

Securities

Shoals Investors Advance Suit Over Solar Product Defect, Costs

Oct. 1, 2025, 2:27 PM PDT

Shoals Technologies Group Inc. investors can proceed with most of their securities claims against the electrical component maker and its executives over an alleged product defect and associated warranty costs, a federal court ruled.

The investors successfully pleaded claims for securities fraud, misleading registration statements, and insider trading, Judge Waverly D. Crenshaw Jr. said Tuesday for the US District Court for the Middle District of Tennessee. The registration statement claim, in connection with Shoals' 2022 secondary public offering, keeps several underwriters in the suit, including J.P. Morgan Securities LLC and Morgan Stanley & Co.

The investors alleged Shoals touted the quality and reliability of its solar energy infrastructure parts for more than a year, until wire insulation problems and more than \$50 million in related warranty expenses were disclosed

The investors adequately alleged fraudulent intent by showing Shoals and its top executives "either concealed a defect" involving customer installation "or lied about the virtues of the product's installation process," Crenshaw said

Claims alleging a misleading prospectus must be dismissed, and claims against some individuals as "controlling" other violators also can't proceed, he said

Motley Rice LLC and Robbins Geller Rudman & Dowd LLP are lead counsel for the investors. Latham & Watkins LLP and Bass, Berry & Sims PLC represent Shoals and the individual defendants. A&O Shearman and Polsinelli PC represent the underwriters.

The case is *In re Shoals Techs. Grp., Inc. Sec. Litig.*, 2025 BL 350522, M.D. Tenn., No. 3:24-cv-00334, 9/30/25.

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Securities

Ex-PG&E Execs, Board Rout Investors' Wildfire Prevention Lawsuit

Oct. 1, 2025, 11:37 AM PDT

Former PG&E Corp. executives, board members, and underwriters of particular securities offerings defeated investor allegations that they misrepresented the utility company's safety compliance ahead of historic Northern California wildfires in 2017 and 2018.

The lead plaintiff failed to allege who made plausible compliance misstatements as required to bring securities fraud claims, Judge Edward J. Davila said Tuesday. The complaint sufficiently alleged some assertions about PG&E's compliance with California and federal regulations were knowingly or recklessly misleading, but not who the "maker" of those statements was.

PG&E Corp.—holding company for public utility Pacific Gas & Electric Co.—and the subsidiary are still stayed as defendants since filing for bankruptcy protection in 2019. PG&E emerged from the bankruptcy, brought on by expensive wildfire liabilities, in 2020.

The investor serving as lead plaintiff, the Public Employees Retirement Association of New Mexico, alleged then-executives overstated the company's wildfire prevention efforts in violation of antifraud provisions of the 1934 Securities Exchange Act. The public pension fund seeks to represent a class of those who got PG&E securities from April 29, 2015 through Nov. 15, 2018.

Additional pension funds alleged paperwork overseen by corporate leaders and underwriters for certain PG&E note offerings materially misled investors in concealing wildfire risks. They're suing under the 1933 Securities Act in this consolidated case on behalf of those who acquired PG&E senior notes in or traceable to offerings during this time.

Alleged misstatements on vegetation management and power line inspections wouldn't have misled reasonable investors, according to the US District Court for the Northern District of California. And some statements about dividend increases amounted to mere corporate puffery.

Allegations tied to whether PG&E followed its own protocol the morning of California's deadliest wildfire also missed the mark, as it's possible all criteria to shut off power lines hadn't been met. "Even if hindsight has revealed that determination to be incorrect, the securities laws do not permit Plaintiffs to allege falsity based on PG&E's business judgment," Davila said.

The additional funds suing under the Securities Act also didn't adequately plead material misrepresentations or omissions, Davila said. They also failed to assert standing to bring some claims because they didn't show they purchased notes in a 2016 offering or trace their shares back to the paperwork for another.

All shareholders will be allowed to replead failed claims.

Investors originally sued in 2018 months before the Camp Fire, the deadliest and most devastating wildfire in California's history. PG&E pleaded guilty in 2020 to 84 counts of involuntary manslaughter in that 2018 fire.

Labaton Keller Sucharow LLP and Robbins Geller Rudman & Dowd LLP are among the attorneys for the investors. McDermott Will & Schulte LLP represents officers and Simpson Thacher & Bartlett LLP represents directors who were around during the class period. Davis Polk & Wardwell LLP represents the underwriter defendants.

None of these law firms immediately responded to emails seeking comment.

The case is In Re PG&E Corp. Sec. Litig. , N.D. Cal., No. 5:18-cv-03509, 9/30/25 .

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Securities

Medtronic Defeats Investor Suit Claiming Insulin Pump Deception

Oct. 1, 2025, 3:55 PM PDT

Medtronic PLC investors again failed to adequately allege the device maker's statements about its MiniMed insulin pumps constituted securities fraud, a federal court said.

The latest version of the complaint "suffers from the same deficiencies" as one dismissed by the previous judge in the case, Judge Laura M. Provinzino said Tuesday for the US District Court for the District of Minnesota. She dismissed the suit with finality.

The investors alleged Medtronic and its top executives schemed to conceal quality issues with the pumps and then misled investors about their interactions with the Food and Drug Administration and the progress of the company's request for FDA approval of a new insulin pump model

Judge Katherine Menendez dismissed the earlier version of the complaint in 2024

The investors' theories of liability don't withstand the applicable pleading standards, Provinzino said

Robbins Geller Rudman & Dowd LLP was lead counsel for the investors. Williams & Connolly LLP and Jones Day represented Medtronic.

The case is Trs. of Welfare & and Pension Funds of Local 464A v. Medtronic PLC , 2025 BL 349409, D. Minn., No. 22-cv-2197, 9/30/25 .

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Securities

Charter-Liberty Deal, Precursor to Cox Merger, Draws Scrutiny

Oct. 1, 2025, 11:44 AM PDT

“Cable Cowboy” John Malone likely orchestrated a self-dealing combination of two affiliates, Charter Communications Inc. and Liberty Broadband Corp., before Charter’s planned \$34.5 billion merger with Cox Communications Inc., a shareholder lawsuit said Wednesday.

A pension fund sued Charter for information about its planned all-stock acquisition of Liberty, saying Malone appears to have engineered the transaction to siphon money from Charter’s public investors into his own pockets. The telecom mogul, a former Charter director, stood on both sides of the \$95-per-share deal through his 48.5% stake in Liberty, which owns 28% of Charter, according to the filing in Delaware’s Chancery Court.

The octogenarian billionaire agreed last year to collapse Liberty into Charter as part of his estate planning efforts, a maneuver that would eliminate Liberty’s veto rights and board seats, Bloomberg News reported in May. By making space for another major investor, the move helped clear the way for a mega-merger with Cox—long sought by Malone—that could reshape a cable TV sector struggling to compete against streamers.

But “Malone initiated the transaction process and controlled both sides of the negotiation,” Wednesday’s court complaint says, culminating in a buyout that “appears to severely overvalue Liberty,” which had allegedly been trading in the \$50-to-\$60-per-share range for months. The suit seeks internal files from Charter under a law giving investors broad access to corporate records if they cite preliminary self-dealing concerns.

Charter didn’t immediately respond to a request for comment Wednesday. Liberty and Malone aren’t directly named as defendants. Cox isn’t involved the case.

‘Militant and Frivolous’

The court complaint represents the latest in a long line of Delaware lawsuits targeting Malone and his associates. The shareholder suits—most of them settled—have generally involved allegations that Malone used gamesmanship and arbitrage to loot or tighten his control over his interrelated media properties.

The dispute also echoes several recurring themes for the elite business tribunal, which regularly hears cases alleging abuses of corporate control by founders, financiers, and other insiders. Lawmakers earlier this year weakened judicial review of many self-dealing transactions as part of a major corporate overhaul aimed at restoring Delaware's reputation with controlling stockholders expressing alarm over a recent court crackdown on their conflicts.

The lawsuit, filed by the Denver Employees Retirement Plan, seeks documents from Charter under a shareholder access law that got a director-friendly rewrite as part of the same statutory overhaul. Records cases often reflect an attempt to drum up fiduciary breach claims for future litigation.

Charter and its attorneys "have taken militant and frivolous positions in rejecting plaintiff's efforts to investigate the transaction," refusing to turn over any documents or even to hold a meet-and-confer session, according to the court filing.

The fund is represented by Bernstein Litowitz Berger & Grossmann LLP. The company hasn't yet made a court appearance.

The case is Denver Emp. Ret. Plan v. Charter Comms. Inc. , Del. Ch., No. 2025-114, complaint filed 10/1/25 .

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Class Action

Manage Newsletters

Specialty Grocer Investors Advance Suit Over Visa Fraud Claims

Oct. 2, 2025, 9:17AM PDT

Summary by Bloomberg AI

AI Generated



- Maison Solutions Inc. and its IPO architects couldn't shed shareholder allegations that the company concealed immigrant visa fraud accusations and related-party transactions in stock offering paperwork.
- Investors adequately alleged these omissions would've mattered to reasonable investors for public offering claims under the 1933 Securities Act, according to Judge Sherilyn Peace Garnett.
- Shareholders failed to allege that Maison or its executives knew or recklessly disregarded that omitting the visa litigation would've misled investors for securities fraud claims under the 1934 Securities Exchange Act.

Maison Solutions Inc. and architects of its IPO couldn't shed shareholder allegations the specialty supermarket operator concealed immigrant visa fraud accusations against its CEO and two related-party transactions in stock offering paperwork.

Stockholders leading the proposed class action adequately alleged these omissions would've mattered to reasonable investors for public offering claims under the 1933 Securities Act, Judge Sherilyn Peace Garnett said in an order entered Wednesday. But the investors insufficiently pleaded executives' level of intent to deceive on one point or that market losses were tied to a revelation on the transactions' nature for more-stringent securities fraud claims under the 1934 Securities Exchange Act, the US District Court for the Central District of California judge said.

Investors alleged Maison's paperwork for its initial public offering and a subsequent private placement left out a lawsuit against CEO John Xu and others in a California state court that accused them of operating supermarkets as a front to defraud the EB-5 visa program and that two key acquisitions of supermarkets were related-party transactions. They alleged these omissions were misleading given the documents discussed other historical related-party transactions and active litigation.

Garnett said the lawsuit's omission was adequately pleaded as material—important to reasonable investors. She cited a December stock drop, "the specific allegation that Xu engaged in fraudulent conduct involving Maison's business, the fact that Maison was operating at a net loss at the time of the IPO, and the fact that an award of \$500,000 in accounting would amount to more than 30% of Maison's cash on hand at the time of the IPO."

Likewise, "the alleged importance of the Good Fortune Supermarkets to Maison's revenues" sufficiently boosted the allegation of materiality.

Garnett previously held a prior complaint fell short of alleging materiality.

Maison, which went public at \$4 a share in October 2023, saw its stock price climb to a peak the day before a since-disbanded short seller accused the company of "red flags." That day, its share price plunged almost 84% to close at \$2.50 after Hindenburg Research posted about the visa fraud suit and posited about related-party transactions.

Fraud Claims Tossed

Shareholders failed to allege Maison or two top executives knew or recklessly disregarded that omitting the visa litigation likely would've misled investors for securities fraud claims, Garnett said.

While they pleaded a sufficient inference Xu and Maison knew omitting acquisitions as related-party transactions was misleading, the "bare allegation" that Hindenburg's research led the short seller to think the company wasn't properly disclosing such deals wasn't enough to plead loss causation, another key element for such claims, she said.

The investors can replead these points within three weeks of her order.

Glancy Prongay & Murray LLP, lead counsel for the shareholders, didn't immediately respond to an email seeking comment.

Akerman LLP represents Maison, Xu, chief financial officer Alexandria Lopez, its board, a former executive, and underwriters for its IPO. Akerman said it doesn't comment on pending litigation.

The case is Green v. Maison Sols. Inc. , C.D. Cal., No. 2:24-cv-00063, 10/1/25 .

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Securities

Farfetch Executives Win Dismissal of Investor Suit Over Growth

Oct. 1, 2025, 1:31 PM PDT

Farfetch Ltd. investors failed to adequately allege the now-defunct luxury goods e-commerce company and its top executives misrepresented its growth and financial condition, a federal court ruled.

The three executives remaining in the proposed class action following Farfetch's bankruptcy are entitled to dismissal of the investors' complaint, Judge Edgardo Ramos said Tuesday for the US District Court for the Southern District of New York. The shareholders will have a chance to re-plead, he said.

The separate bankruptcy action paused the claims against Farfetch. But claims against a Farfetch subsidiary, FF Realisations PLC—formerly known as Farfetch Holdings PLC—aren't affected by the bankruptcy, according to a court filing.

The class action alleged Farfetch raised more than \$1 billion in its 2018 initial public offering, and had an \$8 billion valuation despite never making a profit. Starting in February 2022, after a Covid-19 pandemic rebound, Farfetch allegedly misled its investors about a growth slowdown, as well as a brand partnership with Reebok and other issues.

Farfetch's disclosures in the second half of 2023 about its financial condition caused a series of stock drops, the investors said. In the last of these, the stock fell 94% to close at \$0.04 per share on Dec. 20, 2023.

The investors engaged in "puzzle pleading," providing blocks of quoted text without specifying the alleged misrepresentations, Ramos said. They also failed to show actionable false or misleading statements, he said.

And the investors didn't show fraudulent intent, he said.

Levi & Korsinsky LLP and Hagens Berman Sobol Shapiro LLP are lead counsel for the investors. Latham & Watkins LLP represents the executives, Jose Neves, Elliott Jordan, and Stephanie Phair.

The case is In re Farfetch Ltd. Sec. Litig. , S.D.N.Y., No. 1:23-cv-10982, 9/30/25 .

Securities

Coinbase Trims Investor Suit, Loses Listing Appeal Bid (1)

Oct. 1, 2025, 8:26 AM PDT; Updated: Oct. 1, 2025, 11:57 AM PDT

Coinbase Global Inc. convinced a federal judge to cut down some proposed class allegations it misled investors about the risk of regulatory action against the cryptocurrency platform for operating an unregistered securities exchange.

But the crypto giant won't get a speedy review of whether claims tied to its 2021 direct listing paperwork should be tossed. That's following a ruling in an investor suit concerning Slack Technologies LLC, which made it harder to bring such lawsuits.

Judge Brian R. Martinotti granted Coinbase and its executives' request to toss group pleadings about statements of hypothetical bankruptcy consequences and risks of regulatory scrutiny. But the investors can proceed with their claims about executives' individual statements, as they sufficiently alleged an inference of a mental state to deceive, according to his Tuesday opinion for the US District Court for the District of New Jersey.

Martinotti tossed alleged proprietary trading misstatements in claims under the law governing securities offerings, saying the court previously ruled shareholders inadequately alleged contemporaneous falsity for pleadings under the law covering securities fraud.

The judge will allow the stockholders to replead. He also denied Coinbase's request to toss "control person" claims against executives.

And Martinotti blocked Coinbase's bid to have an immediate appeal of his 2024 order letting investors proceed with allegations that the cryptocurrency platform didn't properly disclose certain risks when going public. Coinbase's request was intertwined with the sufficiency of the investors' allegations about tracing shares to its direct listing, he said, not just a question of controlling law under the 1933 Securities Act.

The nation's largest crypto platform asked Martinotti for the interlocutory appeal following the *Slack* ruling. Investors pushed back, arguing that this case was barreling toward trial for adequately alleged securities fraud claims under the 1934 Securities Exchange Act.

Slack Ruling

In a direct listing—a relatively new way to bypass the initial public offering process—early investors of a company sell their registered and unregistered shares on a public exchange.

The US Court of Appeals for the Ninth Circuit held that an investor's securities must be "traced" to the company's direct listing paperwork to have standing to sue over alleged misstatements in those documents under the Securities Act. The Ninth Circuit tossed the Slack investor suit in February after it took a trip to the US Supreme Court.

Martinotti last year let investors proceed with most of their allegations, including that Coinbase downplayed the potential for Securities and Exchange Commission scrutiny before the Biden administration agency sued the company in 2023.

