reverse spinoff from Barry Diller-controlled IAC/Interactive, with stockholder attorneys taking home \$6.9 million.

Vice Chancellor Morgan T. Zurn approved the terms after a summary by counsel for the class, led by Corrine Elise Amato of Pricket Jones & Elliott PA, who described the litigation as hard fought and complicated.

The approval wrapped up a case filed in 2020 and dismissed by Vice Chancellor Zurn in 2022, only to be revived by Delaware's high court with a finding that a more-exacting, plaintiff-friendly principle of "entire fairness" should guide key issues in the case, rather than the lower court's first-round deference to business judgment from decision-makers.

"The appeal itself we think was objectively high-profile," Amato told the vice chancellor, with the reversal ordered after two separate arguments at the supreme court, "which I have never seen before and submit was unprecedented."

At the center of the dispute was the reverse spinoff of Match.com — previously owned by IAC — in July 2020 that left the online dating business held back in what the court referred to as "old IAC," while spinning IAC and other interests off into the so-called "new IAC."

The shuffling ultimately put IAC and Match into new, separate entities, with IAC allegedly transferring a huge debt burden to Match while gaining a \$700 million dividend.

At issue in the supreme court appeal was the vice chancellor's finding that the separation was entirely fair, and that the plaintiff and the class lost standing to pursue derivative claims because the separation included a merger.

Although the justices had agreed with Vice Chancellor Zurn's reasons for dismissing other claims in the case in September 2022, they found one of Match's separation committee members lacked independence from IAC, running afoul of a requirement that all members be independent.

Post-remand arguments focused on unfair process damages estimated to be worth \$130 million of the new spinoff company's equity. That argument, the vice chancellor said, depended on several variables, with class counsel commissioning a \$500,000 expert analysis to support the conclusion for the mediation.

Vice Chancellor Zurn said counsel for the class made a "credible argument that the process was unfair," but still risked a final conclusion, had the case gone forward, that the spinoff and its terms were fair.

Mediator and former U.S. District Judge Layn R. Phillips of Phillips ADR recommended the \$30 million settlement on March 10 after an unsuccessful first mediation session on Feb. 27, with all parties agreeing on March 14.

"I conclude a significant, \$30 million settlement outweighs the risk of an uncertain recovery," the vice

chancellor said Wednesday.

In addition to the fee, the court awarded about \$666,000 for litigation expenses, with 7% covering the costs of mediation and 15% for the costs of litigation, atop the roughly \$500,000 expert analysis.

Amato said that the company viewed tax advantages as paramount in the spinoff, with IAC ultimately able to avoid a multimillion-dollar tax liability by structuring the spinoff in its favor.

Vice Chancellor Zurn also said during the hearing that the court could not fully analyze some questions regarding the settlement based on the information available.

In a post-remand ruling in October 2024, Vice Chancellor Zurn found that, while the decision again called for dismissal of claims against Diller, one of Match's separation committee members was deemed to lack independence from IAC. This finding triggered what the court determined was a need to further scrutinize all five remaining directors caught up in the case.

The vice chancellor's decision had prompted warnings from some plaintiffs' counsel that it would weaken a longstanding requirement — dating to the **Kahn v. M&F Worldwide** decision of 2014 — that in conflicted mergers, corporations must show "entire fairness," obliging a defendant to prove a transaction is fair in both price and process.

During appellate briefing, the IAC defendants raised new arguments that non-cashout controlling stockholder transactions only required a minority stockholder vote or approval by an independent committee to change the standard of review for business judgment.

The plaintiffs are represented by Michael Hanrahan, J. Clayton Athey, Corinne Elise Amato and Kevin H. Davenport of Prickett Jones & Elliott PA, and Lee D. Rudy, Eric L. Zagar, J. Daniel Albert and Maria T. Starling of Kessler Topaz Meltzer & Check LLP.

IAC is represented by William M. Lafferty, John P. DiTomo and Elizabeth A. Mullin of Morris Nichols Arsht & Tunnell LLP, and Theodore N. Mirvis, Jonathan M. Moses and Canem Ozyildirim of Wachtell Lipton Rosen & Katz.

The case is In re: Match Group Inc. Derivative Litigation, case number 2020-0505, in the Court of Chancery of the State of Delaware.

--Editing by Adam LoBelia.



