News | **Class Actions**

J&J Petitions 3rd Circuit to Rehear Talc Securities Case: 'This Matters in the Real World'

Johnson & Johnson's rehearing petition follows the U.S. Court of Appeals for the Third Circuit's July 30 decision affirming class certification of a shareholder lawsuit involving statements made about its talc products.

September 22, 2025 at 08:12 PM By **Amanda Bronstad**

What You Need to Know

- The case focused on a $4.7 billion talc verdict and an exposé by Reuters disclosing that its baby powder contained asbestos, both of which caused Johnson & Johnson's stock to slip in 2018.
- On Friday, amicus groups such as the U.S. Chamber of Commerce, the Washington Legal Foundation, and five law professors and two former general counsel of the U.S. Securities and Exchange Commission filed briefs supporting Johnson & Johnson.
- The rehearing petition argues that the Third Circuit's holding conflicts with the U.S. Supreme Court's 2021 decision in Goldman Sachs Group Inc. v. Arkansas Teacher Retirement System, which set up guardrails for defendants to challenge event-driven shareholder class actions.

Robert Giuffra Jr.. Partner at Sullivan Cromwell. Photo: Ryland West/ALM

Johnson & Johnson has petitioned an appeals court to rehear a shareholder case about the safety of its talc products, calling a prior decision against the company "massively important to securities class action law."

The rehearing petition seeks to overturn the U.S. Court of Appeals for the Third Circuit's 2-1 decision on July 30, affirming class certification of a shareholder case alleging Johnson & Johnson's executives made false and misleading statements regarding product safety. The case focused on a $4.7 billion talc verdict against Johnson & Johnson and an exposé by Reuters disclosing that its baby powder contained asbestos. Both caused Johnson & Johnson's stock to slip in 2018.

"This is a rare decision that warrants rehearing," Johnson & Johnson attorney Kwaku Akowuah, of Sidley Austin in Washington D.C., wrote in a Sept. 12 rehearing petition. "It conflicts with precedent. It is massively important to securities class action law and the multi-billion-dollar stakes in these cases. And it is wrong."

On Friday, amicus groups such as the U.S. Chamber of Commerce and the Washington Legal Foundation filed briefs supporting Johnson & Johnson's argument that the Third Circuit's holding conflicts with the U.S. Supreme Court's 2021 decision in *Goldman Sachs Group Inc. v. Arkansas Teacher Retirement System*, which set up guardrails for defendants to challenge event-driven shareholder class actions.

"We're interested in making sure the *Goldman* test has teeth," said Sullivan & Cromwell's Robert Giuffra, who represents five law professors and two former general counsels of the U.S. Securities and Exchange Commission in an amicus brief supporting Johnson & Johnson. "It's an important test for limiting the ability of plaintiffs' lawyers to bring event-driven securities litigation."

Giuffra represented Goldman Sachs in the case that ended up before the Supreme Court, but the talc decision, he said, could reverberate to other companies in all industries.

"Companies suffer from bad business reversals, they get bad verdicts, don't meet earnings targets, some companies have someone who engaged in criminal wrongdoing, the CEO might get fired for misconduct," he said. "Companies will make all sorts of statements about their compliance policies, their efforts to comply with law, their product safety regimes, but not specifically focused on the event that caused the stock to drop, and typically investors do not rely on the sort of generic or puffery statements that every company makes."

The Chamber's amicus brief also includes the National Association of Manufacturers and the Pharmaceutical Research and Manufacturers of America. That brief noted that the Third Circuit's ruling is the second appellate decision to apply *Goldman*, with the other being the U.S. Court of

Appeals for the Second Circuit's de-certification order in the case on remand from the Supreme Court.

"*Goldman* promised to tighten the too-loose standards courts had used to certify classes under the inflation-maintenance theory," wrote O'Melveny & Myers partner Anton Metlitsky, in New York. "But the panel's decision neutralizes *Goldman* and lets plaintiffs manufacture their own corrective disclosures."

A Johnson & Johnson representative did not respond to a request for comment, nor did Joseph Daley, of San Diego's Robbins Geller Rudman & Dowd, and James Cecchi, of Carella, Byrne, Cecchi, Brody & Agnello, in Roseland, New Jersey, who represent plaintiff San Diego County Employees Retirement Association in the case.

A 'Problematic' Decision?

The plaintiff sought class certification based on six events in 2017 and 2018: two press releases from Bernstein Liebhard and Beasley Allen, a blog, the $4.7 billion verdict and two news articles, including the one by Reuters, after which Johnson & Johnson's stock dropped 10%.

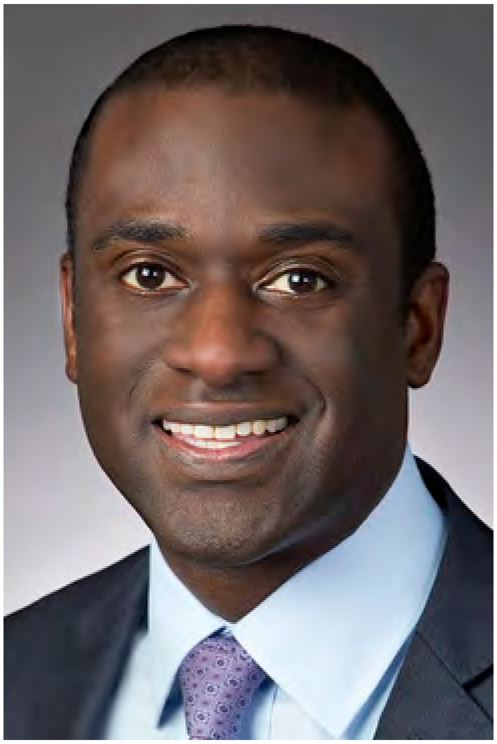
In 2023, U.S. District Judge Zahid Quraishi, in the District of New Jersey, granted certification of a class of investors between Feb. 22, 2013, and Dec. 13, 2018, rejecting Johnson & Johnson's attempts to rebut the presumption of investor reliance as set forth in the U.S. Supreme Court's 1988 decision in *Basic Inc. v Levinson*. On appeal, Johnson & Johnson's attorneys pointed to the *Goldman* decision, insisting that none of the events disclosed new information, but plaintiffs' attorneys disagreed, noting that the Reuters article divulged never-before-seen documents and the verdict was the first in which a jury found asbestos in Johnson & Johnson's talc products.

The majority panel on the Third Circuit agreed, but in a dissent, Circuit Judge Cindy Chung said she would vacate the decision.

"Here, the district court's decision granting class certification did not make necessary findings as to whether J&J's evidence demonstrated that each disclosure was not corrective or newly publicly known," she wrote.

Although the opinion was unpublished, Johnson & Johnson, in its rehearing petition, said it would be influential, noting that the decision already was cited last month in a pending securities class action against Zillow before the U.S. Court of Appeals for the Ninth Circuit.

"And that influence will be problematic, because the decision is likely to confuse lower courts," Akowuah wrote. "This matters in the real world, a lot. Billions of dollars routinely ride on whether securities plaintiffs may proceed as a class – and on whether they can pick and choose corrective disclosures based not on their contents but on the size of the associated stock drop."



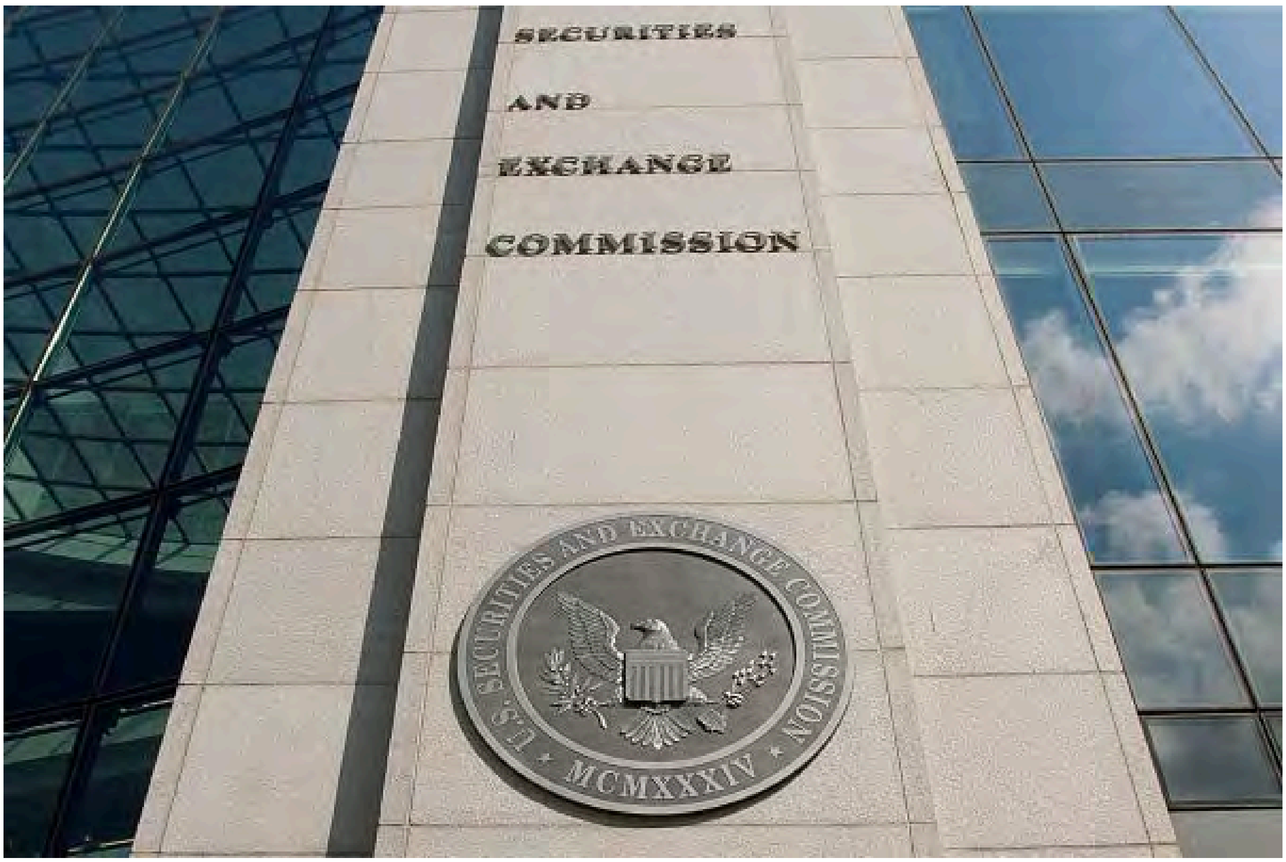
Kwaku Akowuah of Sidley Austin. Courtesy photo

Securities Litigation

Did the SEC Just Kill the Securities Class Action? Lawyers Are Weighing Impact of Mandatory Arbitration Agreements

The policy shift goes against decades of SEC history blocking companies from mandating shareholder arbitration. But securities litigators are unsure whether the policy change will be a bomb or bust.

September 22, 2025 at 04:41 PM By **Alyssa Aquino**



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

The corporate litigation world experienced a shock when the U.S. Securities and Exchange Commission announced that companies could go public, even if they require shareholders to sign mandatory arbitration agreements. The announcement has left securities litigators waiting to see who'll be the first to take advantage of the SEC's new leniency.

The policy shift goes against decades of SEC history blocking companies that mandate shareholder arbitration. Chairman Paul Atkins said the commission's Sept. 17 decision, when combined with another policy concerning automatic stays, were part of his campaign to make initial public offerings "great again."

The move was internally criticized, with Commissioner Caroline Crenshaw saying the agency would harm small, retail investors by “open[ing] the floodgates” to mandatory arbitration.

But securities litigators are unsure whether the policy change will be a bomb or bust, saying they’re waiting to see who’ll be the first to embrace mandatory shareholder arbitration—and how they’ll fare against the inevitable legal and shareholder heat ahead.

“Make no mistake, companies that move forward on this… will attract lawsuits challenging these provisions,” said Matthew Close, the vice chair of O’Melveny & Myers.

Across various interviews, legal experts explained that there were multiple avenues for litigation to arise.

Mandatory shareholder arbitration raises questions of federal preemption and contractual issues. There’s also the base-level question of whether a company has sufficiently disclosed such a provision. Such provisions can also run up against state regimes, including, notably, Delaware’s.

“We're going to have to see how some of these factors intersect and play out. You know, there's always likely to be a first mover that will help accelerate how these factors all join together. But I do think this is going to take some time to work through,” said Scott Musoff, the co-deputy head of Skadden, Arps, Slate, Meagher & Flom’s Securities Litigation Group.

But at the basest level, there’s the question of whether investors would let themselves be bound to arbitration, which isn’t overseen by a judge and which comes with fewer opportunities to appeal.

Lauren Ormsbee, a partner at Labaton Keller Sucharow, said that investors have historically been against forced arbitration.

“It would be a red flag to investors about what the company is trying to achieve through that,” she said. “Is it calling to attention some type of weakness in the company’s disclosures?”

Bernstein Litowitz Berger & Grossmann partner, Salvatore Graziano, noted that the secretive nature of arbitration proceedings could also turn investors off, as one investor wouldn’t know if their fellow shareholder successfully brought a claim. He added that companies could also be skeptical of arbitration, particularly in instances where there are hundreds of claimants.

“They would be suffering endless arbitrations,” Graziano said. “Each arbitration requires the same proceeding, where the same executives have to show up… there’s no record, so each arbitration is a trial anew.”

Those on the other side of the “v” also acknowledged the downsides of arbitration, such as Susan Saltzstein, the co-deputy of Skadden, Arps, Slate, Meagher & Flom’s Securities Litigation Group.

The developed caselaw in the Second and Ninth circuits gives people a “sort of certainty” that the one-by-one resolutions in arbitration don’t offer, she said.

But neither she nor Musoff saw those factors as things that would have clients shunning arbitration.

“Many institutions put arbitration clauses into their other agreements and their commercial agreements,” Musoff pointed out. “It's interesting, I think, some of those balancing factors that private parties think about all the time… might play out in this realm as well.”

Close viewed the issue less as a referendum on mandatory arbitration than as one on the securities class action. Members of the business community feel burned by the securities class action, where a company’s potential exposure can reach such heights that executives don’t want to risk losing a case, he said.

There are “plenty of companies, directors and officers and entrepreneurs who feel like they’ve been dragooned into settlement,” even if there was no wrongdoing, Close said.

He pointed out that the sentiment against the class action goes back years. In 2018, the long-time class action critic, Harvard Law School Professor Hal Scott, began a multi-year legal battle to get Johnson & Johnson to consider his shareholder proposal to adopt mandatory shareholder arbitration bylaws. In his proposal, Scott wrote that shareholder litigation “effectively recirculates money within the same investor base, minus substantial attorneys’ fees.”

In the end, though, Close said that he, too, was waiting and seeing how the SEC’s policy shift will play out.

“When I started practice, we had the federal Private Securities Litigation Reform Act and people said that’d be the death knell of securities litigation and here we are 30 years later still talking about it,” said Close.

Securities

KBR Investor Sues Over Alleged Misleading Contract Finances (1)

Sept. 22, 2025, 1:00 PM PDT; Updated: Sept. 22, 2025, 1:05 PM PDT

A KBR Inc. investor filed a proposed class action lawsuit against the company, its CEO, and CFO, alleging violations of federal securities laws for making false and misleading statements about KBR's HomeSafe Alliance joint venture and its contract with the US Department of Defense's Transportation Command.

Johan Norrman claims that despite TRANSCOM's concerns about HomeSafe's ability to fulfill the contract, the defendants—including KBR, its CEO Stuart J.B. Bradie, and CFO Mark W. Sopp—claimed the partnership was without issue and would ramp up in future quarters.

The day after Homesafe Alliance announced TRANSCOM's termination of its role in the contract in June 2025, the price of KBR stock fell $3.85 per share, or 7.29%, the complaint says, with stock falling a further $1.30 or 2.65% three days later.

Norrman seeks to represent a class of those who acquired KBR securities publicly traded during the class period from May 6, 2025, to June 19, 2025.

His complaint, filed Sept. 19 in the U.S. District Court for the Southern District of Texas, alleges violations of Sections 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by the Securities and Exchange Commission, as well as 20(a) of the Exchange Act.

"The company is aware of the class-action shareholder lawsuit, and we intend to defend ourselves vigorously," a company spokesperson told Bloomberg Law.

Norrman seeks to recover damages caused by the defendants' alleged violations of federal securities laws. He also requests that the court certify the case as a class action, designate him as the lead plaintiff and class representative, award reasonable costs and attorneys' fees, and grant any other relief the court deems just and proper.

HomeSafe had been awarded the Defense Department's Global Household Goods contract, which helps US military service members and their families relocate.

The Rosen Law Firm PA represents Norrman.

The case is Norrman v. KBR Inc. , S.D. Tex., No. 4:25-cv-04464, complaint filed, 9/19/25 .

This story was produced by Bloomberg Law Automation with assistance from Daniel Seiden.

(Story updated at sixth paragraph to add comment from company spokesperson.)

To contact Bloomberg Law Automation: automation@bloombergindustry.com

To contact the editor responsible for this story: Blair Chavis at bchavis@bloombergindustry.com

Securities

New York Charges Spawn Securities Fraud Class Action Against RCI

Sept. 22, 2025, 10:38 AM PDT

A securities fraud class action was filed in federal court against RCI Hospitality Holdings Inc., which operates a chain of strip clubs throughout the US.