"We appreciate the Court's careful consideration of our motions in the Patel case," a Coinbase spokesperson said in an email. "While yesterday's decision represents a significant step forward, we take our obligations to our shareholders seriously and remain committed to vigorously defending against any claims remaining in the case."

Meanwhile, the SEC, under a more crypto-friendly Trump administration, has moved to end enforcement actions against Coinbase and other digital asset entities. Multiple investors have sued Coinbase privately.

Kessler Topaz Meltzer & Check LLP is lead counsel for the investors; attorneys didn't immediately respond to an email seeking comment. Latham & Watkins LLP represents Coinbase and the executives named as co-defendants.

The case is *In re Coinbase Glob., Inc. Sec. Litig.*, D.N.J., No. 2:22-cv-04915, 9/30/25 .

(Updates with Coinbase's comment in the 11th paragraph.)

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Securities

Credit Suisse AT1 Bond Claims Thrown Out by New York Court (2)

Oct. 1, 2025, 6:56 AM PDT

A group of investors in Credit Suisse Group AG bonds that got wiped out when UBS Group AG rescued the bank in a Swiss government-brokered deal have had their lawsuit thrown out by a New York court.

A federal court in the financial capital dismissed the claim in a Sept. 30 filing. The group was seeking \$370 million in damages, according to the Swiss government, which didn't name the bondholders.

"Switzerland's first argument for dismissal is that it is immune from suit under the Foreign Sovereign Immunities Act," Judge Dale Ho ruled. "The court agrees."

Judge Ho's ruling hinges on his interpretation of the bank's rescue by its larger rival as not being a commercial transaction but more a deal brokered by a sovereign state.

The court concluded that Switzerland's facilitation of the UBS deal to buy Credit Suisse did not constitute commercial activity "as it did not consist of the exercise of 'only those powers that can also be exercised by private citizens.'"

A spokesman for the group's lawyers said they're currently reviewing the decision, but will appeal the ruling.

Holders of Credit Suisse's additional tier 1 bonds saw about \$17 billion of their notes written down to zero after the sale. That angered the bondholders, given the bank's shareholders were paid billions as part of the deal, and they believed that traditionally stockholders are the first to absorb losses.

The writedown, made possible by a clause in the fine print of the high-risk bonds, has spawned more than 100 claims in Switzerland. The bonds were governed by Swiss litigation clauses that would make it nigh on impossible to bring successful lawsuit outside of the country. That hasn't deterred some bondholders who have filed suits in Europe and the US, with little success so far.

Explainer: Why Risky AT1 Bonds Are Flashing Warning Signs Again

(Updates with comment from group in sixth paragraph)

Celebrities off the hook for promoting Bored Ape NFT

 [courthousenews.com/celebrities-off-the-hook-for-promoting-bored-ape-nft](https://www.courthousenews.com/celebrities-off-the-hook-for-promoting-bored-ape-nft)

Margaret Attridge

The dismissed class action named several celebrities as defendants, including Justin Bieber, Paris Hilton, Madonna, Serena Williams and Steph Curry.

[Margaret Attridge](#) / October 1, 2025



Images of Bored Ape Yacht Club non-fungible tokens created by Yuga Labs. (Screenshot of boredapeyachtclub.com via Courthouse News Service)

LOS ANGELES (CN) — A federal judge Wednesday [dismissed](#) a class action filed by collectors of nonfungible tokens and cryptocurrency who claim that Yuga Labs, the company that created the Bored Ape Yacht Club NFT, colluded with celebrities to artificially inflate prices of its products.

U.S. District Judge Fernando Olguin, a Barack Obama appointee, found that the plaintiffs failed to show that the digital assets created by Yuga Labs, including the Bored Ape Yacht Club NFT collection and cryptocurrency ApeCoin, were securities.

The Bored Ape collection was one of the most successful NFT collections and was endorsed by a slew of celebrities, including Justin Bieber, Paris Hilton and Madonna. Nonfungible tokens shot to popularity on the back of cryptocurrencies by using a similar blockchain

technology to create a unique digital file for an image that can be held as an investment or sold on secondary marketplaces.

Plaintiffs Adonis Real and Adam Titcher, investors who purchased NFTs or cryptocurrency from Yuga Labs, filed a class action lawsuit in 2022, claiming that the digital assets are unregistered securities. They accused Yuga Labs of colluding with Hollywood talent agent Guy Oseary and MoonPay, a platform used to buy and sell cryptocurrency, to misleadingly promote and sell the financial products.

The plaintiffs named several celebrities as defendants, including Justin Bieber, Paris Hilton, Madonna, Serena Williams and Steph Curry, arguing that they violated federal and state securities law when they promoted the financial products.

"While the promoter defendants publicly touted their high-dollar 'purchases' of BAYC NFTs, the truth is that they were given the NFTs for free (often along with additional compensation) in exchange for promoting the BAYC NFTs to an unsuspecting public," the plaintiffs said in their [second](#) complaint.

The defendants argued that the securities-related claims should be dismissed because none of their digital assets qualify as a "security."

In his order, Olguin found that the plaintiffs failed the three-part test that requires securities to be an investment of money, in a common enterprise with an expectation of profits produced by the efforts of others.

However, he sided with the plaintiffs on the question of whether the profits would come from the efforts of others.

"In short, despite satisfying this sub-prong, the plaintiffs have failed to satisfy the other Howey prongs and therefore fail to allege that any, some, or all of defendants' digital assets are a security," the judge said.

Olguin gave the plaintiffs until Oct. 10 to file a third amended complaint.

Representatives for the defense declined to comment.

Representatives for the plaintiffs did not immediately respond to a request for comment.

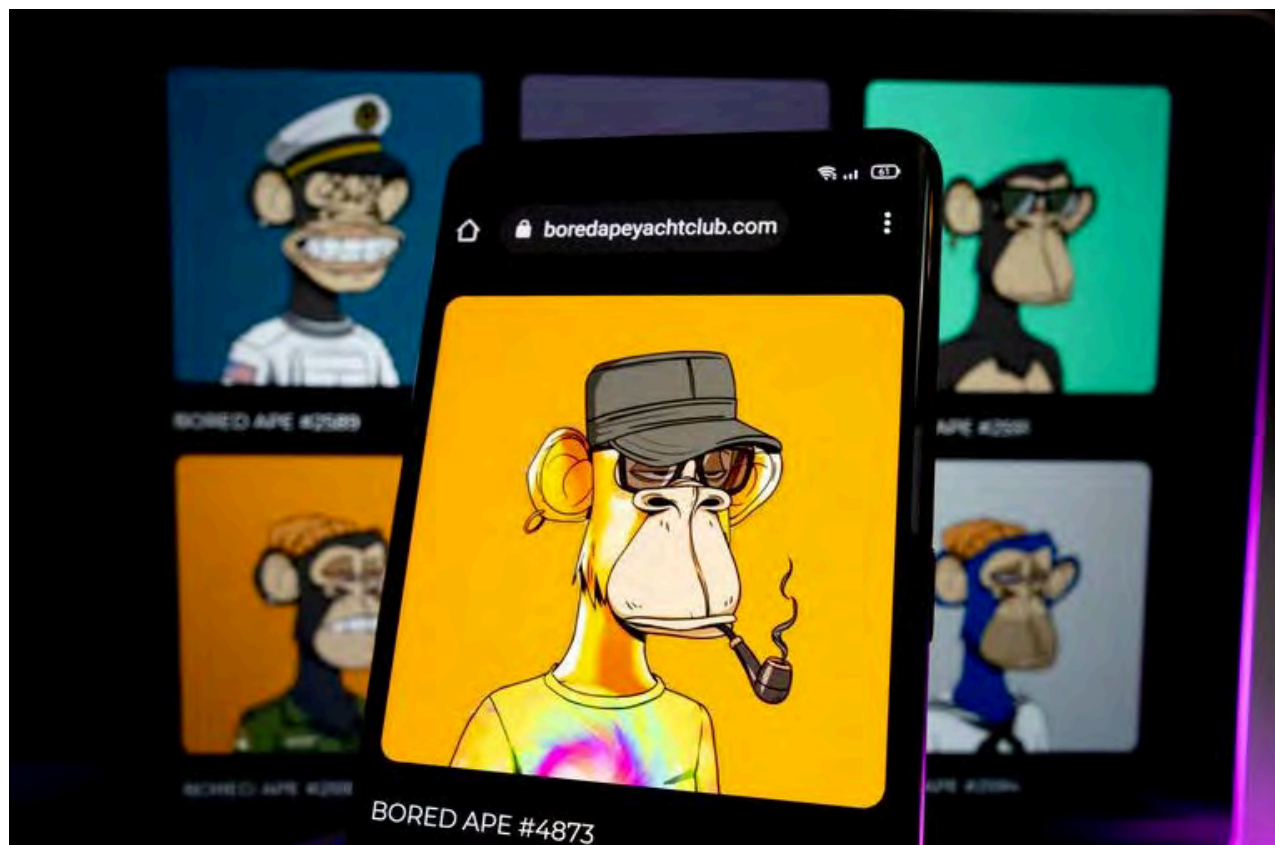
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Investors Swing and Miss in Bored Ape Securities Fight

A California federal judge tossed investors' securities claims over Yuga Labs' Bored Ape NFTs, but allowed a narrower refile by Oct. 10.

October 01, 2025 at 04:02 PM By  **Michael A. Mora**



Credit: Ascannio/Adobe Stock

A California federal district court dismissed a sweeping investor lawsuit alleging that Yuga Labs and its celebrity promoters illegally sold unregistered securities tied to the Bored Ape Yacht Club, finding that the plaintiffs failed to plausibly allege that the non-fungible tokens qualify as securities under federal or state law.

U.S. District Judge Fernando M. Olguin of the Central District of California granted the motion to dismiss on behalf of Yuga Labs, penned by [Skadden, Arps, Slate, Meagher & Flom](#), but allowed investors to try again. Olguin warned that a third amended complaint should not exceed 200 pages, avoid redundant claims and be filed by Oct. 10.

Lead plaintiffs' attorney John T. Jasnoch, a partner at [Scott and Scott](#) in San Diego, California, did not respond to a request for comment.

The lawsuit, brought as a putative class action, focused on Yuga Labs' collection of 10,000 Bored Ape Yacht Club NFTs and related spin-offs, including the Mutant Ape Yacht Club and Bored Ape Kennel Club. Yuga Labs retained commercial rights while granting buyers a limited license. Each resale incurred a creator's fee payable to Yuga, and the value of individual NFTs was tied to rarity, such as an ape wearing sunglasses versus one without.

The plaintiffs also challenged Yuga Labs' introduction of ApeCoin, a cryptocurrency designed to serve as the native token in its "Otherside" metaverse, and alleged that endorsement from defendants, including celebrities like Madonna, Justin Bieber and Steph Curry, amplified misleading sales pitches.

The court evaluated the second amended complaint under the *Howey* test, which defines an investment contract as requiring three prongs: (1) an investment of money, (2) a common enterprise and (3) an expectation of profits produced by the efforts of others.

To demonstrate the first prong of an investment of money, the plaintiffs argued that they purchased the NFTs expecting financial returns. However, Olguin ruled that Yuga Labs' marketing emphasized "membership benefits," not investment returns. Further, general references by Yuga Labs in its marketing materials to "long-term value" did not rise to the level of promises of profit.

Next, Olguin ruled that the plaintiffs failed to show horizontal or vertical commonality. Unlike other cases in which the NFTs were tethered to proprietary blockchains or marketplaces, Yuga Labs asserted they were recorded on the public Ethereum blockchain and traded on independent platforms, such as OpenSea. In turn, the absence of pooling or dependence on Yuga Labs' infrastructure undercut allegations of a common enterprise.

Finally, the third prong was split between an expectation of profit and the efforts of others. The court found statements about "intrinsic value" and resale volumes were too vague to establish a reasonable profit expectation, falling short of more explicit assurances in other crypto cases. But the plaintiffs plausibly alleged that Yuga Labs' "roadmap activations" and development efforts could impact value.

Olguin ruled, "In short, despite satisfying this sub-prong, the plaintiffs have failed to satisfy the other *Howey* prongs and therefore fail to allege that any, some, or all of defendants' digital assets are a security."

Guest Post: Legal Shopping Spree Continues in Internal Affairs Disputes: Key Case Developments

K [dandodiary.com/2025/10/articles/corporate-law/guest-post-legal-shopping-spree-continues-in-internal-affairs-disputes-key-case-developments](https://www.dandodiary.com/2025/10/articles/corporate-law/guest-post-legal-shopping-spree-continues-in-internal-affairs-disputes-key-case-developments)

Kevin LaCroix

October 1, 2025

By [Kevin LaCroix](#) on October 1, 2025

Posted in [Corporate Law](#)



Richard Zelichov



Melanie Walker

Litigation parties have long sought to maneuver their cases into forums they believe to be more favorable to their positions or interests. In the following guest post, Richard Zelichov, Partner in the Corporate and Securities Litigation practice at DLA Piper (US), and Melanie Walker, Chair of the Corporate and Securities Litigation practice at DLA Piper (US), take a look at a recent variant of these efforts, involving shareholders who are seeking to avoid Delaware as a litigation forum. I would like to thank Richard and Melanie for allowing me to publish their article as a guest post on this site. I welcome guest post submissions from responsible authors on topics of interest to this site's readers. Please contact me directly if you would like to submit a guest post. Here is Richard and Melanie's article.

Strategies and counter-strategies between corporations and their stockholders in efforts to find the most favorable law and courts to decide their disputes is a longstanding practice. For example:

- In the immediate aftermath of the Private Securities Litigation Reform Act in 1995, stockholders started bringing “disguised” securities class action lawsuits in state court leading to the passage of the Securities Litigation Uniform Standards Act of 1997. Pub. L. 105-353, 112 Stat. 3227.
- When stockholders challenged mergers in multiple jurisdictions in parallel, corporations filed so-called “jump ball” motions usually with the goal of steering litigation to the Delaware Court of Chancery. *See, e.g., In re Allion Healthcare Inc. Shareholders Litigation*, 2011 WL 1135016 (Del. Ch. Mar. 29, 2011).
- Corporations subsequently amended their certificates of incorporation and/or bylaws to require breach of fiduciary duty and other cases involving a corporation’s internal affairs to make the Delaware Court of Chancery the exclusive forum for such litigation. Stockholders challenged the adoption of these provisions in corporations’ certificates of incorporation and/or bylaws, but courts rejected those challenges. *See, e.g., Boilermakers Local 154 Retirement Fund v. Chevron Corp.*, 73 A.3d 934 (Del. Ch. 2013); *Drulias v. 1st Century Bancshares, Inc.*, 241 Cal. Rptr. 3d 843 (Cal. App. 2018).
- Stockholders then pivoted to asserting federal securities claims along with state law claims in both direct and derivative lawsuits concerning a corporation’s internal affairs in federal courts. In those cases, both corporations and stockholders have had some success in connection with insisting that such lawsuits must still be brought exclusively in the Delaware Court of Chancery. *Compare Lee v. Fisher*, 70 F.4th 1129 (9th Cir. 2023) *with Seafarers Pension Plan v. Bradway*, 23 F.4th 714 (7th Cir. 2022).
- After stockholders started filing certain lawsuits exclusively under the Securities Act of 1933 in state courts, corporations unsuccessfully attempted to argue that such lawsuits could be removed to federal court. *See Cyan, Inc. v. Beaver County Employees Retirement Fund*, 138 S. Ct. 1061 (2018). Corporations then adopted changes to their certificates of incorporation or bylaws making federal courts the exclusive forum for lawsuits under the Securities Act of 1933, stockholders challenged the adoption of such amendments, and the stockholders lost. *See Salzberg v. Sciabacucchi*, 227 A.3d 102 (Del. 2020)

The first half of 2025 saw further developments in this continuing give and take. Various media outlets have covered “DExit,” the trend of corporations considering or incorporating in a jurisdiction other than Delaware, based on the view that Delaware law and the Delaware Court of Chancery have become too stockholder friendly. The Delaware Legislature and Governor responded to DExit in the form of Senate Bill 21.