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

# Chancery Mulls Limited Discovery In \$8.7B Cerevel Sale Suit

By **Jeff Montgomery**

Law360 (September 17, 2025, 8:41 PM EDT) -- A Delaware vice chancellor said Wednesday he is considering denial of a motion to dismiss as well as limited plaintiff discovery in a suit accusing Cerevel Therapeutics Holdings Inc. insiders of lining up a secondary stock sale ahead of the biopharma's disclosure of a proposed \$8.7 billion sale to AbbVie.

Vice Chancellor J. Travis Laster sought comments from attorneys for plaintiff stockholder Service Employees International Union Pension Plans Master Trust, private equity firm Bain Capital and others named in the complaint during arguments on Bain's motion to dismiss the suit, filed against it and others in December by the SEIU trust.

According to the complaint, Cerevel began an effort to sell the business almost immediately after Bain partner Ron Renaud was named Cerevel's CEO on June 12, 2023. Months later, Bain and an affiliated fund acquired \$145 million in Cerevel stock in a secondary offering while the company was in discussion with AbbVie about a take-private merger.

"Imagine a world where I deny the motion to dismiss but cabin you to limited discovery and put in a discovery facilitator to ensure you guys don't go wild," the vice chancellor told Andrew Blumberg of Bernstein Litowitz Berger & Grossmann LLP, counsel to the SEIU trust.

Blumberg said the result "would largely answer the threshold question of whether participation in the offering was motivated by nonpublic information. Then the question from there would be, if it is, you could imagine wanting to take additional discovery into whether that ultimately affected the merger price."

Vice Chancellor Laster noted it would be "hard to go forward" with the claims if the materials failed to back up the stockholders' picture.

But the vice chancellor also told A. Thompson Bayliss of Abrams & Bayliss LLP — counsel to Bain, BC Perception Holdings LP, and Bain partners Christopher Gordon and Adam Koppel — that "if I'm really doing a federal rule of civil procedures" on a dismissal motion for failure to state a claim, the stockholders "get the close call" in the decision.

"But I really don't like the idea of giving them a close call and blowing things open for everyone," the vice chancellor said.

Bayliss replied: "We like it a lot better than a total denial of a motion to dismiss," noting later: "If Your Honor does head down that path, it could very well be that there are different players" with different views.

The complaint alleged that "given the roles of Gordon, Renaud and others at Bain, it is reasonably inferable that Gordon (along with Adam Koppel) controlled (or, at a minimum, strongly influenced) Bain's investment decisions concerning Cerevel."

When agreement on the \$45-per-share Cerevel sale to AbbVie was reached in December 2023, the Bain parties along with purported insider Perceptive Advisors LLC saw their newly acquired Cerevel shares jump in value to \$286 million, a 97% gain on investment in less than two months, the lawsuit said.

Bayliss said the "policy is really important here. It's in favor of a legal framework that allows offerings to go forward."

Vice Chancellor Laster said: "If it's true that they knew from the indications of interest that the intrinsic value of the company was materially higher than the stock price, and if that wasn't known to the rest of the stock and if they went out to the secondary [market] on that basis and they make money on it, it seems to fall in place to me."

The question, the vice chancellor said, is: "What is the rational move here?"

Bayliss said: "The key here is they're presumed to be rational economic investors."

SEIU Pension Plans Master Trust is represented by Christine M. Mackintosh, Vivek Upadhyia and William G. Passannante II of Grant & Eisenhofer PA, Andrew E. Blumberg, Benjamin M. Potts, Daniel E. Meyer, Jeroen van Kwawegen, Christopher J. Orrico and James Janison of Bernstein Litowitz Berger & Grossmann LLP, and Robert E. Bishop and Frank Partnoy of Bishop Partnoy LLP.

Bain Capital Investors LLC, BC Perception Holdings, LP, Christopher Gordon and Adam Koppel are represented by A. Thompson Bayliss, Christopher Fitzpatrick Cannataro and Noah Brown of Abrams & Bayliss LLP and Peter L. Welsh, Daniel V. McCaughey, Elena Weissman Davis and Martin J. Crisp of Ropes & Gray LLP.

Perceptive Advisors LLC, Perceptive Life Sciences Master Fund Ltd. and Doug Giordano are represented by J. Matthew Belger and Daniel M. Rusk IV of Potter Anderson & Corroon LLP.

The case is SEIU Pension Plans Master Trust v. Bain Capital Investors LLC et al., case number 2024-1274, in the Court of Chancery of the State of Delaware.

--Editing by Philip Shea.

---

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