The claims stem from the tax fraud and bribery charges filed last week against the company and several officers by New York Attorney General Letitia James (D). The company allegedly provided a New York Department of Taxation and Finance auditor with trips to clubs in Florida in exchange for favorable audits. RCI allegedly didn't pay $8 million in sales taxes to New York City.

Between Dec. 15, 2021, and Sept. 16, 2025, the company's chief executive officer Eric Langan and chief financial officer Bradley Chhay filed statements with Securities and Exchange Commission that failed to disclose the schemes, understated the company's lack of proper design and implementation controls, or downplayed the James investigation, the complaint filed Sunday by Alex Hernandez in the US District Court for the Southern District of Texas says.

The value of RCI stock dropped from $34.32 to $25.80 by Sept. 17 due to the charges, the complaint says.

The defendants are accused of violating Sections 20(a) and 10(b) of the Exchange Act and Rule 10b-5. Hernandez says that he meets all of the requirements to be the class representative and seeks damages and expenses.

RCI denied the allegations in a statement on its website and said it will fight James' "overreaching charges."

"As a publicly traded and audited company, RCI has a policy of paying all legitimate and non-contested taxes," the statement said.

The Rosen Law Firm PA represents Hernandez. Tannenbaum Helpern represents the company in the James investiagtion.

The case is Hernandez v. RCI Hosp. Holdings Inc. , S.D. Tex., No. 4:25-cv-04477, complaint filed 9/21/25 .

Class Action

Manage Newsletters

BNY Mellon Investors Are Unable to Amend Dismissed Class Action

Sept. 23, 2025, 10:08 AM PDT

Bank of New York Mellon Corp. dodged another bullet in a proposed class action that said the bank failed to disclose conflicts of interest created by investing wealth-management money into BNY funds.

Stephen and Leslie Walden's original class claims were preempted by the Securities Litigation Uniform Standards Act, Judge Christopher B. Brown of the US District Court for the Western District of Pennsylvania said last December. But he also said that the Waldens were welcome to try and amend their complaint to include a subclass of individuals who deposited cash into BNY bank accounts and whose assets were placed in cash sweep accounts.

The Waldens argued that cash sweep customers weren't trading securities and their claims therefore weren't preempted by SLUSA

But they sought to expand their class by improperly presenting the novel cash sweep theory for the first time in their motion for class certification, Brown said

Looking at the motion to amend the complaint, the judge said that the Waldens had knowledge of the facts surrounding the cash sweep theory at least two years earlier, and because they didn't diligently attempt to amend their complaint then, they couldn't do so now

DiCello Levitt; Councill, Gunnemann & Chally LLC, and Bernstein Litowitz Berger & Grossmann LLP represented the Waldens. Reed Smith LLP represented Mellon.

The case is Walden v. Bank of N.Y. Mellon Corp. , 2025 BL 337110, W.D. Pa., No. 2:20-cv-01972-CBB, 9/22/25 .

To contact the reporter on this story: Bernie Pazanowski in Washington at bpazanowski@bloombergindustry.com

To contact the editor responsible for this story: Patrick L. Gregory at pgregory@bloombergindustry.com

Class Action

Manage Newsletters

Class Action Settlement Approved in Laser Company Fraud Case

Sept. 23, 2025, 6:38 AM PDT

A German laser communications company and its investors gained final approval of a $300,000 class action settlement to end claims the company inflated its financial status.

Mynaric AG overstated its business and financial prospects and made “materially false and misleading” public statements as its share price dropped last year, said Judge Kiyo A. Matsumoto of the US District Court for the Eastern District of New York. She approved a deal that included attorneys fees of $100,000—one-third of the settlement.

The settlement is “fair, reasonable and adequate,” said Matsumoto, in part because reaction of the class has been “extremely positive” with no objections or requests to be excluded

The company misled investors and the public through statements about production of its CONDOR Mk3 terminal in June 2024, through brighter financial projections than those shared with investors two months later

Attorneys for the class and Mynaric didn’t immediately respond to requests for comment

Pomerantz LLP represents the proposed class. Sullivan & Cromwell LLP represents Mynaric AG.

The case is Torstorff v. Mynaric AG , E.D.N.Y., No. 1:24-cv-07602, order 9/22/25 .

To contact the reporter on this story: Sam Skolnik in Washington at sskolnik@bloomberglaw.com

To contact the editor responsible for this story: Alex Clearfield at aclearfield@bloomberglaw.com

Securities

Axsome to Settle Class Suit Over Migraine Drug for $7.75 Million

Sept. 22, 2025, 11:49 AM PDT

The lead plaintiffs in a class action against Axsome Therapeutics Inc. filed a motion in federal court seeking approval to settle the case for $7.75 million dollars.

Those suing alleged Axsome committed securities fraud in relation to the rollout of a migraine drug's progress toward US Food and Drug Administration approval. The investors claim Axsome and two of its executives made positive statements about the approval timeline despite knowing about manufacturing equipment problems and the resulting supply issues.

In March, Judge Lorna G. Schofield of the US District Court for the Southern District of New York said most of their claims could proceed.

On Sept. 19, the plaintiffs filed a memorandum in support of the unopposed motion for preliminary approval of the settlement. the $7.75 million settlement was fair because it was 7.9% of the maximum recoverable damages, "which is above the median recovery in similarly sized securities class action settlements and above recoveries that courts regularly approve," they told the judge

The plaintiffs also said they and their attorneys had done their due diligence, filed several amended complaints and responses, and were "well-informed about the strengths and weaknesses of the claims and defenses." The settlement papers contain procedures for notice of its terms to class members and directions to object and to opt-out.

The investors say they and their counsel have adequately represented the class, the settlement was reached via arm's length negotiations, and is reasonable given the risks of maintaining the class action. The settlement also satisfies all of the applicable requirements of the Federal Rules of Civil Procedure, they said.

After all the deductions, including $2.35 million in attorneys' fees, the anticipated recovery will be $4.9 million, the plaintiffs said.

Pomerantz LLP, Paskowitz Law Firm PC, and The Rosen Law Firm PA represent the class. Morgan Lewis & Bockius LLP represents Axsome.

The case is In re Axsome Therapeutics Inc. Sec. Litig. , S.D.N.Y., No. 1:22-cv-3925, memo in support of settlement filed 9/19/25 .

To contact the reporter on this story: Bernie Pazanowski in Washington at bpazanowski@bloombergindustry.com

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

California Brief

Social Media Giants Lose Challenge to Experts Testifying on Harm

Sept. 22, 2025, 5:29 PM PDT

Jurors will be allowed to hear expert testimony about the impact of social media on young users during coming trials against tech companies over alleged harm caused by their platforms, a Los Angeles judge ruled.

Meta Platforms Inc., Snap Inc. Google LLC and TikTok Inc. had sought to have the testimony excluded from the lawsuits they face from hundreds of individuals, school districts and state attorneys general. The companies argued that the experts weren't reliable.

Lawyers for the plaintiffs said testimony from the doctors and researchers identified as experts would provide critical context for jurors.

In an 87-page ruling Monday, Los Angeles Superior Court Judge Carolyn B. Kuhl said testimony for all but one of the 11 proposed witnesses could be presented at trial, but that all of the experts would be prohibited from discussing the intent of the social media companies.

What's Being Done to Stop Social Media Harming Kids: QuickTake

Notably, Kuhl also rejected arguments raised by the companies that the testimony should be excluded under the federal Communications Decency Act's Section 230, the legal shield for online platforms.

"Many of plaintiffs' experts make the unsurprising observation that some of the third-party content minors see on social media can be harmful," Kuhl said in her ruling.

Citing previous rulings, she said Section 230 does not apply as long as the plaintiffs refrain from seeking "to hold the provider liable for allowing that content to exist." The social media companies will have to answer to claims that the design or operation of their platforms are to blame for young users becoming addicted or suffering other harm.

The case is Social Media Cases JCCP, JCCP 5255, California Superior Court (Los Angeles).

California Brief

Authors Detail Plan to Split Share of $1.5 Billion Anthropic Deal

Sept. 22, 2025, 3:10 PM PDT

Authors and publishers proposed a deal to evenly split most of their share of a planned $1.5 billion settlement to resolve their lawsuit against Anthropic PBC over its AI training process.

The class plaintiffs proposed an optional 50-50 split of the roughly $3,000-per-book payout for authors and publishers of commercial, trade, and university-press works and a tailored approach for education works, according to filings submitted Monday in the US District Court for the Northern District of California. The proposed 50-50 split would be a non-mandatory default because it's not possible to have reviewed every contract, the filing said.

Judge William Alsup postponed his approval of the deal earlier this month and expressed fears that a global settlement rate may be unfair if authors' contracts award them more than 50 percent. If Alsup rejects the deal, the case will go to a jury trial in December and Anthropic could face up to $1 trillion in damages. Logistical hurdles, including the magnitude of work needed to examine thousands of individual contracts, may jeopardize the deal.

The filings respond to Alsup's questions raised at a Sept. 8 hearing when he expressed concern that authors' counsel and publishers were crafting a deal behind the scenes they "want to force down the throat of authors" for a smaller cut. The parties' answers today, including their plan for an even split with authors, are based on their review of "scores of contracts" and "consensus" between authors and publishers, the filing said.

Authors sued Anthropic in August 2024, accusing the AI company of copyright infringement by training their models on protected works and downloading over 7 million copies of pirated books from two "shadow" libraries. Alsup in June handed Anthropic a partial win by ruling that training AI on copyrighted works is fair use, but left the piracy issue to a jury.

The parties announced the landmark settlement in August after the AI startup said it faced "inordinate pressure" to strike a deal following Alsup's approval of authors' request for class certification. Anthropic agreed to pay about $3,000 for nearly 500,000 books, rather than risk paying as much as $150,000 per book in statutory damages at trial which could've pushed the company to the brink of bankruptcy.

Alsup's since submitted 34 questions and scenarios for the attorneys to answer by Tuesday.

Educational books would be exempted from the 50-50 split because they're governed by contracts with "less consistency," plaintiffs said in today's filing. Authors and publishers proposed that owners of those works "provide a good-faith representation of what percentage of the litigation proceeds they are owed" when submitting a claim. If there's an ownership dispute, a settlement administrator would review contracts and make an appealable allocation determination.

The parties are scheduled to appear before Alsup on Thursday regarding the court's approval of the deal.

Anthropic is represented by Cooley LLP, Arnold & Porter Kaye Scholer LLP, Latham & Watkins LLP, Lex Lumina LLP, and Morrison & Foerster LLP. Susman Godfrey LLP, Lieff Cabraser Heimann & Bernstein LLP, Cowan Debaets Abrahams & Sheppard LLP, Edelson PC, and Oppenheim + Zebrak LLP represent the authors.

The case is Bartz v. Anthropic PBC , N.D. Cal., No. 24-cv-05417, supplemental brief in support of motion for preliminary approval of class settlement 9/22/25 .

To contact the reporter on this story: Annelise Levy in San Francisco at agilbert1@bloombergindustry.com

To contact the editor responsible for this story: Kartikay Mehrotra at kmehrotra@bloombergindustry.com

Beauty products meet the 'forever chemicals' challenge

reuters.com/legal/legalindustry/beauty-products-meet-forever-chemicals-challenge--pracin-2025-09-22

Amanda Cachaldora, Marissa Steiner, Gabriella Marki September 22, 2025

FILE PHOTO: What's next for PFAS litigation?/File photo [Purchase Licensing Rights, opens new tab]

September 22, 2025 - Per- and polyfluoroalkyl substances, known as PFAS, are one of the fastest-growing areas in mass toxic tort litigation. Dubbed "forever chemicals" due to their exceptionally slow degradation process, PFAS are a large group of synthetic chemicals used widely for their water-, heat- and oil-resistant properties. These unique characteristics enabled manufacturers to develop durable and versatile products across a variety of industries, including the personal care product industry.

As regulatory scrutiny intensifies, manufacturers, particularly in the cosmetics industry, face significant challenges in managing potential PFAS-related mass toxic tort litigation, in part due to the fact that there is no universal definition of PFAS, thus challenging the understanding of what qualifies as PFAS. Public awareness and concern about PFAS have grown significantly, fueled by media coverage and advocacy efforts.

This article explores the unique challenges posed by PFAS litigation and outlines strategic approaches for manufacturers and suppliers to mitigate risks and navigate the complex legal landscape.

Despite their utility, PFAS have been linked to adverse health effects, leading to increased media attention, regulatory actions and litigation. The personal care products industry, including the cosmetics industry, which may utilize PFAS for their beneficial properties, is particularly vulnerable to claims of consumer harm and even potential environmental contamination from runoff.

While lawsuits in the personal care products industry relating to PFAS have only involved consumer fraud actions, prior mass toxic tort litigation, such as lawsuits involving PFOA (perfluorooctanoic acid — found in items like nonstick pans) and PFOS (perfluorooctane sulfonate — found in items like firefighting foams), which have been more extensively studied and regulated, strongly suggests that, the litigation will evolve, as scientific research and regulations are advanced, into personal injury lawsuits against a wide variety of industries, including the personal care products industry.

From a regulatory and legal perspective, industry needs to be aware of increased scrutiny and rapidly changing regulations surrounding the utilization of PFAS. Notably, there has been more of an increase in regulatory efforts on the state level than on the federal level.

Several states, such as California, Colorado, Connecticut, Maine, Maryland, Minnesota, Oregon, Vermont, and Washington, have implemented regulations ranging from significant reporting requirements to outright bans of PFAS in personal care products.
Other states, such as Massachusetts, Michigan, New Jersey and New York, are also working on restricting PFAS, among other chemicals, in personal care products. If manufacturers are distributing their products nationwide, it is vital to be aware of and comply with each state's varying regulations. Phaseout years of cosmetic products with intentionally added PFAS currently range from 2025 to 2028.

On the federal level, while there is no outright ban of PFAS in personal care products, several lawmakers have pushed for bills to be passed to commence a federal regulatory standard or framework (most recently, the No PFAS in Cosmetics Act). Manufacturers can expect to see a possible framework for future federal legislation after the release of the late-2025 FDA report, which was required by the Modernization of Cosmetic Regulation Act of 2022.

Most states have adopted a broad definition of PFAS as "a class of fluorinated organic chemicals containing at least one fully fluorinated carbon atom." This aligns with the 2021 definition from the Organisation for Economic Co-operation and Development, an international organization operated by the 38 countries that are active members.

However, there are thousands of different chemicals that meet this classification. In contrast, some states have applied a much narrower definition of PFAS that requires a chemical to contain "at least two fully fluorinated carbon atoms," excluding thousands of chemicals compared to the broader definition.

Beyond issues related to lack of uniformity in the definitions, even states that use the same definition may apply it differently. Specifically, most states focus on intentionally added PFAS; however, some states regulate products based on the total organic fluorine content, regardless of whether it was intentionally added. This means in order to be in compliance on a national, or even international, level, product manufacturers cannot be solely concerned about PFAS on a formula card but also about situations where there could be contamination by PFAS that were unintentionally included in a product.

There is significant uncertainty surrounding the appropriate testing methodologies for screening products for PFAS. Currently, no federal regulations or recommendations specify tests to ensure the safety of consumer products or ingredients used in consumer products, specifically personal care products, concerning PFAS. Similarly, there is no standardized or universally accepted testing method at the state level.

Various methodologies exist for testing consumer products for PFAS, including liquid chromatography-mass spectrometry (LC-MS) and gas chromatography-mass spectrometry. The EPA Method 1633A (LC-MS), initially developed for environmental samples, is now being used to detect PFAS runoff from consumer products.

In anticipation of potential litigation, manufacturers should consider rigorous product testing and comprehensive documentation of manufacturing processes and quality control measures to demonstrate product safety and compliance with industry standards and regulations. This approach can be crucial in mitigating potential damages. A major point of contention in talc litigation, for example, has been the methodology of analytical testing methods, which will likely become a significant factor as PFAS litigation progresses.

Another major challenge in PFAS litigation is the scientific uncertainty regarding the potential health impacts. While some studies suggest potential links to health issues, definitive causal relationships remain elusive. This uncertainty complicates defense strategies and necessitates a robust understanding of the scientific evidence to effectively counter potential claims.

Alternative and medical causation defenses have played a crucial role in defending other areas of mass toxic tort litigation. In cases involving PFAS exposure, potential defendants will likely need to contest the alleged connection between PFAS and specific health conditions by presenting alternative risk factors and emphasizing the limitations in scientific research linking PFAS to various health issues.

Unlike other toxic tort cases, such as those involving benzene, asbestos and talc, which focus on signature diseases, PFAS litigation involves a wide array of diseases causally associated with exposure. Consequently, challenging causation in PFAS cases may prove more complex and time-consuming due to the numerous alternative causes and the variation in diseases.

Engaging with scientific experts is crucial in developing a strong defense strategy. Manufacturers should invest in research to better understand PFAS' health impacts and leverage expert testimony to challenge any potential claims. Collaborating with industry groups and participating in scientific studies can also enhance credibility and support defense efforts.

Potential PFAS-related mass toxic tort litigation presents significant challenges for manufacturers in the personal care products industry. By understanding the regulatory and legal landscape, addressing scientific uncertainties, and implementing strategic risk management and communication strategies, manufacturers and suppliers can effectively navigate these challenges and protect their interests.

Industry should adopt proactive risk management strategies, including comprehensive audits of their supply chains and product formulations to identify and mitigate PFAS-related risks. Implementing robust compliance programs and engaging with regulatory bodies can also help manufacturers and suppliers stay ahead of potential litigation. As the legal and regulatory environment continues to evolve, staying informed and proactive will be key to successfully managing PFAS-related litigation risks.