Many law firms and others have also published alerts this year about recent changes to the law in both Nevada and Texas, and the efforts in those states to establish business courts to compete with Delaware.

However, there has been less discussion about stockholder efforts to try to *avoid* Delaware as a forum for litigation and avoid application of the law of a corporation's place of incorporation to intra-corporate disputes.

Recent cases from California and New York – two jurisdictions relevant to many corporations – saw key developments in these areas in 2025. This alert discusses the decisions in three such lawsuits.

Epicentrx, Inc. v. Superior Court

On July 21, 2025, the California Supreme Court issued a decision in a case styled *Epicentrx, Inc. v. Superior Court*, __ P.3d __, 2025 WL 2027272 (Cal. July 21, 2025) – with Epirx, LP (Epirx) as the real party in interest.

In that case, the trial court and California Court of Appeal denied the defendants' motion to dismiss on the ground of *forum non conveniens*, based on a forum selection provision in Epicentrx's certificate of incorporation setting the Delaware Court of Chancery as the exclusive forum for most stockholder lawsuits. *Id.* at *1-3. The courts refused to enforce the forum selection provision because there is no right to a jury trial in the Delaware Court of Chancery.

The California Supreme Court granted review and reversed, holding that the forum selection provision was not unenforceable as a pre-dispute jury trial waiver. *Id.* at *13. The Court explained that the modern trend favors enforcement of voluntarily adopted forum selection clauses in contracts and otherwise. *Id.* at *6.

It further explained that "courts [should be] reluctant to decline enforcement of contractual [forum selection] provisions on public policy grounds, especially where no statute or constitutional provision directly speaks to the issue." *Id.* at 7.

The Court acknowledged that California's public policy supports the right to a jury trial and that such right is guaranteed in its constitution and by statute, but it also noted that the right can be waived and, most importantly, that these provisions "concern the right to a jury trial in California courts, not elsewhere." *Id.* at 9.

The Court then distinguished between a forum selection provision and a pre-dispute jury trial waiver noting that “[t]he former reflects *where* a dispute will be litigated, while the latter reflects *how* it will be litigated.” *Id.* at *9 (emphasis in original).

Ezrasons, Inc. v. Rudd

In May 2025, the New York Court of Appeals issued two decisions concerning the application of New York law to disputes between stockholders and companies incorporated in foreign countries and the availability of a New York forum for such disputes.

In one case, *Ezrasons, Inc. v. Rudd*, __ N.E. 3d __, 2025 WL 14360000 (N.Y. May 20, 2025), the Court of Appeals held that the internal affairs doctrine – the principle that “the substantive law of the place of incorporation governs disputes relating to the rights and relationships of corporate shareholders and managers” – applied to a derivative lawsuit brought by a stockholder of Barclays PLC against current directors and officers of Barclays. *Id.* at *1.

The Court thus held that English law applied (as Barclays was incorporated in England), that the stockholder did not have standing to sue under English law, and that the case was properly dismissed. *Id.*

In so ruling, the Court rejected the stockholder’s argument that Sections 626(a) and 1319(a)(2) of the New York Business Corporations Law “displace[d] the internal affairs doctrine and mandate[d] application of New York substantive law to standing questions in shareholder derivative litigation brought” in New York. *Id.* at *3.

Specifically, the Court held that the language of Section 626(a) – “[a]n action may be brought in the right of a domestic or foreign corporation to procure a judgment in its favor, by a holder of shares or of voting trust certificates of the corporation or of a beneficial interest in such shares or certificates” – provided New York courts with jurisdiction to hear derivative lawsuits brought on behalf of foreign corporations. *Id.* at *5. It sets forth the “minimum predicates for a New York court to entertain” a derivative lawsuit, but the substantive law of the place of incorporation still determines which stockholders have standing to bring such lawsuits. *Id.*

Similarly, the Court held that Section 1319(a)(2) – “doing business in this state” – provides the minimum standards for when a “foreign corporation” and “its directors, officers, and shareholders” can be sued in New York.

Hausman v. Baumann

In the other case from the New York Court of Appeals, *Haussman v. Baumann*, N.E.3d __, 2025 WL 1435989 (N.Y. May 20, 2025), the Court issued a two-page memorandum affirming the decision of the New York Supreme Court Appellate Division to dismiss a shareholder derivative action filed against a company incorporated in Germany on *forum non conveniens* grounds.

The Court of Appeals did not conduct its own detailed analysis. Rather, it held that the New York Supreme Court “considered all relevant factors [in connection with its decision as to whether to dismiss on *forum non conveniens* grounds] and made no legal error in doing so.” *Id.* at __.

Nonetheless, like the New York Court of Appeals in *Rudd* discussed above, both the New York Supreme Court and the Supreme Court Appellate Division held that the internal affairs doctrine applied, that the company in question was incorporated in Germany, that German law thus governed the dispute, and that the plaintiff did not have standing to bring a stockholder derivative lawsuit under German law. See *Haussmann v. Baumann*, 157 N.Y.S.3d 355, at *2, *5, *6 (Supr. Ct. Dec. 27, 2021); *Haussmann v. Baumann*, 192 N.Y.S.3d 81, 82-83 (Supr. Ct., App. Div. June 22, 2023).

The Supreme Court also based its decision to dismiss on *forum non conveniens* grounds, in part on its conclusion that German law applied to the dispute. *Haussmann v. Baumann*, 157 N.Y.S.3d 355, at *5.

Conclusion

There is a long history of jockeying between corporations and their stockholders about the law applicable to disputes between them and the forum in which such suits will be litigated. These decisions in California and New York (along with DExit, SB 21, and the developments in Nevada and Texas) simply reflect the developments thus far in 2025. New strategies and counterstrategies are expected to develop in the years ahead.

Securities

AutoZone Defeats 401(k) Mismanagement Allegations After Trial

Oct. 1, 2025, 7:10 AM PDT

AutoZone Inc. prudently managed its employees' 401(k) by regularly monitoring investments, making appropriate changes, and relying on expert advice, a federal judge ruled after a seven-day trial.

Workers said the company breached its fiduciary duties under the Employee Retirement Income Security Act by failing to promptly swap the plan's stable value fund for one with a higher crediting rate. Judge Mark S. Norris disagreed, saying the company appropriately monitored the fund's performance, surveyed the market for other alternatives, and transitioned to a different option after considering outside advice.

Norris also rejected claims that AutoZone wrongly allowed Prudential Financial Inc.'s GoalMaker investment allocation service to steer plan assets toward high-cost, actively-managed funds. The company monitored fees and performance, received and acted on expert advice, and made substantial plan changes, including replacing the GoalMaker platform with target-date funds within a reasonable timeframe, Norris said.

Hundreds of lawsuits challenging retirement plan management have been filed in federal courts over the past few years. Trials in these cases are rare and typically favor defendants. Prime Healthcare Services Inc., Yale University, B. Braun Medical Inc., Wood Group US Holdings Inc., Laboratory Corp. of America Holdings, Natixis Investment Managers LP, and Molina Healthcare Inc. each defeated retirement plan challenges after trial, but in April participants in a retirement plan administered by Pentegra Services Inc. won a jury trial and later negotiated a settlement worth nearly \$50 million.

Norris' opinion, issued Tuesday in the US District Court for the Western District of Tennessee, resolved all claims raised by the class action in AutoZone's favor after a judge-only trial conducted in 2023. In addition to failing to show a breach of ERISA's fiduciary duties, the workers also failed to show that the company caused losses to the plan, Norris said.

"ERISA demands prudence, not perfection," the judge said. "The Committee met regularly, reviewed performance and fees with professional advisors, documented its work, and made reasoned changes—including eliminating revenue sharing and replacing GoalMaker with index-based target-date funds—within a prudent timeframe."

The AutoZone workers also raised claims against Northern Trust, an investment adviser for the 401(k) plan. Those claims settled for \$2.5 million and weren't at issue in the opinion.

AutoZone is represented by Morgan, Lewis & Bockius LLP and Bass, Berry & Sims PLC. The workers are represented by James White IV and Lange Clark of Birmingham, Ala., along with Wiggins Childs Pantazis Fisher Goldfarb LLC.

The case is *Iannone v. AutoZone, Inc.*, 2025 BL 350575, W.D. Tenn., No. 2:19-cv-02779, 9/30/25 .

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Volkswagen Dieselgate Settlement Overturned in Germany With Legal Bill Soaring into the Billions

Linklaters and Gleiss Lutz client to head back to court again after Volkswagen set aside \$5 billion for legal fees in the long-running scandal.

October 01, 2025 at 03:17 PM By  **James Jackson**



Credit: multitel/Shutterstock.com

Germany's Federal Court of Justice has invalidated a key Volkswagen shareholder resolution that had approved a €270 million (\$316 million) coverage settlement with insurers connected to the company's decade-long "Dieselgate" emissions scandal.

In a ruling handed down by the court's Second Civil Senate, which oversees corporate law matters, the judges declared that Volkswagen's 2021 shareholder vote violated shareholders' legal rights and must be declared "null and void."

The decision marks a major setback in the automaker's long-running efforts to draw a line under management liability claims stemming from the diesel emissions crisis, where the company

programmed cars with illegal software so they could hack emissions tests. Costs from Dieselgate have spiraled, with almost \$2 billion spent on lawyers in 2015-2020 and billions of further spending expected. Volkswagen's 2024 annual report said the company has set aside €4 billion (almost \$5 billion) for potential future costs related to Dieselgate, with about €3.8 billion of that for lawsuits German investors have filed against the company.

Linklaters global corporate chair Ralph Wollburg and partner Arne Kießling advised Volkswagen along with German firm Gleiss Lutz, while the claimant, Investors' Protection Society (SdK), was represented by Oliver Wilken of Wilken Rechtsanwälte. The court's decision "is a good day for shareholder protection, shareholder rights and shareholder culture," SdK's legal director said.

In June 2021, Volkswagen struck liability settlements with its former CEO Martin Winterkorn and board member Rupert Stadler, who were accused of negligently failing to investigate evidence of the illegal software used in diesel engines. As part of the agreements, the executives agreed to contribute €11.2 million and €4.1 million, respectively, while D&O insurers agreed to pay roughly €270 million.

At the company's annual general meeting in July 2021, more than 99% of shareholders approved the settlements. However, several shareholder protection associations later objected to the resolutions, arguing that Volkswagen had not sufficiently explained that this resolution would protect the executives against certain third-party claims and permanently bar legal claims against a broad group of current and former executives and supervisory board members.

The court ruled that the notice of meeting did not make sufficiently clear that the coverage settlement included a broad waiver of claims against all current and former board and supervisory board members. That omission, the judges held, rendered the approval resolution void.

The court further criticized the handling of shareholder information requests regarding the financial indemnity of the former executives, holding that adequate information on their ability to satisfy potential claims was necessary for shareholders to make an informed decision.

The decision means the higher regional court must revisit the challenges to the liability settlements with the former board members themselves. The invalidation of the insurer settlement could complicate Volkswagen's ability to finalize its long-running Dieselgate liability clean-up.

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Securities

High Interest Rates Fuel Surge in Stable Value Fund Lawsuits

Oct. 2, 2025, 2:00 AM PDT

Rising interest rates of the post-pandemic economy have fueled an uptick of class lawsuits challenging stable value funds, a conservative investment option offered by most large 401(k) plans.

The funds have emerged as an increasingly major flashpoint in retirement plan litigation, with about two dozen proposed class actions filed so far this year criticizing their performance. The lawsuits, which target Cigna Group, Paramount Global, and Siemens Energy Inc., accuse employers of breaching their fiduciary duties under the Employee Retirement Income Security Act by offering stable value funds with significantly lower rates of return than other available options.

Retirement plan investors have challenged the conservative funds for years, but attorneys interviewed by Bloomberg Law said the recent increase in scrutiny may stem in part from increasing interest rates seen during the post-pandemic economy, which can cause these funds to lag other types of conservative investments.

"When interest rates go up quickly, money market funds do very well and stable value funds lag behind until they can buy bonds at that higher rate," said Michelle M. Ueding, a partner with Kutak Rock LLP in Omaha, Neb., who represents plan sponsors.

The influx of new lawsuits has caught the attention of the Stable Value Investment Association, an industry group that promotes the use of these funds and has taken the unusual step of attempting to educate trial courts by filing briefs supporting companies that offer the funds in their retirement plans.

Extraordinary Step

SVIA has sought to file amicus briefs in the early stages of cases against Hackensack Meridian Health Inc., Intermountain Healthcare Inc., and Baxter International Inc. Friend-of-the-court briefs are mostly filed in appeals courts to influence the judges' decision on a particular legal issue.

Zach Gieske, the president of SVIA, called these briefs an "extraordinary step" that was warranted because of how the lawsuits have mischaracterized these investments.

Stable value funds, which are offered by about three-quarters of defined contribution plans, held more than \$850 billion as of June 2025, representing about 7% of all assets held in defined contribution retirement plans. They serve a “niche in the retirement ecosystem” by historically providing higher returns than money market funds while avoiding the volatility of intermediate bonds, Gieske said.

“Stable value at its core is a capital preservation vehicle,” he said. “Evaluating it only on returns overlooks the other critical factors that fiduciaries have to consider.”

Most of the newly filed cases haven't yet seen a ruling on the merits. A case against Sentara Health was recently allowed to move forward, and a lawsuit against JPMorgan Chase Bank NA was dismissed because the plaintiff signed a contract promising not to sue.

Earlier lawsuits targeting stable value funds have led to mixed results in court. In 2017, JPMorgan agreed to pay \$75 million to settle a lawsuit claiming the stable value fund in its employees' 401(k) plans was too risky, while cases challenging the conservative approach of stable value funds offered by CVS Health Corp. and Fidelity Management Trust Co. failed on appeal the following year.

Economic Conditions

The funds are designed as long-term investments and tend to hold bonds with longer terms. That means they can't immediately take advantage of higher interest rates the way a money market fund holding shorter-term instruments can, said Kutak Rock's Ueding.

The economic conditions of the past few years, when the Federal Reserve increased rates repeatedly in 2022 and 2023 before pulling back in 2024, may have shone a spotlight on those stable value funds that have trailed their peers.

“If everything is doing well in the market, it's a little harder to complain, but when a particular type of investment is underperforming generally, those funds that have underperformed their peers get highlighted a bit more,” Ueding said.

General Misunderstanding

Stable value funds typically provide higher and more consistent returns than other capital preservation options, but they can also present opportunities for “abusive conditions and fee structures” that can lead to litigation under ERISA, said Mark G. Boyko, a partner with Bailey & Glasser LLP in Missouri, who represents retirement plan participants.

The insurance companies issuing these funds typically make money from the “spread” between the crediting rate paid to participants and what they earn for investing the underlying assets, he said.

“The provider often has discretion to change the crediting rate, at least every six months, meaning if the insurance company decides it wants to make more money, it can,” Boyko said.

The funds aren't well-understood by the general public, which may be another reason for the litigation wave, Ueding said.

"The thing about stable value funds and the reason they get highlighted from time to time is that they're not easy for somebody to come in from the outside, take a quick glance at the crediting rate, and know everything there is to know about the fund," she said.

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Big Law rates for small firms? US appeals court takes up fee fight

 [reuters.com/legal/government/big-law-rates-small-firms-us-appeals-court-takes-up-fee-fight-2025-10-02](https://www.reuters.com/legal/government/big-law-rates-small-firms-us-appeals-court-takes-up-fee-fight-2025-10-02)

Mike Scarcella, David Thomas

October 2, 2025

The James R. Browning U.S. Court of Appeals Building, home of the 9th U.S. Circuit Court of Appeals, is pictured in San Francisco, California February 7, 2017. REUTERS/Noah Berger

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- 9th Circuit considers whether size matters in attorney fee awards
- Contract shows defense lawyers' rates in Charlie Kirk case
- Firms get \$19 million after antitrust win

Oct 2 (Reuters) - (Billable Hours is Reuters' weekly report on lawyers and money. Please send tips or suggestions to D.Thomas@thomsonreuters.com, [opens new tab](#).)

A U.S. appeals court is weighing whether law firm size should factor into attorney fee awards, after a judge refused to grant Big Law-caliber rates to lawyers at a small firm for fear of setting a precedent for other cases.

Jumpstart your morning with the latest legal news delivered straight to your inbox from The Daily Docket newsletter. Sign up [here](#).

The San Francisco-based 9th U.S. Circuit Court of Appeals heard arguments this summer and may rule any day in the case, which could affect future fee awards in California and other western states.

Last year, five-lawyer firm Gaw Poe won a jury verdict that Clear Eyes manufacturer Prestige Consumer Healthcare violated antitrust law by charging wholesalers higher prices than retailer Costco for its eye drops.

The case put a spotlight on a seldom-invoked U.S. antitrust law provision called the Robinson-Patman Act, which restricts when companies can offer discounts to some buyers and not others.

Prestige is contesting the jury's verdict, and San Francisco-based Gaw Poe is appealing a \$3.1 million fee award it says undervalued its work in the case.

Gaw Poe, whose founders Randolph Gaw and Mark Poe once practiced at 1,000-lawyer firms, had sought more than \$7.6 million in fees in the Los Angeles case. Because antitrust law includes mandatory fee-shifting, Prestige would be responsible for the payment.

Prestige objected to the requested fee amount at the district court. Its lawyers at Duane Morris argued that Gaw Poe "is not a large firm" but that the rates it submitted — \$1,314 for top partners and \$1,000 for junior lawyers — were "similar to what certain large Los Angeles firms charge."

U.S. District Judge Michael Fitzgerald agreed, citing lower fees previously awarded to Gaw Poe in an unrelated contract case and [awarding, opens new tab](#) hourly rates from \$975 to \$1,070. Granting a higher rate risked creating "a new benchmark for Plaintiffs' fee requests in the future," Fitzgerald said.

"Notwithstanding Plaintiffs' counsel's background, accolades, and expertise in this area of the law, it is simply unreasonable to award big law rates to a four-person firm representing mom-and-pop warehouses," the judge wrote.

At the 9th Circuit arguments in July, some appellate judges questioned whether firm size should influence fee awards, noting that the standard focuses on lawyers' skill, experience, and reputation.

"Logically, why would firm size make a difference?" asked Circuit Judge Kim McLane Wardlaw.

Prestige defended the trial judge's approach, saying he was trying to assess what rates the plaintiffs' lawyers could actually command.

Poe, arguing for his wholesaler clients, said many plaintiffs-side antitrust lawyers work at smaller firms.

"If we say that firm size is relevant, then there will be a directional disparity between what the defendants are being paid by the hour versus what the plaintiffs are being paid by the hour," Poe said.

Gaw Poe declined to comment. Prestige did not immediately respond to a request for comment.

Nancy Rapoport, a fee examiner and law professor at the University of Nevada who is not involved in the case, said large firms usually charge higher rates than smaller, so-called "boutique" litigation firms because they have higher overhead.

But there are exceptions, she said, and other experts told Reuters that law firm size should have no bearing on fee awards.

"I see no reason why we would vary the fees based on the size of the firms," said Jessica Erickson, who teaches corporate and securities law and civil procedure at the University of Richmond.

Law firms are organized in all kinds of ways, said Adam Levitin, a bankruptcy and commercial law professor at Georgetown University. "Fees should reflect the skill, experience, and reputation of the attorneys and the particular challenges of a case, not the details of the attorneys' business organization," he said.

-- The Utah County Commission is paying criminal defense attorney Kathryn Nester \$295 an hour to [defend Charlie Kirk's alleged assassin](#) against capital murder charges, according to a contract obtained by Reuters.

The commission said last week that Nester, a former top public defender in Salt Lake City and San Diego, had been hired to defend Tyler Robinson, who was charged with one count of aggravated murder after he allegedly shot Kirk in the neck during a campus event at Utah Valley University on September 10.

The county contract shows that two California-based criminal defense attorneys — Richard Novak and Michael Burt — will serve as co-counsel to Nester. They will also be paid \$295 an hour for their work.

Burt declined to comment. Nester and Novak did not immediately respond to requests for comment.

Robinson made a [brief court appearance](#) on Monday, where Nester said her team will seek a preliminary hearing to determine whether there is enough evidence to proceed to a trial.

-- Law firms Cohen Milstein, Farella Braun and Quinn Emanuel were awarded more than \$19 million in legal fees for their work on an antitrust suit for Pacific Steel Group, which won a damages award of more than \$330 million after prevailing in a trial in California last year against Commercial Metals Company ([CMC.N](#)), [opens new tab](#).

U.S. District Judge Haywood Gilliam Jr said in [an order on September 29, opens new tab](#) that the three firms' rate request for 23,153 hours of work was reasonable. Gilliam in addition to ordering fees denied Commercial Metals' request for a new trial.

In a statement, Commercial Metals said it planned to appeal. The company said it "stands by the strong integrity of its business practices and will vigorously defend its position."

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[Humana whistleblower lawyers win \\$32 million as False Claims Act faces challenge](#)
[Arnold & Porter filings detail Brazil work as tariff dispute looms](#)

[Live Nation, law firm Latham face scrutiny over arbitration bid in ticket pricing case](#)

Reporting by David Thomas and Mike Scarcella

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Tech giants seek dismissal of school district social media suits

DJ [dailyjournal.com/articles/387860-tech-giants-seek-dismissal-of-school-district-social-media-suits](https://www.dailyjournal.com/articles/387860-tech-giants-seek-dismissal-of-school-district-social-media-suits)

Constitutional Law,

Civil Litigation

Oct. 2, 2025

Attorneys for Meta, TikTok, Snap and Google filed motions for summary judgment Tuesday seeking dismissal of bellwether school district lawsuits in federal court accusing them of fueling a youth mental health crisis. Defense lawyers argued the claims are barred by Section 230 and the First Amendment and asked U.S. District Judge Yvonne Gonzalez Rogers of Oakland to exclude plaintiffs' expert testimony.

Ashley M. Simonsen of Covington & Burling LLP

Attorneys representing social media companies against a federal lawsuit accusing them of causing a mental health crisis for students across the country filed motions for summary judgment late Tuesday seeking dismissal of the bellwether cases.

Lawyers for the defendants - including Meta Platforms Inc., which operates Facebook and Instagram; ByteDance Ltd., which operates TikTok; Snap Inc., which operates Snapchat; and Alphabet Inc.-owned Google LLC, which runs YouTube - are also asking an Oakland federal judge to exclude testimony of the plaintiffs' expert witnesses.

Ashley M. Simonsen, a partner with Covington & Burling LLP who represents Meta Platforms, argued that a Kentucky school district "suffered two devastating floods, the COVID-19 pandemic, gross financial mismanagement, and pervasive poverty" in recent years but blames its students' problems on the social media companies "without competent evidence."

She added that "every social-media-related issue Breathitt [County School District] documented during discovery actually stems from third-party content and conduct, such as bullying and vandalism."

Defense lawyers say that third-party content on the social media platforms is protected under Section 230 of the Communications Decency Act and the First Amendment, citing an earlier ruling in the case by U.S. District Judge Yvonne Gonzalez Rogers of Oakland.

Attorneys who filed other summary judgment motions made similar, though not identical, arguments for dismissing the school districts' cases. The six districts are scheduled to have bellwether trials if their claims survive the motions. *In re: Social Media Adolescent Addiction/Personal Injury Products Liability Litigation*, 22-md-03047 (N.D. Cal., filed Oct. 6, 2022).

The motions for summary judgment, to exclude expert testimony and to exclude general causation testimony by those experts will be considered by Gonzalez Rogers.

Attorneys for the school districts -- Lexi J. Hazam of Lieff Cabraser Heimann & Bernstein LLP and Previn Warren of Motley Rice LLC, court-appointed co-lead counsel for plaintiffs, as well as Michael Weinkowitz of Levin Sedran & Berman LLP and Melissa Yeates of Kessler Topaz Meltzer Check LLP - have a response due later this fall.

"Defendants' motions for summary judgment ignore evidence that their platforms have fueled a youth mental health crisis and seek to avoid accountability for the heavy burden they have imposed on schools," they wrote in a statement.

"We will be filing our responses to these motions and are prepared to press our cases in court to demonstrate how Big Tech's products have created this crisis that schools are left to manage," the plaintiffs' attorneys added.

Munger, Tolles & Olson LLP partner Jonathan H. Blavin, who represents Snap, wrote that the Tucson Unified School District in Arizona never banned cell phones on campus and promoted its activities online.

He wrote that the district "does not even have the most basic evidence showing that it suffered harms from its students' use of Defendants' platforms."

Attorneys with King & Spalding LLP, which represents ByteDance; Williams & Connolly LLP, which represents Alphabet; and Kirkland & Ellis LLP, which also represents Snap, also filed briefs seeking summary judgment.

Other plaintiffs in the federal case include California, 32 other states, and individuals. Seven other states and the District of Columbia have filed complaints in their own states, while Florida has filed a separate case in federal court there, plaintiffs' attorneys said.

Simonsen also filed a motion seeking to exclude the general causation testimony of plaintiffs' experts, arguing that they are getting ahead of the science by blaming "social media addiction" for their damages.

"These experts all rely -- either wholly or predominantly -- on publishing features that this Court has already held are barred by Section 230 and the First Amendment, and no expert even attempts to disentangle the impact of such protected features in his or her causal analysis," she wrote.

Last week, in a state case making the same allegations against the companies, Los Angeles County Superior Court Judge Carolyn B. Kuhl ruled that plaintiffs' experts could testify in an upcoming trial.

The trial in the state case - which does not include school districts after Kuhl granted a defense motion to dismiss - is scheduled to start in November or January. *Social Media Cases*, JCCP5255 (Los Angeles County Sup. Ct., filed Oct. 24, 2022).

#387860

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In Closely Watched Case, Jury Finds Uber Not Liable Amid Thousands of Lawsuits

The San Francisco-based rideshare company faces thousands more lawsuits alleging sexual assault of passengers by drivers.

September 30, 2025 at 11:00 PM By **Laura Lorek**



Uber pickup sign at Dulles International Airport in Virginia. Photo: Diego M. Radzinski/ALM

After a three-week trial in San Francisco and two days of deliberation, a jury found Uber Technologies Inc. not liable for the sexual assault of a passenger by one of its drivers.

The woman, identified in court documents as Jane Doe LSA 78, filed the lawsuit against Uber Technologies Inc. and its subsidiary Rasier on June 22, 2021, alleging an Uber driver sexually assaulted her during a ride in December 2016.

The verdict means the plaintiff will not receive damages from Uber, but she retains the right to appeal the decision.

The case is considered a bellwether case and is the first to go to trial as part of a multidistrict litigation in San Francisco Superior Court.

“The jury decided 12-0 in our favor on negligence but 9-3 against us on whether harm would have occurred anyway, which is not a function of stupid jurors but bad causation, superseding cause and duty of a common carrier,” said Laurel Simes, partner with Levin Simes Abrams, who represented the plaintiff.

Judge Ethan P. Schulman presided over the trial.

“Our work to improve safety on our platform is never done. From building innovative technologies and in-app features, to developing rigorous safety policies and publishing an industry-first Safety Report, Uber has worked for years to raise the bar on safety, and will continue to do so in the years ahead,” an Uber spokesperson said in a statement.

Allison Brown, attorney with Kirkland & Ellis, who represented Uber Technologies Inc. and Rasier LLC, did not immediately respond to a request for comment.

Uber still faces hundreds of sexual assault cases in the California state multidistrict litigation and thousands more in a federal multidistrict litigation, with the first federal case set to go to trial early next year. U.S. District Judge Charles R. Breyer is overseeing the Uber MDL in the Northern District of California.

“Judge Breyer has ruled, based on California Supreme Court decision that Uber is vicariously liable for the acts of their drivers, based upon a case where a train porter sexually assaulted a passenger,” Simes said. “Schulman just didn’t like the law, and treated the case as if Uber and its drivers were separate entities, which Breyer and the California Supreme Court says they are not. As a result, nine jurors went off on Uber not being able to police its drivers and prevent this, which is why, according to Breyer, they are responsible.”

The lawsuit accused the ride-sharing company of negligence, negligent hiring and supervision and breach of contract.

According to the complaint, the woman, an 18-year-old college student at University of California at Santa Cruz, ordered an Uber ride through the company's app to go to the airport. On the way, the driver allegedly kidnapped, sexually assaulted and falsely imprisoned her. The lawsuit stated Uber collected a fee for the trip during which the assault occurred.

The complaint argued that Uber qualifies as a common carrier under California law, which would subject the company to a heightened duty of care for passenger safety. The lawsuit claimed Uber

failed to implement adequate safety measures despite being aware of sexual assaults by its drivers since at least 2014.

The plaintiff's attorneys, from the San Francisco-based firm Levin Simes Abrams, cited Uber's own December 2019 safety report, which documented thousands of sexual assaults during rides in 2018 alone.

The lawsuit alleged Uber's background check procedures for drivers are inadequate, claiming the company does not fingerprint applicants, conduct international background checks or search all available public databases. The complaint stated Uber lobbied state and local governments to limit background check requirements.

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Data Breach Litigation: How Organizations Can Weather the Plaintiff's Bar's Latest Frontier

The pace and intensity of filings show us something important: this isn't a passing trend. It's a structural shift in how the plaintiffs' bar sees opportunity, and it is reshaping the risk landscape for organizations of every size.

October 01, 2025 at 12:01 PM By **Megan Silverman**



Credit: Chor muang/Adobe Stock

When news breaks of a data breach, it doesn't take long before law firms take notice. Within hours, social media ads begin appearing, urging consumers to sign on as plaintiffs. For many, this may feel like an unexpected development, with personal injury firms pivoting into cybersecurity disputes. But from where I sit, it's not surprising at all. The plaintiffs' bar has always been opportunistic. If there's a pathway to monetizing an incident, they will find it.

The Acceleration Is Real

We're witnessing a surge unlike anything before. In 2024, the number of data breach class actions more than doubled compared to 2022, and 2025 is on pace to surpass even that record, according

to the latest [Duane Morris Class Action Review](#). In just the past six months, my own firm has fielded more litigation-hold requests tied to data-mining disputes than in the prior three years combined. Healthcare has become a flashpoint, where breaches of sensitive patient data attract both regulatory scrutiny and plaintiffs' counsel in equal measure.

The pace and intensity of filings show us something important: this isn't a passing trend. It's a structural shift in how the plaintiffs' bar sees opportunity, and it is reshaping the risk landscape for organizations of every size.

Why Now?

The short answer is money. Public disclosure requirements make breaches easy to track. Social media advertising makes recruiting plaintiffs almost frictionless. And insurers know that fighting these cases through trial carries outsized financial and reputational risk. As long as companies continue to settle rather than fight, the incentive for plaintiffs' firms to file remains strong.

But there's a deeper layer here. These cases offer predictability. Plaintiffs' firms don't have to hunt for harm in the way they do with other types of claims; the breach itself provides the hook. And with consumer awareness of privacy risks at an all-time high, the plaintiffs' bar sees a fertile ground for growth.

The Hidden Cost for Organizations

Paradoxically, the litigation surge isn't dramatically changing courtroom outcomes. In 2024, only four data breach class actions were certified, based on the 2025 Duane Morris Class Action Review. The real impact lies elsewhere, on balance sheets and strategic priorities.

Instead of directing resources toward stronger defenses, organizations are diverting funds to settlements and legal fees. For smaller companies, particularly in healthcare, the financial hit can be existential. In other words, the cycle of lawsuits may be leaving organizations weaker, not stronger, against future attacks.

A Fork in the Road

From a broader policy perspective, this presents a double-edged sword. On one hand, fear of litigation can be a powerful motivator for companies to take cybersecurity seriously. On the other hand, existing regulatory frameworks already create strong incentives for robust data protection.

The danger is that lawsuits will become untethered from actual culpability. Any organization, no matter how diligent, can be breached if adversaries are sophisticated enough. If plaintiffs' firms target companies that have followed best practices but were nonetheless attacked, we risk creating a system that punishes compliance rather than encouraging it. Paying inevitable breach

settlements could also become a “cost of doing business” that hampers the innovation of smaller players in the market.