As PFAS litigation in cosmetics and personal care products continues to expand, companies face an evolving mix of science, regulation and legal challenges.

Amanda Cachaldora
Amanda Cachaldora, a partner at MG+M, is a trial attorney with experience in products liability and high-stakes toxic tort litigation. She represents companies in the cosmetics industry and focuses on claims involving talcum powder, asbestos, and emerging contaminants, including PFAS, in high-risk, multi-jurisdictional litigation. She is located in Miami and can be reached at acachaldora@mgmlaw.com.

Marissa Steiner
Marissa Steiner, an associate at MG+M, is a trial attorney with experience in products liability and high-stakes toxic tort litigation. She handles cases involving talc, asbestos, benzene, and PFAS, and has prior experience as national coordinating counsel for a global cosmetics company, representing personal care product manufacturers, distributors, and retailers nationwide. She is located in Miami.and can be reached at msteiner@mgmlaw.com.

Gabriella Marki
Gabriella Marki, an associate at MG+M, is a trial attorney with experience in products liability and high-stakes toxic tort litigation. She focuses on complex talc, asbestos, benzene, and PFAS cases, providing strategic counsel and vigorous defense. She is located in Miami.and can be reached at gmarki@mgmlaw.com.

Litigation

Manage Newsletters

Gun Rights Group Sued for Collecting, Using Buyers' Private Data

Sept. 23, 2025, 9:27AM PDT

The National Shooting Sports Foundation collected the private information of millions of gun purchasers from warranty cards without their knowledge or consent and used it to target them with political messages, a new class complaint filed in federal court alleges.

Firearms owners Daniel Cocanour and Dale Rimkus allege NSSF convinced manufacturers like Glock, Remington, and others to share customers' warranty cards containing details like income, hobbies, and family size. NSSF then used that information to build a database of over 5 million purchasers to target with political messaging and voter outreach efforts like its "GunVote" campaign. It also hired data firm Cambridge Analytica to combine the warranty data with other sources to construct profiles of voters.

Cocanour and Rimkus make a single claim of unjust enrichment. They seek disgorgement of NSSF's profits from the use of purchasers' personal data without permission or payment, as well as damages and attorneys' fees and costs.

The case was filed Monday in the US District Court for the District of Connecticut.

NSSF didn't immediately respond to a request for comment.

The plaintiffs are represented by Motley Rice LLC and Keller Rohrback LLP.

The case is Cocanour v. Nat'l Shooting Sports Found. , D. Conn., No. 3:25-cv-01571, complaint filed 9/22/25 .

This story was produced by Bloomberg Law Automation.

To contact Bloomberg Law Automation: automation@bloombergindustry.com

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

Amazon trial begins on FTC claims it duped Prime subscribers

reuters.com/legal/government/amazon-trial-begins-ftc-claims-it-duped-prime-subscribers-2025-09-23

Dan Catchpole, Jody Godoy September 23, 2025

A downtown building is wrapped in Amazon Prime advertising ahead of Comic-Con International, in San Diego, California, U.S. July 22, 2025. REUTERS/Mike Blake/File Photo/File Photo Purchase Licensing Rights, opens new tab

- FTC alleges Amazon's Prime sign-up practices violated consumer protection law
- Amazon denies wrongdoing, claims clear disclosure of Prime terms
- Trial to include testimony from customers and Amazon employees

SEATTLE, Washington, Sept 23 (Reuters) - Amazon (AMZN.O), opens new tab duped tens of millions of Prime customers by signing them up without consent and locking them in with overly complex cancellation methods, the U.S. Federal Trade Commission will seek to show at a trial starting in Seattle on Tuesday.

The civil case against the online retail giant and three of its executives is a key test of the FTC's tough-on-tech stance and could force Amazon to pay damages worth hundreds of millions of dollars, plus fines of up to $53,000 per violation. It could also damage the image of a company that describes itself as obsessed with making customers' lives easier.

Amazon has denied wrongdoing by the company or its executives, saying Prime's terms are clearly disclosed and there are several ways to cancel.

The case is part of a bipartisan crackdown on what the FTC says are deceptive cancellation practices.

The FTC started probing Amazon's subscription practices during President Donald Trump's first term and the case was filed during Joe Biden's presidency.

In April, the FTC sued Uber (UBER.N), opens new tab alleging it deceptively marketed its Uber One subscription, and sued the operators of gym chain LA Fitness in August for burdensome membership cancellation requirements. Those probes began during the Biden administration.

Prime subscribers pay $14.99 for free expedited shipping, access to Amazon's streaming video service and other benefits.

Amazon recruits new subscribers by offering free trials on its website using pitches such as: "Get FREE Same-Day Delivery." But the FTC says Amazon has failed to clearly and conspicuously disclose to customers that selecting that option will enroll them in Prime and eventually result in monthly subscription charges.

While Amazon tested changes that would make those terms clearer between 2017 and 2022, executives several times rejected them to prevent sign-ups from declining, the FTC said. The company did not adopt such changes until 2022, while it was under investigation by the FTC, the agency said. The agency sued Amazon the next year.

The FTC says Amazon's failure to disclose Prime's terms, along with multi-screen cancellation processes designed to keep customers from quitting Prime, violated the Restore Online Shoppers' Confidence Act (ROSCA).

Amazon signed up 40 million shoppers for Prime without their consent, an expert witness for the FTC has estimated. And the company's own data shows that tens of millions of users abandoned the cancellation process midway through, an FTC official said.

The company has accused the FTC of trying to stretch the law and misinterpreting its internal efforts to understand and improve customers' experience. Additionally, ROSCA "does not require that a cancellation mechanism be well-promoted or popular," the company said.

The trial is expected to last about a month and feature testimony from customers as well as current and former Amazon employees.

A jury of nine people will decide whether Amazon violated the law. If the company is found liable, the judge will decide what penalties to impose and the amount of any damages.

The FTC comes into trial at an advantage, after winning a ruling, opens new tab that Amazon violated ROSCA when it collected customers' billing information in the form of saved payment methods before disclosing Prime's terms and conditions. The judge also ruled that the three executives are liable for any violations the jury finds.
Reporting by Jody Godoy in Washington and Dan Catchpole in Seattle; Editing by Edmund Klamann

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

Jody Godoy
Thomson Reuters

Jody Godoy reports on tech policy and antitrust enforcement, including how regulators are responding to the rise of AI. Reach her at jody.godoy@thomsonreuters.com

News | **Pricing/Billing Rates**

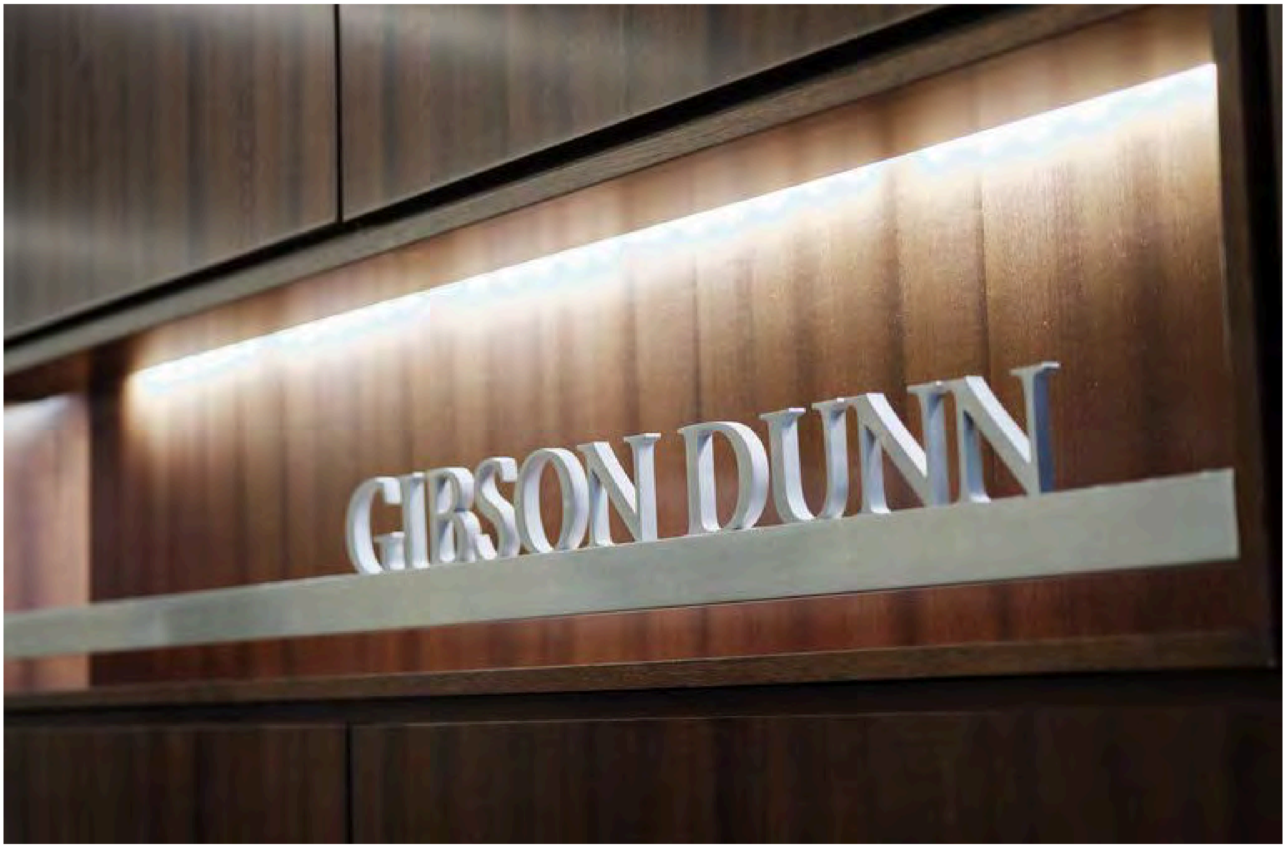
City of LA Approves $5M Fee Agreement With Gibson Dunn in Homelessness Case

The firm is billing the city at a discounted blended rate of nearly $1,300 per hour.

September 19, 2025 at 06:31 PM By **Samson Amore**

What You Need to Know

- Gibson, Dunn & Crutcher is doing lucrative work for the City of Los Angeles in a case about the city's homelessness services.
- The firm originally billed $1.8 million, which ballooned to $3.2 million last month. Now, the total is $5 million.
- The firm is charging the city a discounted blended rate.



Gibson Dunn Office in Manhattan, New York. Photo: Ryland West/ALM

The City of Los Angeles agreed to more than quintuple Gibson, Dunn & Crutcher's fee allocation for its work representing the city in a homelessness case, raising the total to more than $5 million.

The City of LA, in late May, allocated $900,000 to the firm for work representing it in the case *LA Alliance for Human Rights v. City of Los Angeles*, which involves a nonprofit for unhoused people that has challenged the City of LA's strategies for managing its homelessness epidemic for at least five years.

By Aug. 8, Gibson Dunn had billed a total of $3.2 million, according to records in the case.

Gibson Dunn's partners and associates are billing the city a blended rate of $1,295 an hour for work on it, reflecting a discount of roughly $1,000 from the standard hourly rate for the partners involved in the case, and a reduction of between $140 and $260 from the standard rate for associates, according to the firm's contract with the city.

The blended rate agreement also pushed the fees for paralegals and project assistants up as well, ranging from $390-$550 per hour, reflecting a reduction from the firm's standard paralegal rate of $820, according to the contract.

Besides billable hours worked on the case, the majority of those legal fees covered duplication costs, according to an invoice viewed by Law.com.

The LA City Council decided Wednesday in a 10-3 vote to award a total of $4.97 million through the end of fiscal year 2025-2026 to be paid to Gibson, subject to approval by Mayor Karen Bass.

Gibson did not return requests for comment on the ongoing matter.

The firm has employed five partners to work on the case, including class actions practice group co-chair Kahn Scolnick and global litigation practice co-chair Theane Evangelis. Partners Bradley Hamburger, Angelique Kaounis, and Marcellus McRae, who co-chairs the firm's trials practice group, are also working on the case. Hamburger was in court yesterday for a hearing in the case, alongside defense lawyers from litigation boutique Miller Barondess, the LA City Attorney's office, and Umhofer Mitchell & King, who are representing the plaintiffs.

Securities

Manage Newsletters

Opinion

Matt Levine's Money Stuff: Private Equity Is Getting Boring

Sept. 23, 2025, 11:01 AM PDT

PE (doom)

A simple gloomy model you could have of private equity is:

1. Once upon a time, companies were mispriced. Lots of companies were available cheaply. Their price didn't reflect the present value of their cash flows, or at least, it didn't reflect the present value of the cash flows they could reasonably achieve if you added some leverage and improved their management.

2. A few ambitious risk-seeking entrepreneurs noticed this systematic mispricing and set out to fix it. They raised money from friends and family and patient investors who were willing to take risk, they bought companies at low prices, levered them up, fixed their operations and resold them after a few years at higher prices.

3. It helped, in doing this business, that interest rates were declining for decades and valuation multiples were rising. If you bought a company, did nothing to it, waited five years and sold it, you'd have a profit just from valuation tailwinds.

4. The people who started this business — private equity — made great returns for their investors and became billionaires themselves.

5. This attracted many, many more people to the business. Who wouldn't want to become a billionaire by buying and selling companies? Who wouldn't want to invest with them?

6. So now private equity is the default career path for smart ambitious people entering the financial industry, and private equity firms are now giant alternative asset managers with hundreds of billions of dollars under management.

7. *Why would companies be mispriced?*

Like: There was an arbitrage, and correcting it made people rich, and now it is corrected, so correcting it can no longer make you rich. If you want to buy a good company, lever it up, improve its operations and sell it back to the public markets:

Other private equity firms have already bought most of the good companies;

The companies that are left have all levered themselves up and hired consultants to improve their operations, like a private equity firm would have done, so there's no reward to you for doing that;

Interest rates have gone up, so borrowing money is more expensive now than it was a few years ago; and

Other private equity firms own tons of companies that they want to *sell*, so you have to compete with them when you try to sell your company back to the public markets, and you won't get a premium price.

In the golden age of private equity, private equity ownership was an *exception*, a way to move companies from a low-value state to a high-value state. In 2025, private equity ownership is almost the *norm*: Huge chunks of modern business are owned by private equity funds rather than public shareholders. It would be a little weird if those private equity funds could all sustainably get much higher returns than public shareholders.

We have discussed this model a few times before, including when we discussed KKR & Co.'s move into "strategic holdings," where instead of buying companies, gussying them up and quickly flipping them for a huge profit, it would just buy companies forever and compound their growth. Not an arbitrage, just owning some companies.

I suppose the natural endpoint of this is a complete leveling, where "being owned by private equity" and "being owned by public shareholders" are essentially equivalent: In each category you'd get the same sorts of companies with the same sorts of capital structures and the same sorts of operations.

Also, why not, the same ultimate owners. We have talked a lot about the push to get ordinary investors' retirement savings into private assets. If private equity is just a normal way to own companies, you would expect "being owned by private equity" to mean, ultimately, "being owned by ordinary investors in their 401(k)s." This is in part because individual retirement savings are a *big* source of cash, and as private equity gets big enough it will require all the biggest sources of cash.

But it is also in part because individual retirement savings are, like, the most *normie* source of cash. People's 401(k)s are the last place you would expect to find a ton of differentiated alpha. In the beginning, when private equity was a novel risky arbitrage to correct systematic mispricing of companies, it was funded by sophisticated investors who could understand and appreciate that bet. If private equity is just "owning companies," it will be funded by everyone's retirement savings.

Anyway Bloomberg's Allison McNeely, Preeti Singh and Laura Benitez report on gloomy times for private equity :

After a half-century of meteoric growth, buyout firms are facing challenges at every step of their life cycle: Attractive takeover targets are scarcer, financing costs are up and it's harder to cash out old investments and deliver the robust returns once promised to pension managers, endowments, foundations and wealthy individuals. Even dealmakers are frustrated — waiting to collect their share of profits known as carried interest that comes when investments are successfully wrapped up. …

"Private equity has lost its way and has to go back to what this industry — that employs the brightest and best minds — does best," Orlando Bravo, managing partner of private equity firm Thoma Bravo, said in an interview. That's "buying and selling companies and generating great returns for its investors." …

"Many PE firms are dead already, they just don't know it," said Charles Wilson, senior vice president of investment management at industry recruiter Selby Jennings. "Survival will likely hinge on how forgiving managers find their LPs to be when they hit the fundraising trail again in coming years."

The troubles follow a long, high-flying era. For more than a decade, rock-bottom interest rates and cheap financing helped firms scoop up businesses, re-engineer their finances and then unload them at lofty valuations. But when the Federal Reserve started hiking borrowing costs in 2022, the industry got stuck — unable to exit holdings at the prices and returns they had been touting in marketing pitches and updates to clients. …

Privately, many institutional investors concede that their expectations from private equity investments are muted for the next decade compared with the previous 10 years.

Perfect time to, uh, sell private equity to retail?

The pullback by institutions has private equity firms hunting for new sources of capital, such as wealthy brokerage customers. Apollo, Blackstone Inc. and KKR are among those forming partnerships with traditional asset managers and launching products that can be sold to retail investors. …

The pitch is that private equity can outperform public markets with less volatility. Mentioned less often is the trouble institutional investors have experienced getting their money back, shifting their focus to distribution metrics.