How Leaders Can Prepare

The plaintiffs’ bar’s migration into data breach litigation is not a temporary detour. Leaders should prepare for this reality by:

- **Strengthening defensibility, not just defense.** It’s not enough to invest in cybersecurity; organizations must also document and demonstrate adherence to industry standards in managing and safeguarding data.
- **Anticipating post-breach litigation as part of incident response.** Legal strategy needs to be built into every crisis plan from day one.
- **Engaging insurers and regulators early.** Settlement patterns may shift if companies coordinate proactively with stakeholders rather than reacting under pressure.

Ultimately, the plaintiffs’ firms are following a well-worn playbook: identify the next area of liability, scale quickly, and create financial pressure to settle. The open question is whether corporate leaders will respond by reinforcing their organizations or by continuing to fuel the cycle.

The plaintiffs’ bar has made its move. The real test now is how organizations will make theirs.

***Megan Silverman** is vice president of cyber strategy and solutions at Integreon.*

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Meta Wins Consumer Antitrust Case After Judge Excludes Plaintiffs' Expert Witness

"To be sure, the absence of admissible expert testimony by an economist does not automatically foreclose an antitrust claim. But as a number of courts have observed, proof of antitrust injury typically demands expert witness evidence," U.S. District Judge James Donato wrote in a decision excluding the plaintiffs' expert witness opinions as inadmissible and granting summary judgment in favor of defendant Meta Platforms Inc.

September 30, 2025 at 08:06 PM By  **Sulaiman Abdur-Rahman**



Judge James Donato, U.S. District Court for the Northern District of California.

A California federal judge has ruled in favor of defendant Meta Platforms Inc. in an antitrust lawsuit that consumer plaintiffs filed in December 2020 seeking \$158.4 billion in damages for alleged Sherman Act violations for monopolizing the market for social networking.

U.S. District Judge James Donato of the Northern District of California entered judgment for Meta in a Monday decision, ruling the plaintiffs lacked expert witness evidence to support their complaint alleging the tech giant unlawfully monopolized the personal social networking services market.

“Meta has demonstrated that plaintiffs cannot prove the essential element of antitrust injury at trial,” Donato wrote in his [nine-page decision](#), crediting arguments Wilmer Cutler Pickering Hale and Dorr made on behalf of the Menlo Park, California-based company.

Plaintiffs represented by Quinn Emanuel Urquhart & Sullivan and Hagens Berman Sobol Shapiro relied heavily on the expert opinions from their economist Dr. Nicholas Economides, but Donato excluded Economides’ opinions as inadmissible under Federal Rule of Evidence 702.

“[T]he opinions Dr. Economides proposes to present at trial are effectively the same as those found inadmissible during the class certification proceedings,” Donato wrote in his decision. “They fare no better a second time around, and so are excluded from the case.”

“The exclusion of Dr. Economides’ injury opinions guts plaintiffs’ case,” Donato added. “To be sure, the absence of admissible expert testimony by an economist does not automatically foreclose an antitrust claim. But as a number of courts have observed, proof of antitrust injury typically demands expert witness evidence.”

Wilmer on behalf of Meta filed a successful [motion for summary judgment](#), arguing the plaintiffs “have no way to prove the case they brought.”

Donato granted summary judgment in favor of Meta, ruling the case will not proceed to a trial by jury in November as originally scheduled.

“In the hands of either a jury or an economist, documents indicating that Meta occasionally thought about paying certain users in certain situations is insufficient to prove antitrust injury, to take one example of the lay evidence,” Donato wrote.

Counsel for consumer plaintiffs Maximilian Klein, Sarah Grabert and Rachel Banks Kupcho did not immediately respond to a request for comment.

The monopolization claims Quinn Emanuel and Hagens Berman made on behalf of the consumer plaintiffs were similar to the pending claims the Federal Trade Commission made in its antitrust case against Meta.

FTC attorneys have asked U.S. District Chief Judge James E. Boasberg of the District of Columbia to find Meta liable for alleged Sherman Act violations. Boasberg is expected to make a ruling in the case in the very near future.

Quinn Emanuel on behalf of United Kingdom-based ecommerce company Ollywan Ltd. [filed a lawsuit last Friday](#) in California federal court alleging Meta exploited its social networking monopoly to monopolize online tag-based shopping in violation of the Sherman Act.

Counsel for Meta did not immediately respond to a request for comment.

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Meta could owe billions for Flo class action verdict

 [reuters.com/legal/government/meta-could-owe-billions-flo-class-action-verdict-2025-10-01](https://www.reuters.com/legal/government/meta-could-owe-billions-flo-class-action-verdict-2025-10-01)

Jenna Greene

October 1, 2025

Commentary

[Jenna Greene](#)

October 1, 2025 2:25 PM PDT Updated 17 hours ago

The logo of Meta Platforms is seen in Davos, Switzerland, May 22, 2022. Picture taken May 22, 2022. REUTERS/Arnd Wiegmann/File Photo [Purchase Licensing Rights, opens new tab](#)

Oct 1 (Reuters) - When a San Francisco federal jury in August found Facebook parent Meta liable for violating the privacy of users of the fertility tracking app Flo, one big question remained: How much will the class action payout be?

Based on signals from U.S. District Judge James Donato at a damages hearing in San Francisco on Tuesday, Meta could be on the hook for up to \$8 billion if the plaintiffs get their way and the verdict is upheld on appeal.

It wouldn't be the first time Meta has shelled out for privacy violations. In 2024, the company agreed to a [\\$1.4 billion settlement](#) with the state of Texas over misuse of facial-recognition technology, and in 2019, it paid a \$5 billion fine to [resolve a government probe](#) into its privacy practices.

However, there's scant precedent for any company going to trial in a class action like this one. The plaintiffs convinced jurors that Meta violated the California Invasion of Privacy Act, a nearly 60-year-old law that makes it illegal to covertly eavesdrop or record telephone conversations.

Co-defendant Google [cut a deal](#) in the case in July to pay \$48 million. Flo – whose lawyers told Donato on Tuesday that the app had never turned a profit – settled mid-trial for \$8 million. Both companies denied wrongdoing.

The 1967 California privacy law carries a statutory penalty of \$5,000 per violation, irrespective of actual damages. But as I [previously wrote](#), in the modern age of internet data collection practices, it's unclear how far this relic of the Cold War can stretch or how a "violation" is defined.

The plaintiffs [allege, opens new tab](#) Flo integrated code from Meta and Google's software development kits, which are used for data analytics, into its app. That allegedly allowed the

companies to review personal information on users' menstrual cycles, sex lives and pregnancies, despite promises by Flo that the data would remain confidential.

If a \$5,000 penalty accrued each time a Flo user entered a piece of intercepted private data – akin to a phone call being secretly taped – the totals would be [staggering](#). Lawyers for Flo in a June [court filing, opens new tab](#) warned the defendants' combined damages could top a quadrillion dollars.

At the hearing, however, plaintiffs' lawyer Michael Canty from Labaton Keller Sucharow assured Donato they were not seeking a 16-figure award, and that the maximum recovery per claimant would be \$5,000.

"One incident, one person, and that's it?" Donato said. "That goes a long way to helping me make sure that we do not have a due process problem," where the punishment is disproportionate to the prohibited conduct.

He added that he had "some comfort" with the plaintiffs' approach to tallying damages, but did not specify how much he might ultimately award.

Canty did not respond to a request for comment.

A spokesperson for Meta in a statement said they "disagree with the verdict and believe the plaintiffs' claims are false."

"User privacy is important to Meta, which is why we do not want health or other sensitive information and why our terms prohibit developers from sending any," the spokesperson said.

Plaintiffs' lawyers told Donato at the hearing that they estimate there are 1.6 million subclass members in California who are entitled to receive \$5,000 apiece under the state privacy law. Potential damages for the national class of about 13 million people remain unclear.

Given the hefty individual payouts tied to state residency, Meta lawyers in [court papers, opens new tab](#) filed last week suggested would-be claimants should have to provide proof of eligibility, such as old utility bills showing they lived in California during the class period of November 1, 2016, to February 28, 2019.

The lawyers from Latham & Watkins and Gibson, Dunn & Crutcher also argued the Seventh Amendment entitles them to pursue individual trials on each class member's claim.

Donato was having none of it.

"These objections are just not grounded in reality," he said. "Here in this courtroom, we're a reality-based experience," calling the suggestion to hold individualized claim hearings "slightly ludicrous."

Donato left the timing on his damages ruling open, sounding disinclined to follow Meta's suggestion that he issue a partial final judgment covering the three named plaintiffs so the company might pursue an immediate appeal to the 9th U.S. Circuit Court of Appeals.

Meta said it intends in its appeal to raise issues including whether code from its software development kit functions as an "electronic amplifying or recording device" under the law, and whether Meta "intentionally" used the kit "to eavesdrop upon or record" plaintiffs' conversations with Flo.

"There will be one judgment," Donato told the lawyers. "It will come when the time for judgment comes. I'm not doing anything in between."

Reporting by Jenna Greene

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[Jenna Greene](#)

Thomson Reuters

Jenna Greene writes about legal business and culture, taking a broad look at trends in the profession, faces behind the cases, and quirky courtroom dramas. A longtime chronicler of the legal industry and high-profile litigation, she lives in Northern California. Reach Greene at jenna.greene@thomsonreuters.com

PG&E allowed to make its defenses in Dixie fires smoke case

DJ [dailyjournal.com/articles/387857-pg-e-allowed-to-make-its-defenses-in-dixie-fires-smoke-case](https://www.dailyjournal.com/articles/387857-pg-e-allowed-to-make-its-defenses-in-dixie-fires-smoke-case)

Torts/Personal Injury

Oct. 2, 2025

A judge allowed PG&E to present defenses in a class action over toxic smoke from the 2021 Dixie Fire, as plaintiffs seek medical monitoring costs for exposed residents without current illness.

Judge Jeffrey S. Ross

A San Francisco judge gave PG&E's defense a boost in a putative class action over claims tied to the 2021 Dixie fires the plaintiffs allege it caused. The lawsuit seeks to split out costs for medical monitoring of residents who breathed in toxic smoke from the larger coordinated proceedings over property damage.

Counsel for the plaintiffs had sought a demurrer and to strike portions of PG&E's answer to their complaint at a hearing Wednesday, but Superior Court Judge Jeffrey S. Ross denied it saying PG&E's defenses had standing.

An attorney for PG&E, Nicholas Fram of Munger, Tolles & Olson LLP, said at the hearing, "We think that they [plaintiffs] were not injured at all and we should be able to bring that defense."

The action led by plaintiffs' attorney Kevin Hannon, partner at Singleton Schreiber, contends that PG&E was negligent in sparking the Dixie fires, subjecting thousands of California residents to hazardous levels of particulate matter and other pollutants.

Unlike the consolidated Dixie Fire proceedings already underway in San Francisco Superior Court -- which seek damages for personal injury and property loss -- this case targets the costs of ongoing diagnostic testing, even in the absence of current illness.

Plaintiffs argue their case is distinct from the Judicial Council Coordinated Proceedings and say putative class members are defined by objective exposure data: at least 24 hours spent in areas where the Air Quality Index hit "Very Unhealthy" or worse during a 24-day period.

"Every class member breathed Very Unhealthy air, which put every class member at increased risk," Hannon wrote in a reply to support his motion to strike, citing U.S. Environmental Protection Agency monitoring data.

"Defendants fail to identify any fact that supports the claim that plaintiffs do not have a beneficial interest in seeking medical monitoring due to their increased risk of disease based on the toxic exposure caused by defendants," Hannon wrote in his motion to strike.

The case leans on the California Supreme Court's 1993 decision in *Potter v. Firestone*, which recognized medical monitoring as a valid form of damages claim even without physical injury, provided exposure significantly raised the risk of disease.

PG&E's answer denied wrongdoing and argued that the plaintiffs lack standing, that any recovery would be offset by prior settlements in the Dixie Fire cases, and that health insurance already covers the testing plaintiffs seek.

"Plaintiffs are seeking a lot of money to run diagnostic tests," Fram said at Wednesday's hearing.

The plaintiffs argued that no other case seeks medical monitoring relief and that health insurance is a collateral source that does not shield PG&E from liability.* *Lara Wheeler et al. v. PG&E Corporation et al**, CGC23607657 (S.F. Super Ct. filed Jul. 13, 2023).

The plaintiffs' motion for class certification is due Dec. 1. PG&E has already spent billions resolving property and injury claims from numerous California wildfires.

While no settlement talks are underway, the plaintiffs say they are open to mediation. PG&E has said it is premature to consider alternative dispute resolution before class certification.

#387857

James Twomey

Daily Journal Staff Writer

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Class Action

Manage Newsletters

Chemours, DuPont Lose, for Now, Bid to Exit PFAS Damage Case

Sept. 30, 2025, 3:16 PM PDT

Summary by Bloomberg AI

AI Generated



- A federal district court denied motions from Chemours and DuPont to decertify a class of residents and to dismiss their property damage claims.
- The court may allow the companies to bring those motions again after hearing additional expert testimony, according to Judge James C. Dever III's order.
- Residents are seeking payment for equipment to prevent further exposure to per- and polyfluoroalkyl substances (PFAS) released by the companies, including water filters, hot water heaters, and water pipes.

A federal district court says Chemours and DuPont must continue to defend themselves against claims that their PFAS releases in North Carolina damaged residents' properties.

The US District Court for the Eastern District of North Carolina denied motions from the Chemours Co. FC LLC and E.I. du Pont de Nemours & Co. to decertify a court-approved class of residents and to dismiss their property damage claims.

But, the companies may be able to bring those motions again after the court has heard additional expert testimony, said Judge James C. Dever III's order.

Most of Dever's order focused on which experts will be allowed to testify, which he rejected, and why.

After the parties have met to discuss the order, the court will schedule a hearing, Dever said.

The residents want Chemours, which now owns a Fayetteville, N.C., factory, and du Pont, the factory's former owner, to pay for water filters, hot water heaters, water pipes, and other equipment the property owners say is needed to prevent further exposure to per- and polyfluoroalkyl substances (PFAS) the companies have released for many years.

The court in 2023 certified two classes. The first consisted of property owners or renters receiving water from utilities servicing Bladen, Brunswick, Cumberland, New Hanover, and Pender counties, which drew from the Cape Fear River downstream of the Fayetteville Works factory. The second class consisted of property owners or renters dependent on wells using groundwater containing PFAS associated with the Fayetteville Works facility.

The case is *Nix v. the Chemours Co.*, E.D.N.C., No. 17-00189, 9/30/25 .

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'It's Cheaper Just to Settle': Landmark Verdicts Against Ford Lead to Private Settlements

According to Butler Prather, Ford has sold more than 5 million trucks with weak roof designs across the country. Based on an estimated cost of \$10,000 to fix each of the nearly 3.8 million registered vehicles, it would cost Ford more than \$38 billion to buy them all back, with additional costs for disposal.

October 02, 2025 at 11:39 AM By  **Alex Anteau**



Photo: Diego M. Radzinski/ALM

Attorneys with Butler Prather backed two landmark Georgia verdicts against Ford Motor Co. for wrongful death claims resulting from a design flaw in the Ford F250 Super Duty truck—not once, but twice. However, after years of post-judgment litigation, it's not clear how much of the combined \$4.2 billion verdicts Ford could be on the hook for paying in these two cases and beyond.

Separate estates, represented by Jim Butler and Ramsey Prather, secured a \$1.7 billion punitive damages verdict against the auto maker in the State Court of Gwinnett County in 2022, and a \$2.5 billion verdict in a Georgia federal court earlier this year. But that didn't stop Ford from divvying out

post-trial motions and appeals. After duking it out for nearly three years, the parties reached a confidential settlement agreement on Aug. 15. While the details largely remain unknown, [attorneys with Butler Prather said](#) both cases already helped them resolve a similar pending claim against Ford in Oregon.