To be fair, though, the boom was really nice while it lasted:

"When some of these managers become big, there is a sort of arrogance that creeps in and they really don't care that much about LPs anymore," [Arizona public pension manager Mark] Steed said. "In our reference checks, we also find that partners who created value when they were on their funds No. 2 or 3 are on their yachts and not involved in the day-to-day."

The point of getting into private equity is to get the yacht! Or it was. Now things are harder. It would be sad to think that private equity has bought all the yachts it is ever going to buy.

VC begging

Well here's one important difference between public and private markets. If you want to bet on the artificial intelligence boom, you can buy stock in Nvidia Corp., which is in various ways likely to profit from that boom. A lot of people have the same idea, though, so the market to buy Nvidia stock is competitive. You'll have to pay like $183.61 per share for Nvidia (based on yesterday's close), which is a lot, up more than 1,350% over the last five years.

Or you can buy stock in "Decagon AI Inc., a two-year-old startup developing artificial intelligence tools for customer service," which also seems like a promising AI company. A lot of people have this idea, too, though, so it is also very competitive to buy Decagon stock. But Decagon is a private startup, so that competition is not mediated by price. Bloomberg's Kate Clark reports :

All four of Decagon's funding rounds, totaling more than $230 million, were preempted, meaning firms like Andreessen Horowitz offered to invest before the company started fundraising. Now, just three months after a round that valued it at $1.5 billion, Decagon is fielding unsolicited offers at valuations as high as $5 billion, according to people familiar with the matter. …

Jesse Zhang, the 28-year-old co-founder and chief executive officer of Decagon, says investors hoping to back him have offered him everything from tickets to Golden State Warriors games to an autographed poster of MMA legend Khabib Nurmagomedov. One investor even folded origami cranes into a mosaic of Decagon's logo, and hand-delivered it to the company's San Francisco office with a term sheet hidden inside. Decagon took the deal.

"Investors are emailing term sheets, they're giving verbal offers, they're inviting founders to sport games, they're inviting founders to race Ferraris and they're inviting them on private jets," said Bennett Siegel, a co-founder of investment firm A* and an early investor in Decagon. "What you tend to see is the best companies are getting preempted every round and the time between rounds is shrinking."

I mean, it's not entirely mediated by price. Price still matters; lobbing in an unsolicited offer at $5 billion probably works better than lobbing one in at $1.6 billion. Presumably venture capitalists preempt fundraising rounds by offering *high* prices, not *low* ones. But, still: origami cranes. Ferrari racing.

The point is that the essential skill of a venture capitalist is not *picking the right deals*; it is *getting access to the right deals*. In the public markets, access comes from paying the highest price. In private markets, though, it is more multidimensional, involving price but also flattery and reputation and good tweets and origami cranes. A hot AI startup is in part a series of future cash flows, but it is also very much the personal project of a handful of founders, and the founders want more out of life than money. They want validation from top venture capitalists, they want to feel wanted, and for some reason they want autographed MMA posters.

DallasNews

The public markets are *mostly* mediated by price, but not always. We talked last week about a merger battle at DallasNews Corp., the public newspaper company that owns *The Dallas Morning News*. DallasNews agreed to sell itself to Hearst Newspapers for $16.50 per share, but Alden Global came in with an offer of $20 per share. DallasNews has a controlling shareholder, though, and he's a longtime newspaper guy who preferred Hearst for journalistic and community reasons. So DallasNews's board rejected Alden's higher offer — which could never close over the controlling shareholder's opposition — and stuck with Hearst's lower offer.

That was not without risk: The merger required approval of two-thirds of each class of DallasNews stock, and you could imagine the public shareholders rejecting the Hearst deal in the hopes that, if it failed, they'd get the Alden deal instead. But, no, it's fine. Today DallasNews announced that shareholders overwhelmingly approved the Hearst deal; the stock is now trading at pretty much $16.50.

Incidentally! One reader emailed me to ask: What's to stop Hearst from buying DallasNews at $16.50 and then turning around and *selling to Alden at $20?* Alden values DallasNews more than Hearst does, but Hearst is getting the company at a discount because it seems to have a better reputation for supporting journalism than Alden does. Could Hearst monetize that reputation by buying at $16.50 and selling the next day at $20? I mean. Once? If Hearst did that trade, the next newspaper-guy controlling shareholder is not going to sell it any more newspapers at a discount.

AI agents

I guess the two essential functions of artificial intelligence in finance are:

1. Ingesting vastly more data than any human could, finding connections in that data, and using those connections to make detailed predictions of future asset prices that are right on average and impossible for humans to find; and

2. Formatting pitchbooks.

That is, AI could be a good senior-level investment analyst, who can spot profitable trades better than any human, and/or it could be a good junior-level investment banking analyst, who can spot misaligned dollar signs and blurry logos better than any human. Here's a Bloomberg News story about the weather :

A tech firm is expanding the possibility of electric-grid forecasting by offering hourly projections of US power demand seven months into the future. That will provide energy traders a new view compared to 15-day weather projections and broad seasonal outlooks.

To do so, Amperon Holdings Inc. is leveraging artificial intelligence and machine learning to create a range of hourly demand for this extended period that'll be updated upon the daily release of global weather models created by Europe's biggest forecasting center, said Sean Kelly, a former power trader who co-founded Amperon in 2018. The firm's customers will start receiving these forecasts on Wednesday in addition to the typical 15-day outlook Amperon offers. …

The weather outlook is based on predictions from existing models developed by the European Centre for Medium-Range Weather Forecasting, or ECMWF. The group's models provide forecast conditions every six hours, out to seven months. …

Using machine learning, data scientists at Amperon have been able to boost the granularity of the ECMWF models and provide hourly temperature forecasts over a seven-month period, an approach that the company says its customers have asked for. …

Hedge funds and other speculative traders are looking for such insights so they can place bets on the power market even at a split-second faster than other traders, said [Amperon founder Sean] Kelly.

I feel like if you told me what the weather would be every six hours seven months from now, I could give you a reasonably good guess about the temperature each hour? But the AI's guess is better.

Elsewhere here's a Wall Street Journal story about agentic AI:

Starting this month, [Citigroup Inc.] will begin piloting new "agentic" capabilities inside of the proprietary AI platform it has been developing over the last two years. With the new update, users will be able to direct an AI tool to complete multiple tasks, accessing multiple company systems with a single prompt, Citi Chief Technology Officer David Griffiths said. …

With the new capabilities, a user can direct a tool inside the platform, known as Citi Stylus Workspaces, to research a specific client, build a profile of them from both publicly available data but also multiple internal data sets, and translate it into a foreign language, all in a single step.

That's the sort of thing you'd ask an investment banking analyst to do, except for the translating part, which is a nice value-add. But now you don't need the analyst. Possibly the lesson to draw from this is "be a *senior* investment banker, because an AI will have a hard time replicating the firm handshakes and human connections that lead to merger assignments," but that is not a particularly confident prediction.

Stablecoin lending

The way a bank works is that you deposit dollars with the bank, and the bank lends them to someone and earns interest, and the bank pays you some of the interest and keeps the rest for itself. Right now the best rate you can get on a high-yield savings account seems to be about 4.35%. There is something metaphysically imprecise about saying "you deposit dollars with the bank" (the dollars *are* the bank deposit, loans create deposits, etc.), but it's a useful intuition. In particular, if you have some dollar bills in your wallet, you can take them out of your wallet and deposit them in the bank and get your 4.35%. The dollar bills weren't being loaned out to anyone, but if you put them in the bank they will be.

The way a stablecoin works, historically, is that you deposit dollars with a stablecoin issuer, and the stablecoin issuer lends them to someone and earns interest, and the stablecoin issuer keeps the interest for itself. Great trade, for the stablecoin issuer.

The way a stablecoin works, in practice, in the US in 2025, is often that you deposit dollars with a crypto exchange, which deposits them with a stablecoin issuer, and the stablecoin issuer lends them to someone (the US government) and earns interest, and the stablecoin issuer pays some of the interest to the crypto exchange and keeps the rest for itself, and the crypto exchange pays you some of the interest and keeps the rest for itself. It's not exactly like a bank account, but it's not exactly not either. Right now Coinbase, the big US crypto exchange, offers this trade at 4.1% interest. Fine.

Meanwhile, though, you have the stablecoins. What are the stablecoins? Their status is also metaphysically imprecise, but one way to think of them is something like "they are dollar bills, but on the blockchain." The big innovation of crypto, the thing that distinguishes Bitcoin from dollars is, fundamentally, that dollars exist only as debt obligations of someone, while Bitcoins exist as their own atomic thing. Dollars are transferred by asking your bank to transform liabilities it owes you into liabilities it owes someone else; Bitcoins can be transferred electronically without an intermediary because they are not anyone's liabilities. Same with most other cryptocurrencies.

And then stablecoins are cryptocurrencies worth a dollar. They *are* someone else's liabilities — they're the stablecoin issuer's liabilities — but they sort of don't work like that. For crypto purposes, they are electronic cash; they can be held on the blockchain and transferred without an intermediary. I can give you my dollar stablecoin without involving anyone else, though if you want to cash it out for an *actual dollar* you might have to involve the stablecoin issuer. But what is an actual dollar anyway?

As I have often written around here , this neat innovation of crypto — a financial system *without fractional reserve banking,* where money could be held *directly* and electronically and without being anyone's liability — was quickly overrun by, you know, fractional reserve banking. It's fun and lucrative to create a leveraged financial system. If you *have* Bitcoins, and you're not *doing* anything with them, you might as well *lend them out* to someone who wants them. What do they want them for? Oh, mainly speculation (short Bitcoin trades, etc.), but if they make money on that they can pay you some interest.

And then same with stablecoins. If you have stablecoins, and you're not *doing* anything with them, you might as well *lend them out* to someone who wants them. What do they want them for? Oh, mainly speculation (leveraged long Bitcoin trades, etc.), but if they make money on that they can pay you some interest.

The point to notice here is that, if you have stablecoins, you can lend them *twice*. You put dollars into the stablecoin and get back stablecoins (with interest). And then you have stablecoins, which you can lend to someone (and earn interest). Your dollars get loaned out in the real world (to the US government, in the form of Treasury bills held by the stablecoin issuer) and also in the crypto world (to crypto speculators, in the form of a crypto lending program).

So you should get, you know, at least twice as much interest as on a regular bank account? Anyway!

Crypto exchange Coinbase has begun rolling out a new feature that lets users lend their stablecoin holdings onchain, with yields currently up to 10.8%.

The service is powered by Morpho, a decentralized lending protocol, with allocations managed through onchain vaults curated by Steakhouse Financial on Base, the Coinbase-incubated Ethereum Layer 2 network.

When users deposit USDC, Coinbase creates a smart contract wallet that routes funds across different lending pools to optimize returns. Users start earning yield immediately and can withdraw at any time, subject to liquidity, Coinbase said.

Coinbase stressed that while the feature relies on DeFi protocols, it is designed to feel familiar and accessible to mainstream users through the Coinbase app.

Coinbase already offers “USDC Rewards,” paying 4.1% annual percentage yield or APY (4.5% for Coinbase One members). By lending USDC onchain, users can earn significantly higher yields, the exchange said.

“USDC Rewards does not involve lending customer assets — it’s a customer loyalty program offered at Coinbase’s discretion, and with payouts coming directly from Coinbase’s marketing budget,” a Coinbase spokesperson told The Block.

“Customer loyalty program” and “marketing budget” is a complicated way to say “the issuer of USDC gets interest from its Treasury bills and passes some of that to you via us.” “Lend their stablecoin holdings onchain” is the other thing. Crypto has created double fractional reserve banking. It’s neat!

What’s Mark Spitznagel up to?

Roughly speaking Mark Spitznagel , of black swan hedge fund Universa Investments, sells investors insurance against market crashes. If a journalist calls him up and says “will there be a market crash,” he sort of has to say yes? Like:

1. It’s true! In the long run, the market goes up sometimes and down other times. Eventually there will be a crash, so he will turn out to be right.
2. It’s his business! If he was like “nope everything is fixed, so now the market will go smoothly up forever,” who would buy his crash insurance?

Spitznagel has various interesting things to say, but at some level his news function is that if you call him to ask “will there be a market crash” he will always enthusiastically say yes. Spencer Jakab has a fun column at the Wall Street Journal in which he called up Spitznagel, who was like “I’m super bullish! This is the Roaring ’20s! Buy all the stocks! But yes of course there will be a crash”:

The alarming part of Spitznagel’s current outlook is that he sees conditions akin to 1929, the year of the Wall Street crash. The silver lining for those hoping the bull-market music will keep playing a while longer: He thinks this is more like the early part of 1929 when stocks added significantly to their Roaring ’20s gains.

Never hurts to have insurance though.

Things happen

How Nvidia Is Backstopping America's AI Boom. SEC Chief Eyes Rule Exemptions for Crypto Trading by December. Morgan Stanley Taps Partner to Offer Crypto to E*Trade Clients. Wall Street Beats Private Credit on $20 Billion of M&A Debt. UBS whittles €4.5bn French tax evasion penalty down to €835mn. Jeff Bezos' Billionaire Dad Is Hiring a CEO to Run His Family Office. Regional US casinos cash in as gamblers shun pricey Vegas trips. Retail sushi. "The kids I spend a little time with speak with disdain of *B2B software* and with respect for *hard problems*."

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

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

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

1. Sometimes merger agreements contain continuing obligations for the buyer, which might prevent this sort of thing. But in general public-company merger agreements don't effectively obligate the buyer to do much after closing. Here there are some continuing employment covenants but not much else.

2. Indirectly, in that that 4.35% rate is from an online-only high-yield savings account, but you know what I mean.

3. In the fairly early days of crypto lending, in 2018, I wrote : "The reason all of everyone's dollars are always getting swept up into an overnight rate somewhere—it's not just because people have a deep desire to get paid interest; it's also because those dollars have to go somewhere. They can never rest; even your most idle savings-account dollar is constantly being blasted through the economy, being put to use by someone else while you sleep. The interest compensates you for the uncanniness of having to hold your dollars through someone, some not-perfectly-riskless entity. It tells you something about the nature of dollars: that they are not pure entities that you can just conveniently own, that they are instead always somehow obligations of someone else, that they exist only as some form of debt. That is the thing that Bitcoin is solving. Bitcoin is a form of cash that can be held directly by anyone in purely electronic portable transferable form without a bank. (Or a money-market sweep account.) 'A purely peer-to-peer version of electronic cash would allow online payments to be sent directly from one party to another without going through a financial institution.' The reason the cash in your brokerage account gets swept into money-market funds every night is that it'd be idiotic for your broker to keep a bunch of $20 bills in an envelope with your name on it. The reason the Bitcoins in your Bitcoin-exchange account don't get swept into money-market funds every night is that it's easy for a Bitcoin exchange to hold onto those Bitcoins electronically, because that is the whole point of Bitcoin."

Securities

Opinion

Matt Levine’s Money Stuff: Bitcoin Treasury Company M&A (1)

Sept. 23, 2025, 4:12 AM PDT

Bitcoin treasury merger

For a long time, the US stock market would pay $2 for $1 worth of crypto. If you had a stash of, say, $500 million worth of Bitcoin, you could plop it into a random public company and the market would value the company at $1 billion. Then you could raise more money in at-the-market stock offerings, and use the money to buy more Bitcoin. Each $1 that you spent on Bitcoin would increase your market capitalization by $2, allowing you to raise more money to buy more Bitcoin, etc., in a virtuous cycle that, come on, just *had* to end badly. If nothing else, this strategy was extremely visible and extremely easy to copy, so everyone did it, driving the premium down.

But, for a while, good trade. One oddity of the trade was that, if you did have $500 million worth of Bitcoin, and someone came to you and said “I’ll give you $500 million for your $500 million worth of Bitcoin,” you’d be kind of an idiot to sell. Those Bitcoins were going for $1 billion on the stock market! If you had a big stash of Bitcoin, the proper trade was to *start a Bitcoin treasury company*, not sell the Bitcoins to someone else who already had a Bitcoin treasury company. I wrote about this problem in July:

Doesn’t this seem unsustainable in the long run? How are all of the Bitcoin treasury companies going to buy more Bitcoin, if every big holder of Bitcoin can make more money by starting Bitcoin treasury companies themselves? I mean, there are subscale holders; if you own 0.1 Bitcoins you’re not going to take that public so you might as well sell to Strategy or Twenty One or BSTR or whoever. And I guess eventually there will be stock-for-stock mergers of Bitcoin treasury companies. The ones that trade at lower premiums will sell to the ones that trade at higher premiums. I am excited to read the fairness opinions for those.

Well! Bloomberg’s Isabelle Lee reports:

Strive Inc., co-founded by former US presidential candidate Vivek Ramaswamy, agreed to acquire Semler Scientific Inc. in an all-stock deal, marking a new stage of consolidation among Bitcoin accumulators.

The transaction values Semler at $90.52 a share, a 210% premium to its Friday closing price of $29.18. The combined company will hold nearly 11,000 Bitcoin, according to a statement Monday.

Digital-asset treasury companies have sprung up around the world in recent months as cryptocurrency prices rose, adopting the balance-sheet strategy pioneered by Michael Saylor's Strategy Inc. Strive's deal for Semler appears to be among the first between publicly traded crypto hoarders, and it comes a week after Strive turned itself into a Bitcoin proxy.

"Strive's merger agreement to acquire Semler Scientific just one week after becoming a public company shows a level of speed and execution not seen before in the Bitcoin treasury space," said Matt Cole, Strive's chairman and chief executive officer.

The fairness opinion isn't out yet. Semler Scientific is a Bitcoin treasury company that, like most Bitcoin treasury companies, also does a random other thing. (Here, "a market leader in digital health technologies that support early detection of chronic disease"; Strive is an anti-woke exchange-traded fund manager.) It owns 5,021 Bitcoins, worth about $567 million at $113,000 per Bitcoin. Time was when that stash would make Semler's stock worth $1 billion or more, but that golden age has ended, and Semler's stock closed on Friday at $29.18 per share, for about a $432 million market capitalization. It has about $100 million of debt outstanding, so that's something like a $532 million enterprise value, but the point is that Semler was trading at a small *discount* to net asset value.

That is not what you sign up for when you start a Bitcoin treasury company! The whole point is to trade at a huge premium to net asset value, so that you can sell more shares to buy more Bitcoin and grow your empire. If you are trading at a discount you might as well unwind the trade: Sell all the Bitcoins for $567 million, pay off the debt, and give the remaining $467 million back to shareholders. But that seems like a disappointing outcome.

The better alternative is to sell the whole Bitcoin treasury company to another Bitcoin treasury company, for stock, at a nominal premium to net asset value. Here Semler is getting a nominal price of "approximately $90.52 per share," based on an exchange rate of 21.05 Strive shares per Semler share and Friday's Strive closing price of $4.30 per share, though the actual valuation depends on how much the Strive shares are worth. Another way of doing the math is:

Strive has 5,886 Bitcoins in its treasury, and Semler has 5,021, for a total of 10,907 Bitcoins in the combined company.

So Strive is contributing 54% of the total Bitcoins, and Semler is contributing 46%.

Strive's and Semler's public shareholders will own proportional shares of the combined company (54% for Strive and 46% for Semler), though Strive also has a large chunk of non-traded high-vote stock held mostly by its insiders, giving Strive more of the combined company.

In other words, on a Bitcoin basis, this is roughly a merger of equals; no one is paying a premium or a discount. By last Friday, Semler's stash of Bitcoins was no longer trading at a premium on the stock market. But if you roll that stash of Bitcoins into another stash of Bitcoins, maybe the combined company will trade at a premium on the stock market. Why? I don't know, why does anything ever happen. Some crypto treasury companies sometimes trade at large premiums, so if yours doesn't you just roll the dice again.

What does Strive get out of the deal? Strive is issuing 311.5 million shares in this merger to get 5,021 new Bitcoins, worth about $567 million. Strive's stock closed on Friday at $4.30 per share, making those 311.5 million shares worth about $1.3 billion. Wouldn't it be more efficient for Strive to sell that $1.3 billion worth of stock for cash and use the cash to buy $1.3 billion worth of Bitcoin, roughly twice as much as it's getting in this merger? Why wouldn't it just do that? Ahahaha no I'm kidding I know why. These days it is harder than it used to be to sell $1 worth of Bitcoin for $2 on the stock market, but it's easier if the buyer is also a crypto treasury company.

FNZ

Classically, a private tech company issues *common stock* to its employees and founders, and *convertible preferred stock* to its venture capitalists. Employees get a share of the business: If the business ends up worth nothing, they get nothing; if it ends up worth a bajillion dollars, they get their percentage cut of a bajillion dollars.

VCs, though, get some downside protection. If a VC invests in a startup at a $2 billion valuation, paying $200 million to buy 10% of the company with a "1x liquidation preference," then the VC gets its money back first. Much of the time, this works out like common stock. If the startup ends up selling itself or going public for $5 billion, the VC gets back $500 million (10% of $5 billion), a nice return on its $200 million. If the startup ends up worth nothing, the VC gets back nothing, the risk of investing in startups.

But if the startup ends up selling itself for $1 billion, the VC gets back $200 million: It has a *liquidation preference*, and its $200 million gets paid back before the holders of common equity get anything. In this case, if the VC is the only preferred investor, the VC gets back $200 million, leaving $800 million for the common shareholders who own 90% of the company. If you are a 1% common shareholder, you might think "ah, the company sold for $1 billion, so I get 1% of $1 billion, which is $10 million," but in fact you only get $8.9 million because the VC's preferred shares get paid back first.

That is the optimistic case. More often, a company will do several rounds of preferred-stock financings at increasing valuations (and, thus, increasing liquidation preferences). Sometimes, to get a financing done, the company will give VCs a liquidation preference *higher* than the amount they put in: If that VC got a "2x liquidation preference," then it would have to get back $400 million (twice its investment) before the common shareholders got anything. (That is, it gets a preferred *return*, a guaranteed profit before the common shareholders participate.) If the company raised $500 million from VCs at a $2 billion valuation with a 2x liquidation preference, and then a few years later sold itself for $1 billion, the VCs would get the whole $1 billion and the common shareholders — who thought they owned 75% of the company — would get nothing.

Three things to say about this are:

1. It's very common. Most US venture capital deals are for preferred stock, and liquidation preferences above 1x (where the VC gets back a profit before common shareholders get anything) are controversial but not particularly rare.
2. The bad outcome — the company sells for less than the liquidation preferences, so the VCs get paid but the employee common shareholders get nothing — is also not that uncommon. Medium is full of warnings to startup employees about "Why You May Never See a Dime From All Those Stock Options" and "How to Exit for $1B and Walk Away With Nothing." If a startup raises money at the peak and then sells at a lower valuation, it's entirely possible that the employees will get nothing.
3. It makes the headline valuations of a lot of tech startups a bit misleading. If a company raises money at a "$2 billion valuation" by selling 10% of itself to a VC for $200 million and giving the VC a $400 million liquidation preference, then the company's total equity value is not *really* $2 billion. The VC paid $200 million for a thing — preferred stock with a guaranteed 100% return — that is worth *more* than 10% of the equity, which means that a 10% common-stock stake in the company is worth less than $200 million, so the company as a whole is worth less than $2 billion. This can be quantified, and has been. We have occasionally discussed a 2017 paper, "Squaring Venture Capital Valuations with Reality," by Will Gornall and Ilya Strebulaev, examining the terms of big startup fundraisings and finding "that reported unicorn post-money valuations average 48% above fair value, with 14 being more than 100% above," because of liquidation preferences and other terms of their fundraisings. ("Common shares lack all such protections and are 56% overvalued.") So if a startup just raised money from VCs at a $2 billion valuation, and someone offers you common stock representing 0.1% of the company, you should not pay $2 million for it; you should pay more like $1 million.

There are various reasons to dislike this. You might dislike it just as a disinterested observer, because all of this "structure" can make startup valuations misleading and be a way to avoid the embarrassment of a down round. You might dislike it as a startup founder, because liquidation preferences can reduce *your* return and because there is a Silicon Valley stereotype that VCs who demand too much "structure" in their termsheets are bad to work with.

But the people who especially dislike it are startup *employees*, who are making large undiversified career bets on their startups for years at a time and quite naturally think that, if the startup ends up with mediocre results, they should get *some* reward before rich diversified VCs get their guaranteed profits. The deals don't work that way, but you can see why employees would think they should.

Anyway here's a story about "a legal case brought by disgruntled employee shareholders of FNZ" Group Ltd., a financial technology firm, "who say their stake in the company was worth $4.6 billion before three fundraisings diluted it."

The 180 shareholder employees claim that their stake has been unfairly watered down by three fundraising exercises during 2023 and 2024. The raisings, which brought in just over £1 billion, were conducted through preference shares and warrants. The employees argue that the institutional investors who also own shares in the company were able to increase their stakes on preferential terms.

As a result the employee shareholders say that if the company were to be sold, in an initial public offering, for instance, their shares could prove to be worthless in certain circumstances.

Yes that *is* definitely something that startup employees dislike. Bloomberg's Ishika Mookerjee wrote about the case in July:

FNZ issued preference shares — which rank higher than ordinary shares — and warrants to institutional investors including Caisse de Depot et Placement du Quebec, Singapore's Temasek Holdings Pte. and Motive Partners LLC, diluting the employee holders, the claimants said in a Monday statement. …

Preference shares offered investors a potential rate of return of as much as 300%, while the issuance of warrants has furthered diluted the claimants' shareholdings, according to the lawsuit. Employees have also complained about FNZ's decision to amend its constitution, which they say removed a requirement to issue new equity at fair market value.

The case was filed in New Zealand. I am not sure if employees have much legal ability to *stop* this sort of thing — I suppose it depends on what FNZ's constitution said and also how off-market the financing terms were — but it is an interesting attempt.

Shady deals

In 2000, Vincent Yen and Frederick Ghahramani founded a Canadian software company now called airG Inc., along with a third co-founder who left in 2004. Until 2021, Yen and Ghahramani controlled about 89% of airG's stock, split equally between them, with the rest in the hands of a few angel investors and one other executive. At some point they had a falling-out and Ghahramani took over most of the day-to-day running of the business, though Yen remained an executive with a salary. In 2021, Ghahramani secretly acquired some angel investors' shares, got voting control, removed Yen as a director, fired him and stopped paying his salary. Yen sued, claiming among other things that he and Ghahramani were partners and had an agreement that "they would equally participate in all share buybacks from the angel investors." What kind of agreement? Well in 2015 they signed an "Ongoing Business Partnership Agreement" that, among other things:

1) reduced Mr. Yen's annual salary to $100,000 and increased Mr. Ghahramani's annual salary to $500,000;

2) permitted each party to submit $24,000 per annum in personal expenses on their American Express cards, to be paid by airG;

3) required each party to record their personal expenses in a way that would maximize airG's ability to pass a CRA [*Canada Revenue Agency, the tax authority*] audit;

4) stated Mr. Yen and Mr. Ghahramani agreed to divide the proceeds of three enumerated "shady" deals 50-50. This term was included in a section entitled "Shady Deals";

In an email to Yen a week later, Ghahramani expanded on the intent of the agreement:

[…] just so we understand each other, what our arrangement enables is for you and me to not be treated like shareholders, but to get treated like owners of a family business or really "extra special shareholders". If we were just normal shareholders there would be no ayse deals, and there would certainly be no year end split of profits in the structure that we've built.

It's possible that we've been doing it so long that we've taken it for granted but if we ran airg "correctly" the only way to get cash into our jeans would be to dividend money into dorian [*an angel investor*] and cra's jeans too. Which is something neither of us want to do [...]

We are negotiating how to *continue* [f***ing] the minorities and cra under our current "partnership" that we've arranged as special shareholders

Those quotes are all from last week's Supreme Court of British Columbia decision in the case and, you know. If you are going to court asking a judge to enforce an agreement with a section titled "Shady Deals," you have probably already lost. Yen did. The judge wrote:

Mr. Yen's removal as a director was not oppressive, nor did it violate his reasonable expectations. This is because Mr. Yen could not have reasonably expected that he would remain either a director, or an employee, of airG forever. Mr. Ghahramani did not oppress Mr. Yen; he legally outmanoeuvred him.

And:

Mr. Yen and Mr. Ghahramani understood that the terms of the 2015 Agreement were prejudicial to the other airG shareholders and probably contrary to income tax laws. Their understanding of this fact is apparent in their communications.

I feel like we should see more of this? If you are a young tech-inclined startup founder, and you are doing shady deals, and you want to split the proceeds of the shady deals with your cofounder … you *shouldn't* have an agreement with a section titled "Shady Deals," but you *might*, right? It just feels like that has a combination of literal-mindedness, hubris and comedy that would appeal to a lot of tech founders. But not to judges!

Meta power trading

I sometimes point out around here that "insider trading" in commodities markets is a tricky topic. Unlike in the stock market, commodities traders are *supposed* to trade on material nonpublic information: The point of a commodities futures market is to allow real-world producers and consumers of a commodity to hedge their risk, and of course those real-world producers and consumers have private knowledge about their own production and consumption plans that will inform their trading. Not *all* commodities insider trading is legal — you're still not allowed to trade on someone else's private information that you have misappropriated; you can't front-run your employer — but a lot of it is (not legal advice!), which creates weird potential results if sports and election betting are somehow commodity markets.

So if you are betting on future electricity demand, you might be very interested to know the details of Meta Platforms Inc.'s plans to power its artificial intelligence projects. If you broke into Meta and stole those plans to trade electricity, no, bad. But if you *are* Meta, of course go ahead and start a power trading business:

Meta Platforms Inc. is moving to break into the wholesale power-trading business to better manage the massive electricity needs of its data centers.

The company, which owns Facebook, filed an application with US regulators this week seeking authorization to do so. A Meta representative said it was a natural next step to participate in energy markets as it looks to power operations with clean energy.

Buying electricity has become an increasingly urgent challenge for technology companies including Meta, Microsoft Corp. and Alphabet Inc.'s Google. They're all racing to develop more advanced artificial intelligence systems and tools that are notoriously resource-intensive. Amazon.com Inc., Google and Microsoft are already active power traders, according to filings with US regulators.

While big tech companies consume huge amounts of electricity, they also have contracts for power that they can flip around and sell when prices are high.

"There will be opportunities to sell electricity into the wholesale markets and make a little extra money doing that," said Pavel Molchanov, an analyst at Raymond James.

Man, remember DeepSeek? There was like a week when DeepSeek's AI model was new, attracting tons of attention, and specifically making people worry that cutting-edge AI would require far less electricity and processing power than everyone had expected. This briefly took $1 trillion off the market value of tech companies, chipmakers and electric utilities, and I suggested that DeepSeek's founder — a hedge fund manager! — really should have shorted those stocks before unveiling the model.

Similarly if Meta ever does find a way to do AI in a less power-intensive way, I hope they make a ton of money shorting electricity first.

Theranos?

We talked last week about a guy who revived Enron Corp. as a bit. But here is a website called "Theranos Labs" — "the New Theranos: the lab test, REE-invented" — and … ? There is a long, wild video. I don't think it's a bit? It sure is something, though. They've got a thing called "Blue Magic."

Anderson

Elsewhere in Enron-adjacent revivals, "Andersen Group, a tax and legal services firm, filed for an initial public offering with the Securities and Exchange Commission on Friday." Anderson developed out of Arthur Andersen, the accounting firm that disappeared in the early 2000s because it audited Enron. Pretty sure this is not a bit at all, just a tax and legal services firm.

Things happen

How top hedge funds can pay traders $100mn. A 50-Pound Book Holds the Keys to Citadel Securities. The Year's Biggest Deal Could Yield a Record Payout for Bank of America. Reverse dispersion trades. DE Shaw Raising $5 Billion in First Hedge Fund Run by Humans. TikTok's Algorithm to Be Secured by Oracle in Trump-Backed Deal. Compass to Buy Anywhere, Forming $10 Billion Property Broker. Musk's XAI Raises $10 Billion at $200 Billion Valuation. PrizePicks Sells Majority Stake to Lottery Operator for $1.6 Billion. Disconnected phone calls leave billions of dollars on the hook for Humana. Samsung confirms its $1,800+ fridges will start showing you ads. "[Sam] Vaknin, who is 64, sounds and looks a lot like Count Chocula with dark nose-diving eyebrows and impressively lush gray hair. His epiphany that he likely had [narcissistic personality disorder] came while serving an 18-month prison sentence for securities fraud."

(Corrects description of Strive/Semler ownership in third bullet point of first item.)

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

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

1. Especially because Bitcoin was higher on Friday. Even at noon today, post-merger news, Semler's own website reported an enterprise value of $554 million against a Bitcoin NAV of $566 million.
2. I'm kidding, the real point is to pump $500 million your own Bitcoin into a Bitcoin treasury company and then sell down *your personal shares* over time to extract $1 billion of value from your $500 million of Bitcoin.
3. Semler has 14.8 million shares outstanding, which translates into 311.5 million Strive shares at the 21.05 exchange ratio. Strive has 364.8 million public Class A shares outstanding, and 270.5 million Class B high-vote shares held mostly by Ramaswamy and Strive's executives. I'm also ignoring options, warrants, etc.
4. Alternatively, the preferred could have a cumulative (non-cash) dividend, effectively accruing its liquidation preference by X% each year.
5. This is also true with a 1x liquidation preference, which still is worth more than common.
6. The facts and quotes here are from last week's court decision.

Securities

SEC's Proposed Move to Semiannual Reports Portends Wider Shakeup

Sept. 23, 2025, 2:30 AM PDT

Overhauling financial disclosure rules from historic quarterly reports wouldn't just ease workflows and costs inside public companies—it would fundamentally change how US markets and finance sector work.

The Securities and Exchange Commission is weighing a shift to semiannual reporting, agency Chairman Paul Atkins said Friday amid a growing campaign for the change. Proponents, led by President Donald Trump, bill twice-a-year reporting as a way to save public companies time and money and incentivize private companies to join their ranks, while opponents say the move would hurt transparency.

Nixing quarterly reporting, which has been around since 1970, would bring changes outside of cost savings and more opacity: Much of the country's financial system, for better or worse, is built around reporting every three months. Changes to that schedule would potentially shake up how companies set up insider-trading windows, how analysts spot trends and make recommendations, and how traders and the broader market factor earnings into stockpicking, experts say.

Insider Trading

Companies adopt policies in their bylaws regarding when company insiders, from executives to rank-and-file employees, can trade company shares. There's usually a blackout period where trading is prohibited before companies file their quarterly reports. That window reopens after earnings are released.

In a semiannual system system, companies would have to determine how long windows can legally stay open while insiders are sitting on non-public information for longer periods, said Kady Ashley, head of the mergers and acquisitions group at Skadden, Arps, Slate, Meagher & Flom LLP's Washington office.

It's possible that semiannual reporting would minimize trading opportunities, so in-house counsel might face more pressure to find ways to open those windows more often, Ashley said. Company attorneys could respond by releasing some form of a quarterly earnings report or update that would meet requirements to open trading, she said.