Just over a month after the Georgia claims settled, the firm secured another confidential settlement against Ford on Sept. 19 in a case with a similar fact pattern in the U.S. District Court for the District of Oregon, captioned [Yraguen v. Ford](#). Juan Yraguen actually survived the cave-in of his F-350 pickup truck's roof, but, according to Butler Prather, the Yraguen family was saddled with "literally millions of dollars of medical bills and likely millions more in future medical bills." While Ford denied the plaintiffs' allegations, U.S. District Judge Ann Aiken of the District of Oregon determined that Yraguen raised enough questions of fact for the case to be brought to a jury in November. Shortly after the trial date was set, the plaintiffs and Ford reached a confidential agreement.

"Ford was put on notice in at least 294 prior lawsuits and claims that people were being killed, paralyzed, and injured during rollover in Ford's 'super duty' trucks. Those wrecks are the source of the 112 other similar incidents about which plaintiffs' experts were prepared to testify at trial," Butler Prather said in a statement last week. "It is no mystery why Ford has let the havoc continue. ... There is no 'fix' for the extraordinarily weak roofs."

According to Butler Prather, Ford has sold more than 5 million trucks with weak roof designs across the country. Based on an estimated cost of \$10,000 to fix each of the nearly 3.8 million registered vehicles, it would cost Ford more than \$38 billion to buy them all back, with additional costs for disposal.

"Obviously, Ford's calculus is that it is cheaper just to settle claims as they are made," the firm said.

Lead plaintiffs' counsel Butler and Prather of Butler Prather declined to comment about the recent updates to the Ford verdicts or how it could impact any pending or future litigation against the automaker.

In Georgia, an estate filed its case in 2014, seeking to recover for the deaths of Melvin and Voncile Hill, who were both killed when a tire on their Ford F250 blew out, causing the vehicle to roll over and the roof to collapse. The case, assigned to Gwinnett County State Court Judge Shawn Bratton and [later transferred](#) to Senior Judge Joseph Iannazzone, was originally tried in 2018. However, both sides moved for a [mistrial](#), according to court documents.

Ford was sanctioned in the process, and the case was put before a jury for the second time in 2022. The 2022 trial resulted in a \$1.7 billion jury verdict. That \$1.7 billion did not stick, though. When Ford [appealed](#) the trial court's sanctions order in 2024, the appellate court [reversed the judgment](#) and sent the case back for a third trial. While the plaintiffs filed a petition for writ of certiorari, the Georgia Supreme Court declined to hear the dispute.

Meanwhile, three days after a jury rendered the *Hill* verdict in 2022, Herman and Debra Mills were killed in a similar roof cave-in after their F250 ran off the road. The executor of their estate, James Brogdon, sued Ford in 2023 in the U.S. District Court for the Middle District of Georgia, where the case was assigned to U.S. District Judge Clay Land. Earlier this year, a jury awarded the Mills' estate [\\$2.5 billion](#) in the case captioned *Brogdon v. Ford*.

In March, Ford filed a [motion for a new trial](#), alleging the jurors had improperly discussed the *Hill* case, according to the court documents. The motion for a new hearing was pending when the parties reached the private settlement in August.

Ford Motor Co. declined to comment on the recent settlements.

Ford's Georgia defense team was led by former Supreme Court of Georgia Chief Justice Harold Melton and former U.S. Attorney for the Middle District of Georgia Charles Peeler, both now at Troutman Pepper Locke.

In Oregon, Laura S. Polster of Gordon Rees Scully Mansukhani was lead defense counsel in *Yraguen*.

None of Ford's counsel responded to requests for comment.

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How Will Generative AI Impact Legal Work?

 abovethelaw.com/2025/10/how-will-generative-ai-impact-legal-work

Nicole Black

October 2, 2025

[Technology](#)

Ignoring AI is simply not an option.

By [Nicole Black](#) on October 02, 2025 11:15 am

It's nearly impossible to avoid the effects of generative artificial intelligence (AI). No matter what your role entails or what type of legal organization you work for, AI's impact is inescapable. Whether it's increasing workflow efficiencies, reducing the need for new hires, or creating new roles focused on AI rollouts, it is undoubtedly changing the way that work gets done in the legal space and beyond.

You need look no further than the results of two recent surveys for evidence of this phenomenon: [LinkedIn's Guide to Futureproofing Your Career](#) and [ILTA's 2025 Technology Survey](#). Both include data on AI's impact on the workplace and how it is shaping the future of jobs by shifting expectations on outcomes and required professional skillsets.

If you're unsure how your legal role will evolve in the years to come, these latest statistics will provide actionable insights. From replacing certain functions to expanding hiring for certain roles, there's a lot of predictable — and sometimes unexpected — change on the horizon.

LinkedIn's Data

Just this week, LinkedIn shared the results of a survey that offered insight into the evolution of work in the AI era. According to LinkedIn's analysis, 85% of U.S. professionals expect that at least a quarter of their skills will be impacted by AI. Key roles respondents reported had already been impacted by AI included media and communications, marketing, and human resources.

Although this data is broadly applicable to the entire workforce, the functions cited as the most likely to evolve — writer/editor, data analyst, and marketing strategist — are also central functions within law firms. This means that when firm employees use AI for tasks like marketing and communications, HR, and operations, they streamline the more tedious aspects of these jobs and are better able to focus on more impactful, higher-level work.

The data shows that some types of work, however, are less affected. As the report notes, "Jobs grounded in physical presence or human-to-human interaction are seeing slower shifts." Thus, for lawyers, face-to-face work like courtroom advocacy, negotiation, and client counseling will continue to be in high demand.

In other words, the most important takeaway is that human skills will matter more than ever. "The vast majority of global professionals (79%) believe that even as AI becomes more advanced, there's no substitute for human intuition or the insights we glean from trusted colleagues. This suggests human skills like conflict mitigation, adaptability, innovating thinking, and stakeholder management are more important than ever. The human edge comes from strong judgement and the ability to connect the dots in a complex environment."

ILTA's Technology Data

Data from ILTA's 2025 Technology Survey mirrors LinkedIn's findings, highlighting how using AI to address administrative and operational tasks clears the way for higher-level work.

ILTA's data shows that 80% of firms are already using or exploring AI and expect that AI will also impact their hiring approach. Just as LinkedIn's survey highlighted new roles emerging around AI across the entire workforce, ILTA's results confirm the same trend inside law firms. To support AI adoption, firms plan to increase hiring in some areas, including IT (32%), innovation (26%), and knowledge management (20%).

As explained in ILTA's report, AI is widely used in legal organizations for administrative work. Top use cases include IT security and training (64%), research (57%), marketing and business development (55%), litigation support such as e-discovery and training (53%), and developing presentations (40%). These statistics mirror the LinkedIn data, where functions like marketing, communications, and operations were reported as most impacted by AI.

Firms expect AI to play a larger role in core legal tasks over the next year. The most common planned uses include summarizing documents (84%), legal research (80%), creating initial drafts of documents (78%), writing presentations (67%), drafting client alerts and emails (61%), and brainstorming ideas (59%). This aligns with LinkedIn's broader conclusion that AI will reshape day-to-day work, enabling professionals to focus on higher-level strategy, judgment, and collaboration.

The Path Forward

AI is here to stay, so ignoring it simply isn't an option. Instead, embrace the productivity gains it offers and prepare your firm for success in an AI-enabled business landscape.

Firms large and small can benefit from implementing AI tools strategically. The potential is significant, and ensuring that your firm is ahead of the AI adoption curve will pay off long-term. Learn as much as you can about AI trends, and take advantage of data from surveys like LinkedIn's and ILTA's to aid in your decision-making.

Determine which functions in your firm can be handled most effectively by AI tools. Obtain input from your staff and ensure that they receive the necessary training once you've incorporated AI into your law firm's workflows. Consider AI-gained efficiencies when forecasting revenues and planning for the year to come to ensure that you fully reap the benefits of your AI investment.

The firms that will benefit the most will be those that view AI as a tool to reduce time investment in low-value work and focus on the human skills clients rely on the most: strategic thinking, sound judgment, and trusted advice.

[Nicole Black](#) is a Rochester, New York attorney and Principal Legal Insight Strategist at [8am](#), the team behind 8am MyCase, LawPay, CasePeer, and DocketWise. She's been [blogging](#) since 2005, has written a [weekly column](#) for the Daily Record since 2007, is the author of [Cloud Computing for Lawyers](#), co-authors [Social Media for Lawyers: the Next Frontier](#), and co-authors [Criminal Law in New York](#). She's easily distracted by the potential of bright and shiny tech gadgets, along with good food and wine. You can follow her on Twitter at [@nikiblack](#) and she can be reached at niki.black@mycase.com.

Using AI in Source Code Review in IP Cases: The Perfect Tool or a Disaster Waiting to Happen?

A conversation with UnitedLex VP Conor Sheehan about the promise and potential problems associated with AI-assisted software code review in intellectual property cases.

October 02, 2025 at 06:30 AM By  **Ross Todd**

Much of the current conversation surrounding artificial intelligence and its application to legal practice is rooted in the abstract. Find a routine task, apply artificial intelligence to it and the assumption is that the efficiencies will follow.

It's clearly not that easy.

Even Judge Scott Schlegel of Louisiana's Fifth Circuit Court of Appeal, one of the biggest backers of using tech to drive efficiencies in the judiciary, has urged caution in adopting AI tools to help with the [iterative drafting process](#) that goes into issuing judicial opinions. He's encouraging judges to start by trying the tools on cases that have already been decided to see where they might help and where there may be pitfalls. Given the stage of the technology and the nature of jurists' work, that seems like sage advice.

This week, I had an opportunity to chew on AI's application to another discrete legal task—reviewing source code review in intellectual property disputes—with **Conor Sheehan**, the vice president of IP business development at **UnitedLex Corp.**, who has worked on source code review projects as part of the alternative legal service provider's efforts to help clients with IP monetization efforts. My colleagues at IAM recently named Sheehan to [The IAM Strategy 300](#), a list of the top professionals in IP portfolio management and strategy.

I asked Sheehan to help me lay out a basic review of how a source code review project in a patent or trade secret case typically flows—urging him to keep it at a “fourth or fifth grade level” for those of us who don't speak software.

Generally speaking, there'll be a protective order governing how the defendant provides the code to the plaintiff and what the plaintiff can do with it. Sheehan said that plaintiffs must be precise in how they request code. You can't ask for all of it. If you ask for five aspects, oftentimes, the

defendant will provide you with three and say the other two are not needed. "There's usually a bit of a dance, if you can call it that," he said.

That "dance" is justifiable given the nature of what's changing hands here. "Source code for software companies is their bread and butter, their Holy Grail," Sheehan said.

Once the code is released, it's kept in what Sheehan termed a "sedentary environment"—often a laptop that's not connected to the internet. "The key here is that there's no server access, or if there is a server it's a secure server," he said.

"Everything has to be by the book. This device needs to be secure and offline. Usually, then, the analysts or engineers are going in and looking at the code. No electronic devices are with them. They basically have a pen and paper," he said. Sheehan called that process "human-led," "court-tested" and "court-ready."

"The basic process here is to be as meticulous as possible, follow the breadcrumbs, interpret the code's behavior and then, basically, come back with a report that would identify what the findings are," he said.

So, how are generative AI tools changing this process? Given the myriad coding languages that software can be written in and the volumes of code often at issue in these cases, the analytical questions seem like precisely the sorts of problems that generative AI tools would be equipped to handle. Then again, given the all-consuming way many of those tools go about processing data, they could create more problems for software litigants in terms of their bread and butter than they solve in the litigation context.

"There is not [a] silver bullet solution," Sheehan said. "There are so many solutions out there. You really have to figure out what works and what doesn't."

He encouraged me to think of source code review as a timeline from zero to 10. Steps zero to four could be AI-assisted, he said, with AI used on tasks such as searching documents and doing some preliminary research. From steps four through eight—the period where the under-the-hood analysis of the code itself occurs—there's currently not an AI solution.

"Because of the constraints of connectivity, there's no true solution that has an offline functionality that an online functionality would have," he said.

Sheehan didn't rule out the possibility of there being some solution down the line. He said there are always "accelerants" in the technology business. He pointed to DeepSeek, the Chinese large language model developer, that essentially came out of nowhere [earlier this year](#) to solve some problems that had confounded larger players. "That can change the complexion. But where we are

today, there's no front-runner with regard to being able to work in an offline environment and give you accurate information," he said.

I asked Sheehan if generative AI cared about protective orders or if it can be taught to comply with them?

"I think you've answered that yourself, right?" he said. "The key there is it's a tool. It's a platform."

"It can summarize large functions or unfamiliar syntax. It can definitely advise on pattern recognition or flag similar implementations across files ... all the preparatory type of work that you'd expect it to do, it can do it in droves."

And what the technology can do in writing code is clearly a game-changer, Sheehan said. But when it comes to analyzing code to assess infringement, the immediate future is a hybrid environment where the AI can do a lot of the heavy lifting early in the process, but there has to be human oversight to maintain the confidentiality that remains core to the analysis.

"In environments that are highly, highly scrutinized ... it's not something we just roll in there and say, 'Hey, we want to try this out,'" Sheehan said. "We have to establish what's going to be loaded on laptops, and basically, everything's secured in the protective order. That's the apex of what we're driven by. That's our statement of work. That's our code of conduct. And hopefully, with our client, we're able to either prove infringement or disprove infringement."

"This is not something that's going to be revolutionized and changed overnight," Sheehan said.

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Antitrust

'End Run' or 'Pro-Competition?' FTC, States' Antitrust Lawsuits Flag Zillow-Redfin Agreement

Seattle-based Zillow paid \$100 million to acquire Redfin's listings of multi-unit buildings, through an agreement by which Redfin shifted the listings to Zillow. The Federal Trade Commission and a bipartisan coalition of state attorneys generals allege the pact was violative of the Sherman and Clayton Acts.

October 01, 2025 at 02:18 PM By  **Brian Lee**



Zillow app is open on smart phone. Credit: Shutterstock.com

A content-licensing agreement between Zillow and Redfin allegedly makes an end run around competition, twin antitrust lawsuits by the [U.S. Federal Trade Commission](#) and five states claimed Tuesday.

Seattle-based Zillow paid \$100 million to acquire Redfin's listings of multi-unit buildings, through an agreement by which Redfin shifted the listings to Zillow.

The February agreement between the online apartment listing companies "insulates Zillow from direct competition on the merits with Redfin for customers advertising multifamily buildings," the FTC suit, and the other joint action by attorneys general from Virginia, New York, Connecticut, Arizona and Washington, agreed.

The lawsuits were filed in the U.S. District Court for the Eastern District of Virginia, arguing the Zillow-Redfin arrangement violates the Sherman and Clayton acts.

The claim says Zillow, Redfin, and a third company, CoStar, the owner of Apartments.com, dominate 85% of the market's revenue.

"The wholesale elimination of critical competition in this highly concentrated space will harm rental advertisers and the Americans who rely on (internet listing services) to find their next home," the lawsuits read.

Daniel Guarnera, director of the FTC's Bureau of Competition, said in a statement: "Paying off a competitor to stop competing against you is a violation of federal antitrust laws. The FTC will do our part to ensure that Americans who are looking for safe, affordable rentals receive all the benefits of robust competition between internet listing services like Zillow and Redfin."

The lone Republican of the state complainants, Virginia Attorney General Jason Miyares, said the agreement "harms renters and property owners by taking away free market incentives to provide high-quality services that businesses and consumers rely on."

The FTC said it worked closely with the AG offices, and both the FTC and Miyares said that they looked forward to "ongoing cooperation with the states in this matter."

The companies denied the allegations.

"Redfin strongly disagrees with the allegations and is confident we will be vindicated by a court of law," its statement read.

Redfin said the partnership helped streamline the company, which was acquired in July by Detroit-based fintech company Rocket Companies.

"By the end of 2024, it was clear that the existing number of Redfin advertising customers couldn't justify the cost of maintaining our rentals sales force. Partnering with Zillow cut those costs and enabled us to invest more in rental-search innovations on Redfin.com, directly benefiting apartment seekers."

It said the agreement "has given Redfin.com visitors access to more rental listings and our advertising customers access to more renters."