"Employees have a lot of their wealth tied up in stock, and when you are very restrictive about when they can access that wealth, it can create issues," she said.

Companies would likely continue to closely watch their quarterly financials, regardless of whether they reported those results. That fuels worries about insiders having more opportunities to hold and act on information that's not publicly available, according to comments made to the SEC from the Council of Institutional Investors in 2019, when the first Trump administration was considering a move to semiannual reporting.

Investment Analytics

For equity analysts, timely data is critical, said Paul Beland, global head of research in investment intelligence firm CFRA's wealth management division. Going from quarterly to semiannual data would raise risks for investors because they'd be operating off less information, he said.

Revenue isn't the important part of quarterly reports, Beland said. Rather, analysts look at more granular data, like retail companies' same-store sales, to get ahead of trends that are still materializing. Company leaders also answer questions during earnings calls, which can help with forecasting.

"Everything that is published in those quarterly results goes into our models," Beland said. "Less is not more here."

Conversely, semiannual reporting would give analysts more time to do deeper dives on companies, engage more with management, and emerge with better research, said Dominic Pappalardo, chief multi-asset strategist for Morningstar Investment Management LLC.

"I don't think that spreading out that information flow is necessarily bad from their point of view," he said of his team of about 100 analysts.

Stock Volatility

Semiannual reporting could also cause more stock price volatility as the market reacts to reports after longer periods without information, Beland said.

This increased volatility could lead analysts to lower company valuations, he said. Analysts forecast a company's future cash flows into perpetuity, and more risk and volatility would lead to an increased discount rate—which signals less confidence in an investment. Beland said.

Volatility is a concern, Pappalardo said. But it's possible that semiannual reporting could actually lead to less volatility because the market wouldn't react every few months to new information, he said. Besides, analyst stock price predictions move around more than the stock price itself, he said.

"Like anything, it kind of depends who you are and what your current circumstances are," Pappalardo said.

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

Securities

Techtronic May Proceed With One Libel Claim Against Short Seller

Sept. 22, 2025, 7:18 AM PDT

One libel claim by Techtronic Industries Co. may proceed against a short seller who wrote two critical reports about the company, but a second claim was dismissed by a Florida federal district court.

After Victor Bonilla's first report was published, Techtonic's shares lost about 20%, or $4 billion in market value.

But the crux of the first report on Bonilla's website, Jehoshaphat Research, contained nonactionable opinions and colorful rhetoric, Judge Charlene Edwards Honeywell said Sept. 19 for the US District Court for the Middle District of Florida, granting him summary judgment on that claim.

On the other hand, a jury must decide whether statements in the second report predicated on false facts were made negligently and whether they were defamatory, she said.

Techtronic is a Hong Kong company that sells tool and home cleaning brands including Ryobi, Oreck, and Dirt Devil. It has a contract with Home Depot Inc. that gives it exclusive rights to sell certain products, and gives Home Depot the right of first refusal to sell "factory blemished" products.

The first report claimed TTI's financial reports were a "web of deceit" that overstated operating income by up to 70%, and its balance sheet was "a vast toxic graveyard where the accounting bodies are buried." The report also included a disclaimer that Bonilla was a "biased and self-interested" investor.

The second report accused TTI of things like "systematically defrauding Home Depot" by fraudulently labeling thousands of products as "factory blemished," and committing "outright contractual and product fraud" against Home Depot.

While statements in the first report are Bonilla's interpretation of accurate facts and hyperbole and thus aren't actionable, the judge said, some claims in the second report falsely state the facts.

Bonilla unsuccessfully argued that because TTI is a publicly traded company, it was a public figure that had to show actual malice in his comments.

Quinn Emanuel Urquhart & Sullivan LLP represents TTI. Harder Stonerock LLP and Squire Patton Boggs (US) LLP represent Bonilla.

The case is Techtronic Indus. Co. v. Bonilla , 2025 BL 335026, M.D. Fla., No. 8:23-cv-1734-CEH-AEP, 9/19/25 .

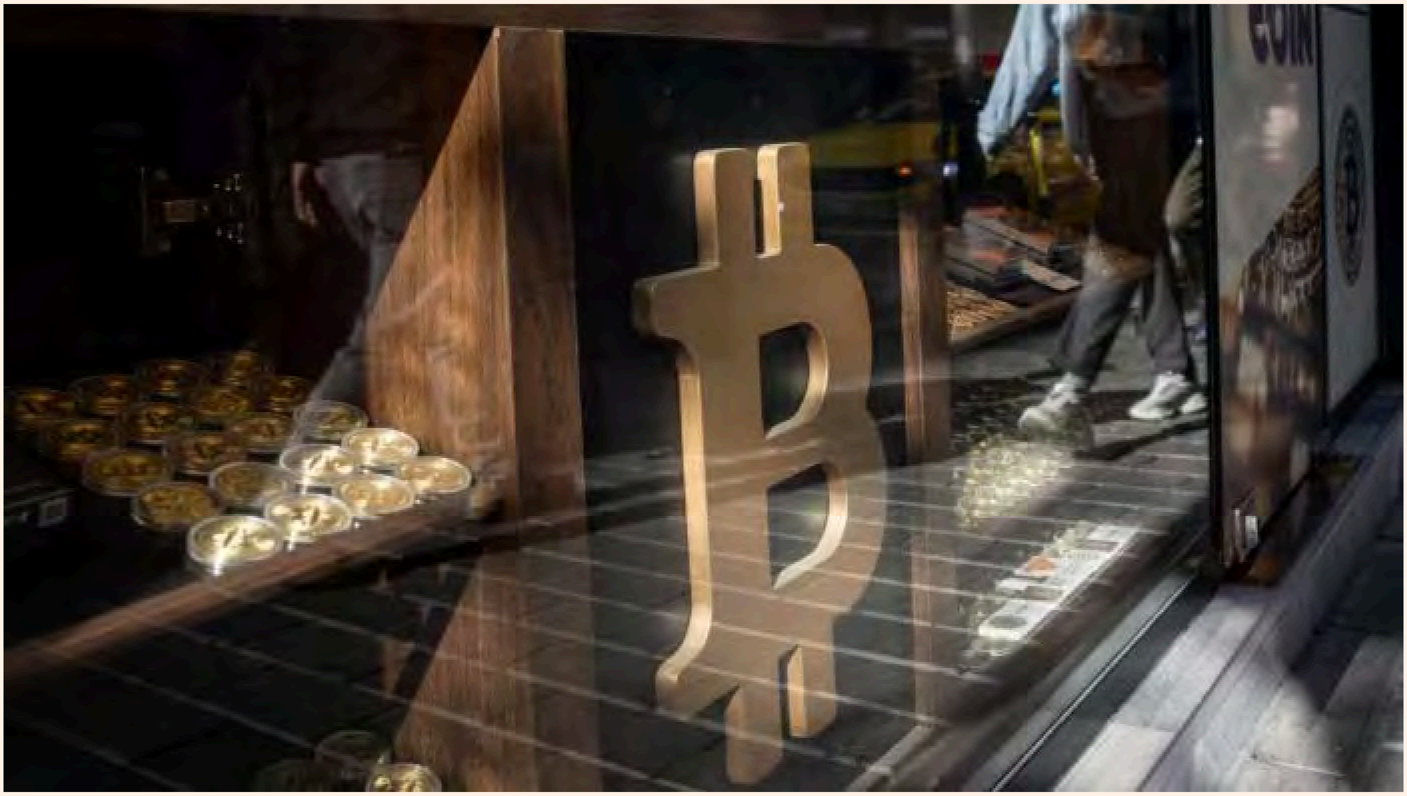
To contact the reporter on this story: Bernie Pazanowski in Washington at bpazanowski@bloombergindustry.com

To contact the editor responsible for this story: Alex Clearfield at aclearfield@bloombergindustry.com

Cryptocurrencies

Crypto hoarders turn to share buybacks in push to boost falling stock prices

Tactic is 'probably the death rattle' for some as crypto treasury business model shows signs of unravelling



Some crypto treasury companies are trading below the value of the tokens they hold and are becoming ripe targets for acquisition © Chris McGrath/Getty Images

Nikou Asgari in London

Published YESTERDAY

Struggling crypto-hoarding companies are launching share buybacks in an attempt to boost their stock prices, in the latest sign that this year's "crypto treasury" craze is unravelling.

An online gaming company and a maker of golf carts are among lightly traded companies that pivoted to buying cryptocurrencies as little as two months ago, yet are now embarking on share buybacks in an effort to lift their falling stock prices. Some are taking on debt to fund the purchases.

At least seven companies have taken such steps in recent weeks — five of which have a market value that has sunk below the value of their crypto holdings, as investors worry about a saturated market and raise questions about the crypto treasury business model.

"It's probably the death rattle for a few [of these companies]," said Adam Morgan McCarthy, senior research analyst at crypto analytics company Kaiko.

Vivek Ramaswamy's Strive Asset Management on Monday bought Semler Scientific, a former healthcare technology company turned bitcoin-hoarder, in the first such deal for a struggling crypto treasury company. It highlights how treasury companies trading below the value of the tokens they hold are becoming ripe targets for acquisition.

This year, scores of companies, including some backed by US President Donald Trump and his family, have rushed to raise debt or issue equity and spend the money on buying cryptocurrencies such as bitcoin, ether and solana, inspired by US crypto magnate Michael Saylor. The market valuation of his company, Strategy, has soared above $100bn this year, after it began buying bitcoin in 2020.

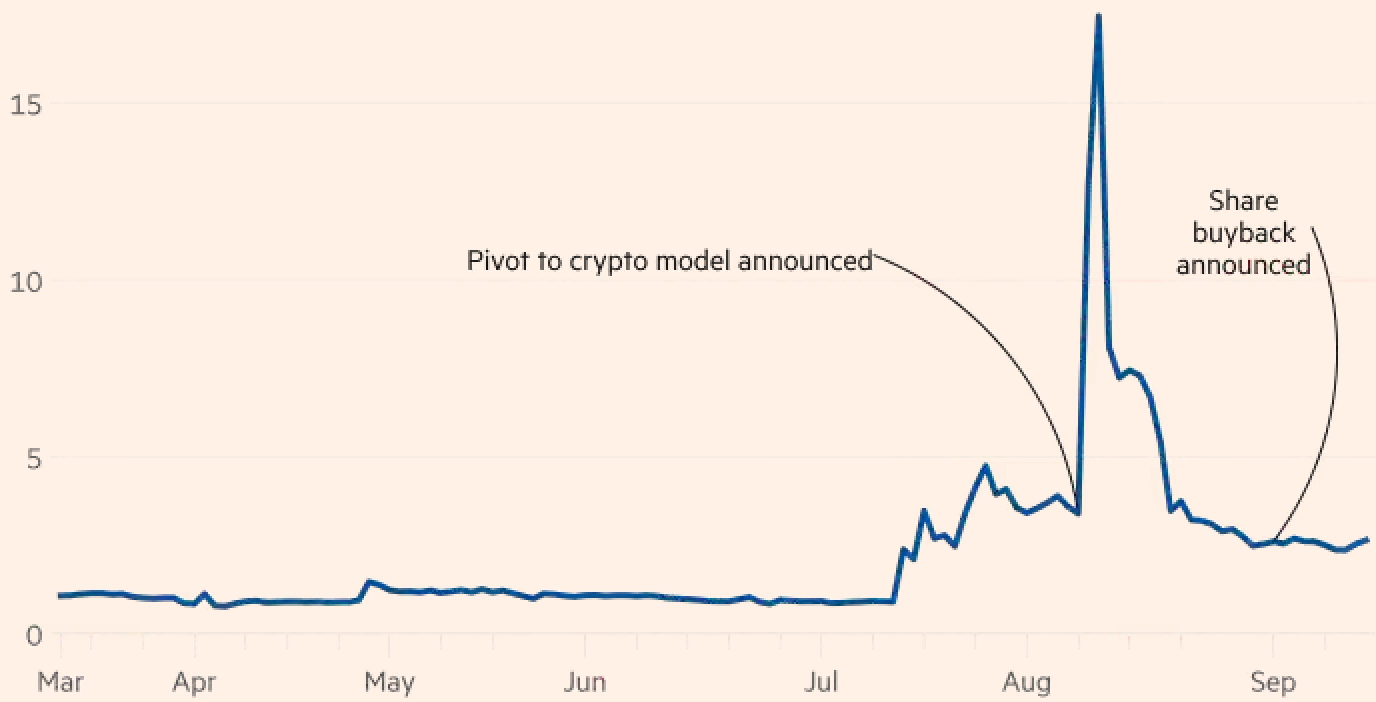
But the copycat craze is showing signs of losing steam. Most crypto treasury companies are lossmaking or simply shell vehicles, with executives' and investors' belief in the value of their tokens being the sole driving force for share price gains.

Biotech company 180 Life Sciences changed its name to ETHZilla last month and began loading up on ether tokens. Its shares have sunk 76 per cent from their August peak and the company is valued at $416mn, despite holding about $460mn worth of ether.

Last week, ETHZilla raised $80mn in debt collateralised against its ether holdings from Cumberland DRW, the crypto arm of Don Wilson's market maker DRW. It will use the funds to purchase its own shares as part of its $250mn buyback plan.

ETHZilla's shares have fallen back from August peak

Share price, $ (intraday high)



Source: LSEG

"We continue to view repurchasing shares as opportunistic and an accretive use of capital," said McAndrew Rudisill, chief executive of ETHZilla.

But some analysts see such buybacks as evidence that the business model behind crypto treasury companies may have run its course.

"It's only been six months and we're already talking about their demise," said Elliot Chun, partner at crypto advisory firm Architect Partners. "A very small percentage are going to succeed."

Raising money to buy back shares instead of spending it on tokens was "antithetical" to the crypto treasury concept, he said.

Share buybacks by listed companies have become increasingly common in recent years. Executives typically carry them out when they believe their company's stock is undervalued. Real estate investment trusts, for example, often buy their own shares when their market value falls below the value of the assets they own. But the business model for crypto treasury companies is built on the notion that their market value will rise more quickly than the value of their crypto holdings.

For those embarking on share buybacks, this is no longer happening.

Kaiko's Morgan McCarthy said: "They're just trying to buy time, sustain things, tide things over until they can capitalise on that next wave [of crypto prices rising]."

"It's very circular," he added about such buyback operations. "A lot of these [companies] are like a house of cards and are going to collapse very quickly."

In July, Texas-based Volcon, which makes electric sports vehicles such as golf carts and motorbikes, pivoted to focus on buying bitcoin and changed its name to Empery Digital, sending its share price rocketing 380 per cent.

But the Nasdaq-listed company's stock has since given up all of those gains. On Friday, it increased a debt facility from $25mn to $35mn and raised a further $50mn in debt to fund share buybacks. Empery has a market capitalisation of about $378mn, even though it holds $476mn worth of bitcoin.

Morgan McCarthy said the incidence of such buybacks was "a sign of oversaturation in the market", as companies struggle to sustain their initially high valuations.

Bloomberg Law

Request a Demo Login

Securities

New Delaware Chancery Magistrate Brings Family Law Background

Sept. 22, 2025, 7:22 AM PDT

An attorney with experience in estate litigation and adult guardianships has been appointed Magistrate in Chancery, one of two new judicial officers who will help manage the Delaware business court's busy caseload.

Jessie R. Benavides joined the Delaware Chancery Court on Monday, with chambers in Dover, Del., according to a statement. Her civil litigation expertise includes family law and personal injury matters, and she also served as an attorney ad litem before the court.

The court's chancellor appoints Magistrates in Chancery to manage a caseload involving trusts, estates, and guardianships, as well as books-and-record demands and advancement actions, among other corporate and contract disputes. Until July 2023, they were called "Masters in Chancery."

"None can top Magistrate Benavides' experience helping Delaware residents navigate the legal system during extraordinarily stressful moments in their lives. That skill and her knowledge generally will be an immediate asset to those who appear before our Magistrate Judges," said Chancellor Kathaleen St. Jude McCormick.

Lawmakers funded two new magistrate positions this year, in addition to five already serving. The court plans to introduce an automated system to rotate case assignments among its chancellor, six vice chancellors, and the seven magistrates.

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

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

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

Robbins Geller To Steer Ford Investors' Warranty Costs Suit

By **Sydney Price**

Law360 (September 22, 2025, 9:32 PM EDT) -- Robbins Geller Rudman & Dowd LLP was selected on Monday to lead a consolidated putative class action accusing Ford Motor Co. and its executives of concealing rising warranty costs that later caused an 18% stock price decline.

According to an order, Robbins Geller client Clark D. Crippen, who alleges Ford's misrepresentations cost him $904,000 during the proposed class period, will lead the suit. When appointing Crippen, U.S. District Judge Linda D. Parker denied motions from three other parties alleging losses between $107,000 and $622,000.

Though the two consolidated suits suggested different class periods lengths, Judge Parker said the complaint with the longest proposed class period was appropriate to use when calculating damages in this case.

"Having found that Crippen has timely moved to be appointed lead plaintiff, has the largest financial interest in the relief sought by the class, and otherwise satisfies the typicality and adequacy requirements of Rule 23, the Court concludes that he is the presumptive lead plaintiff," the order states.

Last November, Judge Parker consolidated two similar suits against Ford alleging the company failed to disclose several important facts to investors, including that the company was experiencing deficiencies in its quality assurance for vehicles since 2022 and, as a result, experienced higher warranty costs.

It wasn't until a July 2024 press release that Ford revealed its profitability was "affected by an increase in warranty reserves" and "higher warranty costs," the litigation claims. The news caused Ford's shares to fall approximately 18%, the suit alleges.

When the July 2024 financial results were published, analysts and journalists reported $2.3 billion in total warranty and recall costs for the second quarter, $800 million more than the first quarter and $700 million more than a year ago, the suit states.

The material misstatements and omissions resulted in an "unrealistically positive assessment of the company's financial well-being and prospects," causing the company's securities to be "overvalued and artificially inflated," according to the suit.

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

The proposed class is represented by Danielle S. Myers, Michael Albert, Juan Carlos Sanchez and Kenneth P. Dolitsky of Robbins Geller Rudman & Dowd LLP.

Ford and the individual defendants are represented by Andrew B. Clubok, Michele D Johnson, Nicholas J. Siciliano, Renatta A. Gorski and Susan Engel of Latham & Watkins LLP and Roger P. Meyers and Stephanie A. Douglas of Bush Seyferth PLLC.

The case is Albert Guzman et al. v. Ford Motor Co. et al., case number 2:24-cv-12080, in the U.S. District Court for the Eastern District of Michigan.

LAW360

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

National Instruments Investors Granted Class Cert.

By **Katryna Perera**

Law360 (September 22, 2025, 7:58 PM EDT) -- A New York federal judge has certified a class of investors who sold National Instruments Corp. stock during two windows in 2022 while the company was repurchasing shares and considering an acquisition offer, finding that reliance can be presumed and damages can be measured on a class-wide basis, among other things.

U.S. District Judge Denise Cote issued an **opinion and order** on Friday certifying a class of all those who sold NI stock in 2022 between Aug. 12 and 30 and between Sept. 12 and 28, when NI's repurchases occurred.

The suing investors had sought certification of all individuals who sold NI stock between Aug. 12, 2022, and Sept. 30, 2022, but Judge Cote agreed with the defendants that the definition was overbroad because it included individuals who did not sell NI stock contemporaneously with the company's own stock repurchases.

In granting certification, the judge found that the modified class satisfied Rule 23(a)'s requirements.

"The numerosity requirement is satisfied, as the lead plaintiff has submitted evidence that over 400 institutions held NI stock during the proposed class period ... there are questions of law and fact common to the class ... the lead plaintiff's claims are also typical of those of the class, as it sold stock on Sept. 22, 2022, during the class period that will be certified," the opinion states.

Judge Cote also named Robbins Geller Rudman & Dowd LLP and class counsel and Wayne County Employees' Retirement System as class representative, finding they would adequately represent the class.

According to the opinion, NI and the individual defendants opposed certification on the grounds that the predominance requirement was not satisfied. However, Judge Cote said on Friday that predominance is satisfied because the question of whether the defendants' alleged omissions are material is a question common to the entire class, and the investors have demonstrated that damages can be measured on a class-wide basis.

The suit, filed in 2023, alleges that NI conducted a share repurchase while hiding from investors that Emerson Electric Co. was bidding to acquire it at prices "significantly above" the then-current market prices of NI common stock. Investors claim NI engaged in insider trading by repurchasing stock while in possession of knowledge of the Emerson offer, meaning it repurchased shares from unsuspecting class members at depressed prices.

According to the opinion, NI produced automated test equipment and virtual instrumentation software. In January 2022, NI's board approved a stock repurchase program that authorized the company to repurchase up to $250 million worth of common stock from shareholders. It was the largest stock repurchase in the company's history, according to the opinion.

The repurchase program began in March 2022, and Emerson began presenting acquisition offers in May 2022 to purchase 100% of NI's outstanding common stock for $48 per share.

NI's board rejected Emerson's first few offers, and the opinion states that the stock repurchase program paused in June and July 2022 but resumed in August. According to the opinion, between Aug. 12 and Sept. 26, NI repurchased more than 2 million shares at an average price of $40.25, and no further stock repurchases occurred that year.

In November 2022, the opinion states that Emerson made another buyout offer to purchase NI at $53 per share. A few months later, on Jan. 13, 2023, NI announced that the board had initiated a "review and evaluation of strategic options, including solicitation of interest from potential acquirors and other transaction partners, 'some of whom have already approached the company.'" However, the announcement did not mention Emerson or any of its offers. On this news, investors say the price of NI common stock increased from $40.17 per share to $47.95 per share.

Emerson announced the acquisition on Jan. 17, stating that it had made an offer to purchase all NI shares at $53 per share.

"Emerson also stated that in response to an initial offer, NI had chosen to conceal the offer from the investing public and had instead undertaken a large stock repurchase," the opinion states. "On this news, NI's stock price surged from a previous close of $46.97 per share to a high of $54.69 per share."

The deal closed in October 2023, with Emerson purchasing all of NI's stock at a final price of $60 per share, according to the opinion.

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

The investors are represented by Chad Johnson, Noam Mandel, Desiree Cummings, Jonathan Zweig, Jai Chandrasekhar, Christopher T. Gilroy, Alyssa H. Plascoff and Francis P. Karam of Robbins Geller Rudman & Dowd LLP, and Robert C. Finkel, Joshua W. Ruthizer of Wolf Popper LLP.

NI and the individual defendants are represented by Andrew Ditchfield of Davis Polk & Wardwell LLP, and James F. Bennett, John D. Comerford, Jeremy M. Hofman and Megan S. Heinsz of Dowd Bennett LLP.

The case is In Re National Instruments Corporation Securities Litigation, case number 1:23-cv-10488, in the U.S. District Court for the Southern District of New York.

--Editing by Vaqas Asghar.

LAW360

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

J&J Ruling Misapplied Goldman Precedent, 3rd Circ. Told

By **Jessica Corso**

Law360 (September 22, 2025, 7:48 PM EDT) -- The U.S. Chamber of Commerce and other business organizations are supporting Johnson & Johnson's call for the full Third Circuit to reconsider a ruling that the groups argue could "saddle" companies with investor class-action suits through the misapplication of a recent U.S. Supreme Court ruling.

The Chamber was joined by the National Association of Manufacturers and the Pharmaceutical Research and Manufacturers of America in filing an amicus brief before the Third Circuit Friday.

The brief bolsters Johnson & Johnson's call for a full panel rehearing of a **July decision** that upheld certification for a class of investors who allege that the company failed to disclose cancer risks associated with its talcum powder products.

"Because of the substantial adverse consequences the panel's decision portends for the entire business community, the court should grant en banc review and reverse," the Chamber said.

The investors argue that the company's stock would have traded at a lower price had Johnson & Johnson been forthright about the cancer risks. They claim they lost money as the stock price fell when those risks were revealed through product liability lawsuits and news reports in 2017 and 2018.

U.S. District Judge Zahid N. Quraishi granted class certification in 2023 and the Third Circuit upheld that ruling this year, becoming only the second federal appellate court to interpret the U.S. Supreme Court's 2021 ruling in Goldman Sachs Group Inc. v. Arkansas Teacher Retirement System .

In Goldman, the high court ordered lower courts to consider whether alleged misrepresentations made by a corporation were too generic to have an impact on a stock's price, particularly in so-called inflation-maintenance cases like the one before the Third Circuit.

The justices also said courts should take into consideration whether there was a "mismatch between the contents" of the alleged misstatement and the corrective disclosure that supposedly revealed that misstatement.

Because Johnson & Johnson's alleged misrepresentations included statements about the safety and asbestos-free nature of its talc products, the Third Circuit ruled that the class passed the Goldman test.

But the Chamber said that the alleged disclosures relied on by the suing investors "merely amplify already-disclosed information and could not have 'corrected' any misrepresentation."

And they argued that the Third Circuit's position as only the second appellate court, behind the Second Circuit, to issue a post-Goldman ruling "will have an outsized effect on how other courts analyze price impact in securities cases."

"As inflation-maintenance cases become increasingly popular, the panel's misguided reasoning threatens to saddle many businesses with baseless but costly class-action lawsuits," the Chamber said.

Representatives for the investors didn't immediately respond to a request for comment. Attorneys for

Johnson & Johnson didn't immediately return a request for comment.

The company received more than just the backing of the business groups Friday.

A group of former U.S. Securities and Exchange Commission officials and law professors, including former SEC Commissioner Joseph Grundfest and two former SEC general counsels, also argued for a full circuit rehearing.

The Washington Legal Foundation, which says it advocates for free markets and limited government, filed a separate brief in support of Johnson & Johnson Friday.

Both briefs also argue that the panel misapplied the Goldman test, with the former SEC officials arguing that the Third Circuit "failed entirely to analyze whether the drops in J&J's stock price that coincided with the corrective disclosures were reasonable proxies for purported inflation attributed to the challenged statements."

"The panel-majority's misapplication of the Supreme Court's mismatch test will have far-reaching consequences," the former officials argued. "By requiring only a general subject-matter match and a stock drop in response to negative news, class certification will become near-automatic in the kinds of event-driven inflation maintenance cases that are the least likely to be meritorious."

The U.S. Chamber of Commerce, National Association of Manufacturers and Pharmaceutical Research and Manufacturers of America are represented by Anton Metlitsky and Noah Bokat-Lindell of O'Melveny & Myers LLP and Tara Morrissey of the U.S. Chamber Litigation Center.

The former SEC officials and law professors are represented by Robert Giuffra, David M.J. Rein, Matthew Schwartz and Jacob Cohen of Sullivan & Cromwell LLP.

The Washington Legal Foundation is represented by Lyle Roberts, Casey Determan and William Marsh of Allen Overy Shearman Sterling US LLP and in-house by Cory Andrews.

Johnson & Johnson is represented by Neil Conrad, Robert Hochman, Kristen Seeger and John Skakun of Sidley Austin LLP.

The investors are represented by James Cecchi of Carella Byrne Cecchi Olstein Brody & Agnello and Joseph Daley and Harini Raghupathi of Robbins Geller Rudman & Dowd LLP.

The case is San Diego County Employees Retirement Association et al. v. Johnson & Johnson et al., case number 24-1409, in the U.S. Court of Appeals for the Third Circuit.

--Additional reporting by Katryna Perera. Editing by Jay Jackson Jr.

LAW360

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

Adult Club Owner, Charged With Fraud, Facing Securities Suit

By **Dorothy Atkins**

Law360 (September 22, 2025, 9:13 PM EDT) -- An RCI Hospitality Holdings investor hit the adult entertainment club operator and two executives with a proposed securities class action in Texas federal court on Sunday, alleging that they hid a multiyear tax fraud and bribery scheme that was recently unveiled in sprawling New York indictments and purportedly caused RCI's stock to plummet.

In a 25-page complaint, investor Alex Hernandez argues that RCI Hospitality's stock price quickly dropped from trading above $34 per share to trading below $26 per share last week, shortly after New York prosecutors **announced** a recently unsealed 79-count indictment against five top RCI executives, including president and CEO Eric Langan and controller Timothy Winata.

The indictments allege that the executives bribed an unnamed tax auditor with expensive lap dances for more than a decade to avoid paying $8 million in New York City sales tax and gave him free trips to Florida strip clubs.

Houston-based RCI, which went public in 1995, owns and operates more than 60 strip clubs and restaurants across the U.S., including Vivid Cabaret, Rick's Cabaret NYC and Hoops Cabaret and Sports Bar, all in Manhattan.

In light of the criminal charges, Hernandez claims, RCI's public financial statements since at least 2021 have been "materially false and misleading" because they failed to disclose RCI's role in the tax fraud and bribery scheme. Hernandez names as defendants RCI, as well as Langan and RCI Chief Financial Officer Bradley Chhay.

The two-count complaint asserts violations of the Securities Exchange Act of 1934 and related regulations, and it seeks damages plus reasonable costs and expenses. It also seeks to certify a class of investors who purchased or acquired publicly traded RCI securities between Dec. 15, 2021, and Sept. 16 of this year, when prosecutors announced the charges.

RCI and three subsidiaries have also been charged with corporate crimes, but the company has denied the allegations. Last week, RCI said in a statement from its counsel, Daniel J. Horwitz of Tannenbaum Helpern Syracuse & Hirschtritt LLP, that the company had disclosed the criminal investigation to investors in its Securities and Exchange Commission filings, and he noted that as a publicly traded and audited company, RCI "has a policy of paying all legitimate and noncontested taxes."

Hernandez's attorney didn't immediately respond to a request for comment on Monday, and a representative for RCI declined to comment further beyond Horwitz's statement.

This isn't the first time that RCI and its executives have faced securities litigation from investors.

In 2019, investors filed multiple lawsuits against the company and its top brass, alleging that RCI executives used its funds "as their own personal cookie jar," and purportedly hid from investors a large loan it made to Langan, among other transactions, which would likely lead to regulatory scrutiny.

Those cases were **consolidated** before a Texas federal judge in 2020, and two years later, the company and its executives cut a **$2.2 million deal** to settle the claims, which U.S. District Judge

Alfred H. Bennett of the Southern District of Texas gave an initial OK to in April 2022.

In after-hours trading on Monday, RCI stock was trading on the Nasdaq at around $27.91 per share.

Hernandez is represented by Phillip Kim and Laurence M. Rosen of the Rosen Law Firm PA.

Counsel information for the defendants wasn't immediately available on Monday.

The case is Alex Hernandez v. RCI Hospitality Holdings Inc. et al., case number 4:25-cv-04477, in the U.S. District Court for the Southern District of Texas.

–Additional reporting by Rae Ann Varona, Emilie Ruscoe and Lauren Berg. Editing by Karin Roberts.

LAW360

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

Catching Up With Delaware's Chancery Court

By **Syndey Price and Jeff Montgomery**

Law360 (September 22, 2025, 6:41 PM EDT) -- Last week at the Delaware Court of Chancery, Match.com and a class of shareholders received approval of **a $30 million settlement** resolving claims related to the fairness of the company's 2019 reverse spinoff from Barry Diller-controlled IAC/Interactive. Following the ruling, Vice Chancellor Morgan T. Zurn **likened the past year** within the Delaware legal community to one of the darkest recent times in Great Britain's monarchy and encouraged decorum among Delaware lawyers.

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

Top News

The settlement between Match and its shareholders, which was described as the result of hard fought and complicated ligation, includes a $6.9 million payout for the stockholders' attorneys.

New Derivative Suits

Estée Lauder Inc.'s top brass are accused in a shareholder's derivative suit of causing a $41 billion drop in market capitalization when their **scheme to conceal** prohibited, duty-free "gray market" sales in China was uncovered.

Executives and directors of software venture MongoDB were hit with a shareholder's derivative suit accusing them of causing **$240 million in losses** by issuing unsupported, upbeat growth forecasts and business model changes.

Alleged Finance Fraud

Digital asset data firm Lukka Inc. was hit with a suit by London-based investment funds accusing it of a **"pay-to-play" financing scheme** the funds say would strip away their rights and senior equity position.

Developments

Justice Abigail M. LeGrow seemed to suggest she was **skeptical of an argument** brought by a homebuilder's attorney urging the state Supreme Court to undo Gellert Seitz Busenkell & Brown LLC's win in a legal malpractice case, saying the homebuilder does not show enough support for his argument that the court erred in granting summary judgment.

In a suit accusing biopharma Cerevel Therapeutics Holdings Inc. insiders of lining up a secondary stock sale ahead of the company's disclosure of a proposed $8.7 billion sale to AbbVie, a Delaware vice chancellor is **considering denial of a motion** to end the case and limiting plaintiff discovery.

Quotable

"The mutual respect and civility that bind us have broken down. And academics and other states, jealous of what we have, have gobbled it up," said Vice Chancellor Morgan T. Zurn when reflecting during a settlement hearing on fallout from recent public, unprecedented controversies surrounding Delaware's corporation law.

--Editing by Jay Jackson Jr.

LAW360

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

Chancery Orders New Doc Handover In Crypto Co. Merger Suit

By **Jeff Montgomery**

Law360 (September 22, 2025, 7:49 PM EDT) -- A busted crypto-venture merger battle resurrected by Delaware's Supreme Court last year took another turn Monday with a ruling by Delaware's chancellor compelling Galaxy Digital Holdings LLC's handover of records that crypto-wallet business Bitgo Holdings Inc. said ties Galaxy to an alleged crypto pump-and-dump scheme.

Chancellor Kathaleen St. J. McCormick ordered the turnover by Galaxy with few remarks after an attorney for erstwhile buyer BitGo argued that Galaxy terminated the proposed $1.2 billion merger without disclosing to BitGo that Galaxy was the focus of scrutiny involving a purported crypto pump-and-dump scheme.

Galaxy agreed before the revelations that it would owe BitGo a $100 million reverse termination fee if the merger failed to close on an already revised outside date, under terms that saddled Galaxy with the risks of delay in the U.S. Securities and Exchange Commission's deal review process.

"A big part of the deal was the requirement that Galaxy get SEC approval to become an issuer of stock in the United States," David M. Grable of Quinn Emanuel Urquhart & Sullivan LLP, representing BitGo, told Chancellor McCormick during a telephonic argument Monday.

The company is seeking information potentially showing that Galaxy had reason to know they would have faced difficulty or impossibility in getting the required SEC approval in time.

"They had received subpoenas from no less than four different government entities" during the relevant time period, Grable said.

Bitgo's June **request for documents** followed Galaxy's March 28 announcement of a $200 million deal with the New York attorney general's office settling allegations that the company and CEO Mike Novogratz engaged in a pump-and-dump scheme that saw Galaxy repeatedly purchase a crypto token, "Luna," at a discount, promote it to the market and then sell at a profit without disclosing its intent. The specific materials sought were redacted.

Andrew Ditchfield of Davis Polk & Wardwell LLP, counsel for Galaxy, told the chancellor: "This is a breach of contract action. We disagree that Galaxy's motives for wanting to get out of the transaction are relevant."