A Zillow spokesperson said: "Our listing syndication with Redfin benefits both renters and property managers and has expanded renters' access to multifamily listings across multiple platforms. It is pro-competitive and pro-consumer by connecting property managers to more high-intent renters so they can fill their vacancies and more renters can get home. We remain confident in this partnership and the enhanced value it has delivered and will continue to deliver to consumers."

Under the agreement, Redfin planned to stop selling multifamily advertising, terminate existing multifamily advertising contracts, and transition the customers to Zillow, the lawsuits state.

After announcing the plan, Redfin terminated hundreds of employees who had supported that segment of the business, and agreed to help Zillow hire them, the lawsuit claims.

The agreement is currently limited to buildings with 25 or more units, but New York Attorney General Letitia James said "it expressly proposes an extension to all apartment buildings," and that Redfin fired about 450 employees as a result of the allegedly illegal pact.

James warned that the agreement could drive up costs for advertisers and leave renters with fewer options by which to search.

"New Yorkers are already struggling with an unaffordable housing market, and I will fight to stop this illegal deal that could make it even harder to find a home," James said.

The FTC and states are asking for declaratory relief, and to restore competition to the market by awarding injunctive relief, including divestiture or restructuring of the businesses.

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News from Bloomberg Terminal
Stablecoins Make Banking Narrower
Oct. 2, 2025, 10:55 AM PDT

By Matt Levine

(Bloomberg Opinion) --

Narrow banking

One theme around here is that banking is getting narrower. "Narrow banking" is the idea that you can separate (1) the business of taking bank deposits and facilitating payments from (2) the business of making loans. Traditional banks take deposits and make loans, which creates various problems; narrow banking would solve those problems, possibly at the cost of creating new ones. In narrow banking, deposits would be invested in the safest possible money (central bank reserves or short-term government bills), while loans would be made by funds with long-term equity financing.

In this move toward narrow banking, the lending role is done by private credit, as we often discuss. Private credit firms raise funds from investors with long-term lockups, and the investors consciously bear the risk of the loans.

But what about the role of deposit-taking? Who is going to take deposits and *not* make loans? Well, there are government money-market mutual funds, which do look a lot like narrow banks: They take money from depositors and park it in short-term government bills or, often, at the Federal Reserve. There was a thing called "TNB," which proposed to take money from depositors and invest it solely in reserves at the Fed, though the Fed said no.

The hottest and strangest modern answer is *stablecoins*. A stablecoin is a thing that takes money from depositors, gives them back tokens that can be used in payments (an important job of deposit-taking banks), and invests the money in ... well, there are all sorts of possibilities, but the standard answer these days does seem to be short-term government bills. (Or money market funds that invest in those bills.) The GENIUS Act regulating stablecoins in the US, for instance, mostly requires stablecoin issuers to keep their money in bills, repo agreements collateralized by bills, or central bank reserves, though they can keep some of it in bank deposits.

Yesterday Andrew Bailey, the governor of the Bank of England, published a Financial Times op-ed advocating for narrow banking via stablecoins:

The so-called backing assets (the other side of the balance sheet) should be free of financial risk in terms of credit, interest and exchange rate risk. This ensures that the value of a coin truly can be stable.

This is *not* how banks work. Banks issue deposits, and the value of a \$1 (or £1) deposit is stable at \$1 (or £1). But the assets backing bank deposits are not free of financial risk, as we frequently notice. Obviously there is a whole social and regulatory apparatus to make bank deposits nonetheless effectively risk-free; transforming risky loans into risk-free deposits is an important bit of socially constructed magic. One could imagine extending that apparatus to stablecoins, but instead everyone seems to imagine taking a different approach, one where the stablecoins' assets are risk-free. Bailey goes on:

Through banks, the system has combined the holding of money with the provision of credit, meaning that deposits directly support lending that underpins economic activity. This has come to be known as fractional reserve banking. In other words, most of the assets backing commercial bank money are not risk free: they are loans to individuals and to companies. Trust in money has been supported, and from time to time reinforced in the light of experience, by bank regulation, deposit insurance and resolution provisions.

The system does not have to be organised like this. It is possible, at least partially, to separate money from credit provision, with banks and stablecoins coexisting and non-banks carrying out more of the credit provision role. But it is important to consider the implications of such a change thoroughly before going ahead. ...

In the coming months, the Bank of England will publish a consultation paper on the UK's systemic stablecoin regime, which will apply to those used in scale as money (ie for everyday payments or for settling tokenised core financial markets) and consider what standards they would need to meet. In doing so, we will set out that widely used UK stablecoins should have access to accounts at the BoE in order to reinforce their status as money.

Again, in the US, TNB – for “The Narrow Bank” – wanted to issue deposits and park its money in reserves at the Fed, but the Fed said no. It looks like if you tried that in the UK, and called it a stablecoin, the Bank of England might say yes.

Jane Street

The modern economy has a lot of niches with the essential form “you solve puzzles and get money.” You do not need to be an inspiring leader, you do not need to be a visionary strategist, you do not need to have your finger on the pulse of consumer demand, you do not need to be a charismatic salesperson or a hardy farmer or a skilled hunter. Just sit at a desk where someone will hand you challenging abstract intellectual puzzles, and you will have some fun using your creativity and math skills and pattern-matching abilities and sense of whimsy to solve them, and then you will hand in the solutions and get back bags of money.¹

Maybe the highest-profile form of this in 2025 is artificial intelligence labs, where the puzzles are complex, the link between the puzzles and money is quite abstract, the puzzle-solvers are intrinsically motivated by their deep interest in solving them, and they all seem somewhat befuddled that Mark Zuckerberg wants to pay them \$100 million. But AI researchers' motivations, it seems to me, are not quite whimsical: There is a sense of mission, of social importance, of existential necessity, in building AI. The *purest* form of it might be in quantitative proprietary trading firms, where you solve puzzles and get money without any particularly strong sense of social mission. No kid dreams of growing up to make the spreads on cross-border exchange-traded-fund trades a bit tighter, but it turns out that doing that (1) involves solving interesting puzzles and (2) is quite lucrative. "There are few ways in which a man can be more innocently employed than in getting money," said Johnson.

Who excels in these niches? Well, you'd expect it to be mostly *people who love puzzles*, people who have a deep intrinsic interest in math and puzzles and structure. Not necessarily *businesspeople*, not necessarily people who are interested in power and leadership and strategy; people who want to sit around and solve puzzles with their friends. Unworldly people, perhaps. Not necessarily people who are *uninterested* in money – if you like puzzles and don't care about money there are lots of non-lucrative puzzles for you to solve – but people for whom the money is secondary and the puzzles come first.

But these niches are fragile. If solving the puzzles produces *too much* money, other people will notice, people who are not intrinsically interested in the puzzles but who *really* like money. Those people might be a bit less creative, a bit less whimsical, than the original puzzle-solvers, but they might be more practical and intense and careerist. They might be really good at, like, going on the internet and finding all of the previous puzzle questions that the prop trading firms have asked in interviews, and learning the solutions to those puzzles, so that when they are interviewed they can give the impression of (1) loving puzzles, (2) being good at them and (3) being more practical and dynamic and self-starting than the average puzzle-lover. And then they will get hired, and over time the business will shift from "whimsical puzzle-solvers who make hundreds of millions of dollars and stuff it in shoeboxes so they have more time for puzzles" to "ruthless businesspeople with firm handshakes and yachts."

I wrote last year about Jane Street Group, the proprietary trading firm, which (1) for a long time had a reputation as a quite whimsical and puzzle-focused employer and (2) has recently developed a considerably more ruthless reputation. In particular, I discussed all the reports about how much money Jane Street was making, and said:

I suppose one problem with this sort of press is that it is a potential negative for recruiting. I mean, in the sense that it is too good for recruiting. If Jane Street is an obscure haven for math nerds, it will mostly recruit math nerds and replicate its culture. If Jane Street is a famous financial services behemoth known for its minimal hierarchy and obscene profits, then it will attract a lot of resumes from people who love money more than they love math. And Jane Street's distinction, perhaps, comes from hiring people who love math more than money and turning the math into money.

Today Bloomberg's Sridhar Natarajan, Ava Benny-Morrison and Annie Massa have a profile of Rob Granieri, one of Jane Street's four co-founders and the only one who still works there, who hits all the beats that you'd hope for in an old-school, I'm-just-here-for-the-puzzles-man guy:

"I sat down with a guy who had hair down to his waist in a ponytail and a backpack on," [casino executive LuAnn] Pappas said, recalling her first meeting with him. "Someone you'd expect to see on a park bench reading Shakespeare."

At his day job in downtown Manhattan – the casino of capitalism – Granieri slips back into the schlubby wardrobe that's the norm at the 25-year-old firm. The soft-spoken libertarian guards his low-key stature so much that he often goes unrecognized within the company, where he officially has no title. His profile in the employee directory stands out because of its missing headshot. ...

Unlike his peers who snap up trophy homes, Granieri has long preferred to live in rental housing to avoid the headaches of owning property. Still, a landlord once took him to court after Granieri missed reminders for an unpaid \$10,372 bill.

Also, obviously, Burning Man. And "donations to psychedelic studies." And accidentally funding a coup in South Sudan. Though "according to his high school yearbook, Granieri ... harbored ambitions to make a lot of money." You don't *actually* get to where he is on pure whimsy.

Thinking Machines

Elsewhere in abstract ways to turn puzzles into money, I wrote the other day about Thinking Machines, the artificial intelligence startup founded by former OpenAI chief technology officer Mira Murati. Thinking Machines has raised \$2 billion in funding at a \$10 billion valuation, but, the Information reported, "even some of the company's investors don't have a very good idea of what it is working on." I was pleased: There is a very hot and reasonably transparent market for AI talent, Thinking Machines employs a lot of high-end AI talent, so, I suggested, *of course* it is worth a lot of money, even without a product. The Information quoted one investor saying of Murati: "'She was like, 'So we're doing an AI company with the best AI people, but we can't answer any questions.'" Perfect pitch, I wrote.

That said, a couple of readers emailed to suggest another way to get to that valuation. Modern AI, you might think, is a winner-take-all or winner-take-a-lot-anyway business. The AI lab that builds the first superintelligence will take over the world, perhaps not metaphorically. Who will the winner be? Well, I don't know, but if you are a venture capitalist who invests in AI, you might plausibly think:

1. The winner might be one of the AI labs you invest in.
2. It might *not* be Thinking Machines, sorry!, what with their lack of a product.
3. But there's a significant risk it will be a company that you *don't* invest in, perhaps because it's a public company (like Meta or Alphabet) where you can't invest, or just a private company (like OpenAI or xAI) that you didn't happen to invest in.
4. Paying a few billion dollars to a few dozen top AI researchers so that they can *not* work at Meta or Alphabet could be a good trade.

I don't really buy this theory (you'd rather get the really good researchers to work at whatever lab you *are* betting on), but it's fun to think about. More generally, if you are in a competitive business of solving puzzles for commercial purposes, it could be valuable to you to pay some really good puzzle-solvers to go off and solve some really non-commercial puzzles.

Quantum bonds

We talked last week about an experiment in quantum bond trading. HSBC Holdings Plc teamed up with International Business Machines Corp. to sprinkle some quantum magic on its corporate bond quoting algorithms, and allegedly it got "a 34% improvement in predicting how likely a bond will trade at a given price." I enjoyed this as a special case of the general rule that all sorts of esoteric knowledge can be put to use most immediately and profitably in financial markets. But ... how? Why do you need quantum computers to predict bond prices? Are the bonds ... in two places at once? Are the bonds both a wave and a particle? "I can't tell you the volatility, but I can tell you the price"?

But here is the actual paper from HSBC and IBM and it is weirder than I expected. Basically they took a bunch of historical market data (bond trades and prices), used the data to train "common machine learning models," had the models predict the likelihood of an out-of-sample historical bond trade occurring at some price given some market context, and then checked how good the predictions were. The baseline predictions were created by running the machine learning models on the market data, but then they also generated *better* predictions – 34% better – by running the training data through a quantum computer first:

Central to our trading data-specific exploration of a *quantum enhanced* approach is the notion of a feature transformation ... enabled by a quantum device. ... [This] represents an explicit *feature engineering* step, which is beneficial if we assume that, from the perspective of the learning algorithm ... at hand, the mapping [from the quantum-enhanced data to the predicted probability] is in some sense easier to estimate than the original [mapping].

Why would this help? Well, I am not a machine learning researcher and I don't really know, but you could have might intuition like "shaking up the original data somehow makes the machine learning algorithm more robust or nuanced in its predictions." ² But in my defense the authors of this paper don't know either. From the paper:

While this is a purely empirical observation of applying a heuristic method to a specific dataset without any generalization guarantees to other market environments or trading datasets, the results are still subject to many open questions. For instance, it is not understood how exactly quantum hardware noise affects our particular quantum circuit, and it is unclear how resulting noise-encoded feature vectors may benefit the analysis of noisy financial observables.

We are in pretty early days of *building* quantum computers, and it seems that the quantum computer hardware they used to transform the data was "noisy," and that the noise is what actually improved the performance:

We observe a relative gain of up to ~34% in out-of-sample test scores for those models with access to quantum hardware-transformed data over those using the original trading data or transforms by noiseless quantum simulation. These empirical results suggest that the inherent noise in current quantum hardware contributes to this effect and motivates further studies. ...

The exact role that the intrinsic noise during the hardware execution of quantum circuits plays in these finally derived model performance gains is not understood.

I suppose the advantage of doing quantum computing research is that you don't have to understand what you did to publish it. To be fair that also probably applies to bond trading so, you know, fine. But Scott Aaronson writes:

They see a quantum advantage for the task in question, but only *because* of the noise in their quantum hardware? When they simulate the noiseless quantum computation classically, the advantage disappears? WTF? This strikes me as all but an admission that the "advantage" is just a strange artifact of the particular methods that they decided to compare—that it has nothing really to do with quantum mechanics in general, or with quantum computational speedup in particular.

Indeed, the possibility of selection bias rears its head. How many times did someone do some totally unprincipled, stab-in-the-dark comparison of a specific quantum learning method against a specific classical method, and get predictions from the quantum method that were *worse* than whatever they got classically ... so then they didn't publish a paper about it?

Perhaps the main lesson here is "if you *could* use a quantum computer to make bond trading more profitable, that would be both lucrative and extremely cool, and banks would be interested." Plus banks and proprietary trading firms have a lot of money to spend on computers, and are in an arms race with each other to trade more quickly and correctly, so if this worked you could sell a lot of quantum computers.

Tokenization

My theory of "tokenization" – turning various financial or physical assets into crypto tokens that can trade on the blockchain – is that most people who talk about tokenization *pretend* that it is a computer technology, but *really* it's a regulatory technology. When people say stuff like "we should tokenize real estate so that people can buy and sell fractional shares of buildings" or "we should tokenize private company stocks so that ordinary investors can buy shares of OpenAI," they want you to hear "this is a technological breakthrough that will finally allow trading of these assets," but that can't be true. There have, for decades, been real estate investment trusts that allow people to buy fractional shares of (portfolios of) buildings. There have, for centuries, been stock markets that allow people to buy shares of *companies*.

It's just that, in the US in 2025, there are *rules* – securities laws – about how you can offer shares of companies or buildings to public investors. Those shares are “securities,” and they are subject to a lot of disclosure obligations, and a lot of people would prefer not to comply with those obligations, sometimes for reasons of cost (the rules are quite burdensome) and sometimes for reasons of, you know, fraud.

“Tokenization” carries the promise of starting over. A token, the theory goes, is an entirely new category, not a security, so it's not subject to securities law. So maybe you can sell shares of buildings or OpenAI to the public without disclosure, if you call them tokens.

It has always seemed to me that this theory is completely wrong, and that a “tokenized” share of a company or building obviously *is* a security. This was also the opinion of the US Securities and Exchange Commission until recently. Now, uh, maybe not. So we are in a boom for tokenization, or at least for talking about tokenization.

If your theory of tokenization is “this is 100% a regulatory arbitrage and not at all a technology thing,” you will naturally spend less time on building technology and more time on building, uh, regulatory relationships. Anyway here's this:

Zach Witkoff would like to make the Trump family's real estate portfolio available as tokens on blockchain, giving access to a wider pool of investors.