Ditchfield argued that BitGo sought irrelevant information from New York's attorney general after Galaxy already had terminated the merger, and accused BitGo of "wanting to air rhetoric about things like 'pump and dump schemes' and seeking to expand its discovery into other areas."

"This is an unrestrained fishing expedition and BitGo had ample time to pursue discovery," Ditchfield told the chancellor.

Delaware's Supreme Court reversed a June 2023 dismissal of the case in May 2024, citing "multiple ambiguities" warranting further litigation. The decision reversed a finding by Vice Chancellor J. Travis Laster that Galaxy had a right to exit because BitGo failed to provide its 2021 audited financial statements.

The state's high court pointed to unresolved questions regarding amendments to the merger agreement and new SEC guidance.

Chancellor McCormick said after the arguments that it appeared that the documents sought by BitGo "fit the broad scope of discovery that our rules contemplate. There is no burden argument. There is sufficient time before trial."

The case is currently scheduled to go to a five-day trial starting Nov. 3.

Galaxy said the New York investigation subpoena was not received until after the deal had been terminated, but Grable described this argument as a "dodge and a red herring."

"Clearly Galaxy's interactions with the New York AG are going to show the kinds of evidence and documents and beliefs that Galaxy had about whether it was in jeopardy of not being able to complete this merger," Grable said. "The fact that the New York AG knocked on Galaxy's door after termination has no bearing."

In a brief before the argument, Galaxy asserted that BitGo had "soured" on the deal earlier based on a decline in Galaxy's business and stock price.

"Inaccuracy pervades Bitgo's case," the brief says, adding later, "The factual record not only belies BitGo's claims in this case, it undermines the purported basis for the motion."

Bitgo Holdings Inc. is represented by David M Grable, Michael A. Barlow, Veronica B. Bartholomew, R. Brian Timmons, Deborah K. Brown and Nathan Goralnik of Quinn Emanuel Urquhart & Sullivan LLP.

Galaxy Digital Holdings Ltd., Galaxy Digital Holdings LP and Galaxy Digital Inc. are represented by Bradley R. Aronstam and S. Michael Sirkin of Ross Aronstam & Moritz LLP and Andrew Ditchfield, Brian M. Burnovski and Kyra Macy Kaufman of Davis Polk & Wardwell LLP and Dennis H. Tracey III of Hogan Lovells.

The case is BitGo Holdings Inc. v. Galaxy Digital Holdings Ltd. et al., case number 2022-0808, in the Court of Chancery of the State of Delaware.

--Editing by Michael Watanabe.

LAW360

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

State False Claims Acts Can Help Curb Opioid Fund Fraud

By **Kenneth Levine** (September 22, 2025, 6:11 PM EDT)

Kenneth Levine

Significant fraud risks have been created by the over $50 billion in nationwide opioid settlements currently flowing to states, counties and towns, as demonstrated by a June audit finding and a July legislative maneuver — both in New Jersey, and similarly reported around the country.[1]

State versions of the federal False Claims Act, the statute designed to incentivize whistleblowers to come forward with information to combat fraud involving government funds, may be the most effective vehicle for rooting out such misconduct. But to do so, states will have to step into a role their federal counterparts usually play.

Where government money goes, fraud often follows. An example is fraud in connection with the billions of dollars in emergency financial assistance Congress allocated in 2020 for Americans suffering the economic effects of the COVID-19 pandemic through the Coronavirus Aid, Relief and Economic Security, or CARES, Act and the Paycheck Protection Program.

According to an Aug. 11 U.S. Department of Justice press release announcing that the founder of Blueacorn, a lender service provider, pled guilty to PPP-related fraud, the agency has criminally prosecuted over 200 defendants and seized over $78 million in fraudulently obtained PPP funds.[2]

Now, billions of dollars is flowing to states and localities from settlements of coordinated opioid lawsuits against pharmaceutical manufacturers, distributors and pharmacy chains.

For example, in 2021, nationwide settlements totaling $26 billion were reached resolving opioid litigation brought by states and localities against Johnson & Johnson, as well as the pharmaceutical distributors McKesson, Cardinal Health and AmerisourceBergen.

In 2022, to settle claims for opioid injury, Walgreens Boots Alliance Inc. agreed to pay up to $5.52 billion over 15 years, and CVS Health agreed to pay up to $4.90 billion over 10 years.[3]

And in June, 55 U.S. states and territories **accepted** a $7.4 billion deal with Purdue Pharma, settling opioid injury claims against the company and its founders, the Sackler family.

Under the agreements, the states must use the settlement funds for programs that address opioid addiction and treatment, and related harms, following a nonexhaustive list of approved uses.

These guardrails were put into place in response to the administration of large tobacco litigation settlement funds decades ago, of which more than $27 billion was distributed to states without restriction. This led to widespread criticism that the money was mainly used for general state budget support rather than for tobacco-related health issues.[4]

Early signs suggest that misuse of opioid settlement funds is emerging already.

First, funds are flowing into an industry already rife with fraud. A 2024 report from the New Jersey State Commission of Investigation, titled "The Dirty Business Behind Getting Clean," details the systematic fraudulent practices of treatment centers, sober living homes and peer recovery coaches, both in New Jersey and nationwide.

Over the years and across the country, similar findings abound, including:

- Multiple actions in connection with the DOJ's sober homes initiative to combat fraud in the industry;[5]
- A 2024 investigative report by the New York Times, "Fraud and Fakery at the Country's Largest Chain of Methadone Clinics";[6]
- The Federal Trade Commission's June settlement resolving allegations that Evoke Wellness LLC, Evoke Health Care Management LLC and its officers committed fraud in providing substance use disorder treatment services;[7] and
- Findings in Shoshana Walter's 2025 book, "Rehab: An American Scandal," describing how the substance abuse treatment system is not only broken but also exploits patients while purporting to help them.[8]

Second, many states, counties and towns that oversee the disbursement use settlement funds to fill budget gaps or pursue other unrelated agendas, rather than using the funds in ways approved by the opioid settlement parameters.

Two recent news items illustrate this well.

In June, the New Jersey Gov. Phil Murphy and the Legislature directed $45 million from the national opioid settlement funds to four hospitals in the state,[9] in an allocation that, according to the New Jersey Attorney General Matthew Platkin,[10] appeared to violate the terms of the settlement agreements.

Legislation to reverse the funding decision is now pending in the state Legislature.[11]

On July 8, the New Jersey Office of the State Comptroller issued an audit report that provides yet another example of the way states and localities might misspend opioid settlement funds.[12]

The audit report finds that the Township of Irvington, New Jersey, allegedly "wasted and misspent over $632,000" to put on so-called opioid awareness day concerts, paid $368,500 to an Irvington employee without overseeing how the funds were used; and paid $200,000 for billboards and promotional materials mainly featuring Irvington's mayor.[13]

Similar stories are appearing across the country. Earlier this year, Arizona Attorney General Kris Mayes publicly opposed the allocation $115 million in opioid settlement funds to the Arizona Department of Corrections as being out of compliance with the settlement terms.[14] In July, it was reported that at least nine counties in West Virginia appeared to improperly use their opioid settlement funds to fund their local jails.[15]

Even with the complicity of state or local governments, recipients of misallocated funds face potential liability, since entities receiving settlement funds are obligated to spend the money consistent with the terms of the settlement.

Given the large amount of money and the incentive to use it improperly, the scope of the fraud has the potential to be large and broad. State auditors, like the New Jersey Office of the State Comptroller, have an important role in ensuring that funds are spent properly — but their bandwidth is limited.

Enter the FCA, which incentivizes private citizens, or relators, who know of fraud against the government to file claims on the government's behalf, thereby identifying the fraud. The government then has an opportunity to investigate the claims, and intervene and take over the litigation.

Relators receive 15% to 30% of any government recovery, which can be millions of dollars. In 2024, the federal government recovered $2.9 billion in federal FCA settlements and judgments, with whistleblowers receiving more than $400 million as a reward.[16]

Since 1986, when the federal law was substantially modernized, the federal government has recovered more than $78 billion.[17] Over the past few decades, the whistleblower statute has proven highly effective at rooting out many types of fraud on the use of public funds, particularly where the federal government spends the most, such as in Medicare and Medicaid, and defense spending.

In addition to the criminal actions noted above, in 2024, the DOJ recovered more than $250 million resolving more than 250 FCA cases connected to pandemic relief spending fraud.[18] In 2023, it recovered another $48.3 million resolving 270 additional FCA cases.[19]

The recoveries continue to roll in.[20] In February, DOJ Deputy Director Colin Huntley said that the agency was still pursuing more than 700 fraud cases involving pandemic-era programs.[21]

States with similar laws have also recovered hundreds of millions of dollars over the years.[22]

The DOJ's use of the FCA to enlist whistleblowers to identify fraud in connection with the PPP fraud could provide states with a model for rooting out similar fraud in connection with the opioid settlement funds.

Particularly relevant are the large number of PPP fraud recoveries that were relatively small — less than $1.5 million — and were uncovered by noninsiders who examined public data to identify the fraud.[23]

State FCAs could play a similar role here, by encouraging people with inside knowledge, as well as cyber-sleuths who analyze public data, to identify fraud and misuse of opioid settlement funds. With many states publishing online data about how the states and localities are spending the money,[24] there are multiple resources to help both insiders and outside whistleblowers track down fraudulent use of funds.

The most significant difference between FCA cases involving PPP fraud and those involving opioid settlement funds, is that the first are being handled on the federal level by attorneys at the DOJ, and the second must be handled on the state level by state attorneys general. This could lead to inconsistent opioid fund oversight and enforcement across the country.

First, not all states have an FCA at their disposal. Of the nation's 50 states and commonwealths, only 29, plus the District of Columbia and Puerto Rico, have enacted their own FCAs.[25] Several large states, such as Ohio, Kentucky and Pennsylvania, are currently missing out,[26] although FCA legislation is currently pending in Pennsylvania.[27]

Second, in some states — Louisiana, Michigan, New Hampshire, Texas and Washington — the FCA is limited in scope to fraud in connection with Medicaid funds and may not cover misuse of the opioid funds.[28] These states will not have the advantage of incentivizing whistleblowers to come forward with cases of fraud. They will have to rely on other anti-fraud statutes and take greater steps to police the use of the funds on their own.

Third, enforcement teams in many states with FCAs in their books are not sufficiently staffed or sophisticated enough to handle numerous complex FCA cases. But just as the DOJ has allocated resources across the country to address the pandemic fraud, including relatively small cases, states can do the same.

In states that have appropriate FCAs, attorneys general can consider proactive measures to combat opioid settlement fraud, including establishing specialized units or task forces within their offices focused specifically on opioid settlement oversight, similar to the way the DOJ has addressed pandemic fraud.

In addition, just as states coordinated their efforts to go after manufacturers and distributors of opioids, leading to this massive flood of money, these same states can now create coordinated interstate enforcement to share intelligence and best practices for combating fraud in connection with opioid settlement fund spending.

Conclusion

The opioid settlement funds represent an important and hard-won victory for states, and an opportunity to address an ongoing tragedy. But without robust enforcement mechanisms, there is a risk that these resources will be diverted away from their intended purpose. State FCAs can play an important role by encouraging whistleblowers to come forward and identify fraud in connection with fund spending. State attorneys general will need to step up to support these cases, similar to the way in which the DOJ has been handling federal FCA cases involving CARES Act and PPP fraud.

Kenneth S. Levine is counsel at Stone & Magnanini LLP. He formerly served as a deputy attorney general and assistant section chief of the Government and Healthcare Fraud Unit in the New Jersey Attorney General's Office.

[1] https://apnews.com/article/opioid-crisis-settlement-lived-experience-d7333af213cfaa90dc5ea7bad728fb13; https://kffhealthnews.org/news/article/opioid-drugmakers-settlement-funds-50-billion-dollars-khn-investigation-payback/; https://nashp.org/state-tracker/state-opioid-settlement-spending-decisions/.

[2] https://www.justice.gov/opa/pr/founder-lender-service-pleads-guilty-role-ppp-fraud-scheme.

[3] https://nationalopioidsettlement.com/executive-summary/.

[4] https://www.gao.gov/assets/gao-01-851.pdf; https://pmc.ncbi.nlm.nih.gov/articles/PMC3535289/.

[5] https://www.justice.gov/archives/opa/pr/national-health-care-fraud-enforcement-action-results-charges-involving-over-14-billion; https://www.justice.gov/usao-cdca/pr/justice-department-announces-series-cases-combat-addiction-treatment-kickback-schemes; https://www.justice.gov/archives/opa/pr/medical-director-convicted-110-million-addiction-treatment-fraud-scheme; https://www.justice.gov/archives/opa/pr/addiction-treatment-facility-owner-convicted-58-million-health-care-fraud-scheme; https://www.justice.gov/archives/opa/pr/addiction-treatment-facility-operators-sentenced-112-million-addiction-treatment-fraud-scheme; https://www.justice.gov/archives/opa/pr/california-addiction-treatment-facility-operator-convicted-paying-nearly-29m-illegal.

[6] Federal Trade Commission v. Evoke Wellness LLC, SD of Florida, Index No.25-cv-60073; https://www.ftc.gov/business-guidance/blog/2025/06/enforcing-opioid-addiction-recovery-fraud-prevention-act-ftcs-settlement-evoke-wellness-what-it.

[7] https://www.simonandschuster.com/books/Rehab/Shoshana-Walter/9781982149826c; https://www.nytimes.com/2025/08/08/books/review/rehab-

shoshana-walter.html.

[8] https://www.nj.gov/opioidfunds/advisory-council/.

[9] https://www.njoag.gov/statement-by-attorney-general-matthew-j-platkin-on-proposal-to-divert-opioid-settlement-funds/.

[10] https://www.njspotlightnews.org/2025/08/will-controversial-nj-opioid-settlement-funding-diversion-be-undone/.

[11] https://www.nj.gov/comptroller/reports/2025/approved/20250708.shtml.

[12] Irvington disputes the report and has filed a defamation action against the OSC in response. Township of Irvington et al. v. New Jersey Office of the State Comptroller, MER-L-000947-25. See also https://www.nj.com/essex/2025/07/nj-town-received-money-to-fight-opioid-crisis-it-paid-for-concerts-cotton-candy-report-says.html ("Months before its release, Irvington, in a court filing, had attempted to stop the publication of the report after the comptroller sent a draft for review and comment, suing for defamation and then seeking a court order to block its release. The Appellate Court later lifted the order, and in an order released on Tuesday, the N.J. Supreme Court rejected Irvington's appeal. The township said its defamation lawsuit is continuing."); https://www.insidernj.com/press-release/irvington-response-to-state-comptrollers-report-on-opioid-settlement-funds/.

[13] https://azmirror.com/briefs/judge-allows-az-opioid-settlement-money-to-go-to-state-prisons/.

[14] https://westvirginiawatch.com/2025/07/08/investigation-wv-counties-spend-opioid-crisis-money-on-jail-instead-of-recovery/.

[15] https://www.justice.gov/opa/pr/false-claims-act-settlements-and-judgments-exceed-29b-fiscal-year-2024#:~:text=PANDEMIC%20FRAUD&text=During%20fiscal%20year%202024%2C%20the,allegations%20of%20pandemic%2Drelated%20fraud.

[16] https://www.justice.gov/opa/pr/false-claims-act-settlements-and-judgments-exceed-29b-fiscal-year-2024#:~:text=PANDEMIC%20FRAUD&text=During%20fiscal%20year%202024%2C%20the,allegations%20of%20pandemic%2Drelated%20fraud.

[17] https://www.justice.gov/archives/opa/pr/false-claims-act-settlements-and-judgments-exceed-29b-fiscal-year-2024.

[18] https://www.justice.gov/archives/opa/pr/false-claims-act-settlements-and-judgments-exceed-268-billion-fiscal-year-2023.

[19] https://www.justice.gov/usao-ma/pr/labor-union-agrees-pay-2-million-resolve-allegations-ppp-loan-fraud; https://www.justice.gov/usao-ma/pr/med-el-corporation-agrees-pay-21-million-resolve-allegations-ppp-loan-fraud; https://www.justice.gov/usao-me/pr/cape-elizabeth-man-enters-civil-settlement-alleged-misuse-pandemic-relief-funds.

[20] https://www.morganlewis.com/pubs/2025/02/doj-officials-commit-to-aggressive-fca-enforcement-signal-its-value-and-direction.

[21] https://www.falseclaimsact.com/the-new-jersey-false-claims-act-a-decade-of-data-reveal-147m-recovered-by-the-garden-state/.

[22] https://www.taf.org/data-driven-whistleblowers/#:~:text=And%20the%20federal%20government%20has,disbursed%20to%20potentially%20fraudulent%20actors; https://www.fcacounsel.c claims-settlements-from-a-new-batch-of-data-miners/; https://www.mintz.com/insights-center/viewpoints/2146/2022-11-02-serial-relator-brings-multiple-lawsuits-alleging-false.

[23] https://nashp.org/state-tracker/state-opioid-settlement-spending-decisions/ ; https://opioidpolicy.org/osm-accountability.

[24] https://oig.hhs.gov/fraud/state-false-claims-act-reviews/.

[25] https://oig.hhs.gov/fraud/state-false-claims-act-reviews/.

[26] https://penncapital-star.com/commentary/a-false-claims-act-can-help-fill-pennsylvania-s-budget-gap/.

[27] https://www.taf.org/resources/state-false-claims-acts/.

[28] https://pandemicoversight.gov/.