“The Trump family has one of the most exciting real estate asset portfolios in the world,” Witkoff said in an interview at Token2049 in Singapore, speaking alongside Donald Trump Jr. “What if I told you that you could, you know, go on an exchange and buy one token of Trump Tower Dubai?”

Witkoff is the son of US special envoy to the Middle East Steve Witkoff and co-founder of World Liberty Financial, started together with the Trump family last year. The company already issues a stablecoin, USD1, and is planning to roll out features like lending and borrowing. He is also chairman of ALT5 Sigma, a publicly-traded treasury company holding WLF1, another token issued by World Liberty.

Oh sure! Why would you want to start tokenizing real estate specifically with the Trump family portfolio?

Analysts' LinkedIn

One relatively new development in modern academic finance is that academics can now use artificial intelligence tools to analyze how cringe text is, which is useful in various contexts. Most classically, “if a company's earnings call transcripts are cringe, is that a good or bad signal for the stock price,” but a good second-order question is “if a sell-side research analyst's LinkedIn profile is cringe, are her stock recommendations likely to be good or bad?” To ask the question is to answer it (bad):

Based on analysts' LinkedIn profiles, we identify a robust negative correlation between the expressive tone conveyed in their self-presentations and forecast accuracy, particularly among male analysts, less experienced professionals, and those with fewer LinkedIn followers. We interpret this *tone-performance inverse effect* not as a behavioral bias, but as a strategic self-promotion behavior aimed at compensating for skill gaps and increasing visibility. ... Low-accuracy but high-tone analysts achieve the highest career promotion rates relative to their peers.

That's from the abstract to "Empty Vessels Make the Most Noise: Analyst Self-Promotion Behavior and Market Outcomes," by Chun Liu and Shunzhi Pang. From the paper:

Based on annual earnings forecasts for 3,336 U.S.-listed firms between 2021 and 2023, we find that analysts with a more positive tone in their self-presentations demonstrate systematically lower forecast accuracy. This counterintuitive finding, which challenges the conventional wisdom linking self-assurance with competence, is termed the tone-performance inverse effect. The results remain consistent across alternative forecast accuracy metrics, time horizons, large language models, and model specifications, suggesting that it is primarily driven by analysts' individual characteristics. The heterogeneity analysis shows that this paradox is more pronounced among: (1) male analysts, (2) individuals without formal training in economics or management, (3) professionals with limited LinkedIn social capital (measured by follower count), (4) junior analysts with less work experience, and (5) those affiliated with smaller brokerage firms. As these demographic subgroups are subject to heightened career insecurity and competitive pressures within the sell-side research industry, they appear to strategically employ inflated positive self-presentation as a compensatory impression management tactic, a behavioral pattern that directly corroborates the compensation for skill gaps mechanism.

I naturally looked for an appendix with examples of "high-toned" analyst LinkedIn profiles, but there wasn't one, so one has to guess what that sounds like. (I can guess.)

Incidentally, I once stumbled upon a LinkedIn profile that appeared to belong to Rob Granieri. I recall that it gave his name as "rob g" and his occupation as something like "trader, proprietary trading firm," with not much else. Warren Buffet doesn't even have a LinkedIn! We are all familiar with the opposite sorts of LinkedIn profiles. Here I will boast that my own LinkedIn is flawlessly low-toned so, you know, count on me for stock picks.

Things happen

OpenAI Valuation Reaches \$500 Billion, Topping Musk's SpaceX. A Meta Change on Publishing Research Causes a Stir in Its AI Group. Bridgewater Soars 26% to Lead Pack of Biggest Hedge Funds. Crypto Stockpiling Craze Cools After Red-Hot Summer. Musk Loses Bid to Move SEC Suit Over Twitter Stake to Texas. Insurance Executives Become Billionaires in Risky Florida Market. "Almost all of the ratings directly awarded to new corporate bonds in China are now triple A, adding to questions about their reliability." How Steve Schwarzman Landed in Hot Water With His British Neighbors. "The optimal amount of fraud is not zero."

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1. Obviously I am kind of joking here, and in fact what is interesting about a lot of arbitrage-type trading is how embodied it is and how much the actual solutions are not about math but about logistics. We have talked about this in the context of, for instance, the Texas lottery arbitrage, and I have quoted fondly Sam Bankman-Fried's description of how he arbed US and Japanese Bitcoin prices, which involved little intellectual content (anyone could see the price differences) but a lot of operational details (putting couriers on planes, etc.), and which ended with the punch line "And now what? Now do you make \$20 million a day? The answer is yes you do."
2. Simon Prince's deep learning textbook (p. 149) discusses "the idea of applying noise to ... parts of the network during training to make the final model more robust. One option is to add noise to the input data; this smooths out the learned function." Or there's the paper by Bryan Kelly, Semyon Malamud and Kangying Zhou on "The Virtue of Complexity in Return Prediction," which suggests that "when the true data-generating process (DGP) is unknown, the approximation gains achieved through model complexity dominate the statistical costs of heavy parameterization," because "complex models better leverage the information content of [the driving variables] by more accurately approximating the unknown and likely nonlinear prediction function." Roughly, if the true process is complex, you want a complex model to estimate it, and maybe chucking the data into a quantum blender adds the right amount of complexity.

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Elon Musk cannot move SEC's Twitter lawsuit out of Washington DC, judge rules

 [reuters.com/legal/government/elon-musk-cannot-move-secs-twitter-lawsuit-out-washington-dc-2025-10-02](https://www.reuters.com/legal/government/elon-musk-cannot-move-secs-twitter-lawsuit-out-washington-dc-2025-10-02)

Jonathan Stempel

October 2, 2025

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

- 'Incredibly busy' Musk wanted lawsuit moved to Texas
- Judge says Musk has 'considerable means'
- Musk's lawyers not available to comment

Oct 2 (Reuters) - [Elon Musk](#) failed to persuade a Washington, D.C. federal judge to move a Securities and Exchange Commission lawsuit over his late disclosure of his growing Twitter stake to Texas, after saying he was too busy to defend himself in the nation's capital. U.S. District Judge Sparkle Sooknanan said on Thursday she "takes Mr. Musk's convenience seriously," but the world's richest person has "considerable means" and spends at least 40% of his time outside Texas.

"Indeed," she wrote, "Mr. Musk's brief itself indicates that he has spent substantial time here this year," when he ran the Department of Government Efficiency.

Sooknanan also said Texas judges have bigger caseloads than in her court, and she could proceed with "reasonable alacrity."

In seeking to move the case, Musk said he was an "incredibly busy individual" who works 80-plus hour weeks and often sleeps in the office or factory, and that litigating in Washington would impose "substantial burdens."

Lawyers for Musk did not immediately respond to requests for comment. A spokesperson for the SEC had no comment, citing the government shutdown. Musk's fortune [surpassed \\$500 billion](#) for the first time on Wednesday.

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The SEC sued Musk in January, saying his 11-day delay in revealing his initial 5% Twitter stake in early 2022 let him buy more than \$500 million of shares at artificially low prices.

It wants Musk to pay a civil fine and give up \$150 million he allegedly saved at the expense of unsuspecting investors. Musk is [seeking to dismiss](#) the case. He bought all of Twitter for

\$44 billion in October 2022 and renamed it X.

Musk lives in Austin, and his companies Tesla ([TSLA.O](#)), [opens new tab](#), SpaceX and Boring tunnel business are based in Texas.

Sooknanan rejected Musk's alternative proposal to move the SEC case to Manhattan, where former Twitter shareholders are [suing](#) him.

The case is SEC v Musk, U.S. District Court, District of Columbia, No. 25-00105.

Reporting by Jonathan Stempel in New York Editing by Marguerita Choy

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<https://www.wsj.com/business/autos/tesla-sales-q3-2025-844e1394>

BUSINESS | AUTOS

Tesla Surprises Wall Street, Turns Around Sales Decline

EV maker sold more cars as U.S. consumers raced to use an expiring \$7,500 tax credit

By [Becky Peterson](#) [Follow](#)

Updated Oct. 2, 2025 12:12 pm ET



Tesla called the quarterly sales a record. PHOTO: BRANDON BELL/GETTY IMAGES

Quick Summary

- Tesla's global vehicle deliveries increased by 7.4% in the third quarter, reaching a record 497,099 vehicles.

[View more](#)

[Tesla](#) set a new sales record in the third quarter in a surprise reversal of [the steep declines](#) that have plagued the electric-vehicle maker this year.

Global EV deliveries grew 7.4% in the period that ended Sept. 30 thanks in large part to U.S. customers who rushed to take advantage of [the \\$7,500 federal EV credit](#), which

expired at the end of the quarter.

The sales turnaround, after two quarters of sharp declines, isn't likely to last. Chief Executive [Elon Musk](#) has laid out his vision for pivoting the company away from human-driven cars toward autonomous vehicles and robots.

While Tesla will still sell EVs, Musk has said that new vehicles in its lineup won't have steering wheels or pedals, starting with [the two-seater Cybercab](#), which is scheduled to roll off the assembly line next year. For this bet to pay off, it will take a major shift in how consumers use cars, as well as changes to the various global regulations that oversee autonomous vehicles.

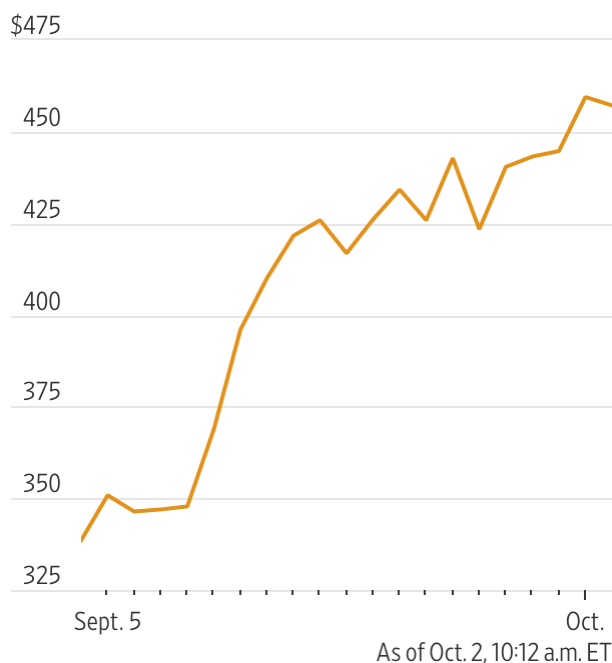
Today, conventional EV sales are three-fourths of Tesla's business. The company's final quarterly tally of 497,099 Teslas delivered was higher than Wall Street analysts' estimates of 456,000 deliveries, which would have amounted to a 1.5% decline, according to FactSet.

Tesla also reported a record high in its energy business, nearly doubling its energy storage deployment from the year before to 12.5 gigawatt hours.

Tesla shares were down nearly 3% in midday trading Thursday.

Stock-price performance

Tesla



Source: FactSet

Tesla's third-quarter sales figures put it in line with other automakers that also [got EV sales bumps](#) for the period. U.S. sales for both [General Motors](#) and Ford grew 8% in the third quarter after the automakers sold record numbers of EVs and hybrids, the companies said Wednesday.

Tesla reported a 9% jump in deliveries of the Model 3 and Model Y, while deliveries of other models dropped by 30%. The results beat its last record sales from the fourth quarter of 2024, when it delivered 495,570 vehicles.

Going forward, it remains to be seen how much demand for EVs there will be

when U.S. buyers don't have the benefit of the special tax break. President Trump

signed a new, sweeping budget bill this summer, and part of that legislation eliminated the \$7,500 credit toward a new EV.

Some automakers, including Ford, GM and Hyundai, have said they will continue to offer incentives for EV buyers as they try to move existing inventory off their dealers' lots. The companies intend to foot the bill for those incentives.

[Rivian Automotive](#), the second-biggest EV-only automaker in the U.S., reported a 32% increase in third-quarter deliveries to 13,201 while [narrowing its full-year guidance](#). Rivian indicated it expects to deliver about 10,000 EVs in the fourth quarter.

Tesla sales declined steeply in the first half of the year. Revenue from car sales, which make up the majority of Tesla's business, also fell this year.

Analysts have attributed the decline in part to consumer backlash against the brand and Musk, whose role with the Trump administration to lead government spending cuts was polarizing.

Musk [stepped down from his federal role](#) at the end of May and has said he is back to spending time at Tesla ahead of a November meeting where shareholders will vote on a [new \\$1 trillion pay package](#) proposed by the board.

Tesla Chair Robyn Denholm said the record-setting package, which depends on Musk hitting operational and financial goals including an \$8.5 trillion market cap, is necessary to keep Musk focused and engaged through the next stage of the company's growth.

Tesla has described the objective of its next phase of growth as "Sustainable Abundance." In its fourth master plan, released on Sept. 1, the company laid out a high-level vision in which artificial intelligence, robotics, and energy storage systems eliminate scarcity.

"The tools we are going to develop will help us build the kind of world that we've always dreamed of—a world of sustainable abundance—by redefining the fundamental building blocks of labor, mobility and energy at scale and for all," the company wrote.

In June, Tesla rolled out an invite-only robotaxi service in Austin, Texas, where customers can take rides around a restricted area with a safety driver in the passenger seat.

It has since expanded its ride-hailing app to the Bay Area, where it offers customers traditional rides in vehicles with drivers behind the wheel.

Musk said he expects there to be hundreds of thousands of Teslas driving fully autonomously on roads in the U.S. by the end of 2026, many of which would be personally owned vehicles.

Tesla's stock is near an all-time high. It closed Wednesday at \$459.46, a 21% increase since the start of the year. According to calculations by Forbes, Musk this week became the first person ever worth \$500 billion.

Tesla will report its full third-quarter earnings on Oct. 22.

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

Videos

Securities

Silvergate's Ex-CFO Must Face SEC Fraud Claims Over FTX Collapse

Oct. 1, 2025, 2:40 PM PDT

The former chief financial officer of shuttered Silvergate Bank lost his bid to toss an SEC suit alleging he misled investors about the bank's financial health following the collapse of FTX.

The Securities and Exchange Commission adequately pleaded fraud claims related to Antonio Martino's alleged concealment of the precarious financial position Silvergate was in after FTX's 2022 bankruptcy, Judge Andrew L. Carter Jr. in the US District Court for the Southern District of New York said in a Tuesday order.

The alleged misrepresentations included Martino's statements and disclosures that downplayed the impact of forced securities sales Silvergate made, as well as the bank's leverage ratio. Martino approved an earnings release based on figures that contradicted the financial reality Silvergate was facing at the time, according to the SEC.

Martino has until Oct. 21 to file an answer to the SEC's complaint.

Silvergate paid \$63 million in July 2024 to settle state and federal probes related to its role as a lender for FTX and other crypto companies.

An SEC action yielded a \$50 million deal with Silvergate to settle claims of negligence-based fraud for misleading investors about its compliance. The bank failed to detect nearly \$9 billion in suspicious transfers between FTX and related entities, the SEC alleged at the time. Ex-CEO Alan J. Lane paid \$1 million to settle the SEC's claims and Kathleen Fraher, the bank's former chief operating officer, paid \$250,000.

Silvergate's parent company filed for bankruptcy in September 2024 as part of a wind-down effort following the liquidation of the bank, which had provided extensive services to FTX before the crypto exchange collapsed.

The SEC's public affairs office is unable to respond to press inquiries during a government shutdown, according to an agency spokesperson.

The case is SEC v. Martino , S.D.N.Y., No. 1:24-cv-04987, 9/30/25 .

Securities

Deutsche Bank Sued by Bankers Blamed in Monte Paschi Scandal

Oct. 1, 2025, 8:36 AM PDT

A group of former Deutsche Bank AG managers who claimed they were wrongfully blamed for the Monte dei Paschi accounting scandal have sued the German lender in a London court.

Michele Foresti, ex-head of structured trading, filed the suit against Deutsche Bank entities for commercial fraud, according to the court docket. No further details of the claim are publicly available. The four other filings didn't specify what they are suing over.

Foresti and the ex-traders ended mediation with Deutsche Bank over allegations they were wrongfully implicated in an audit report into the Monte Paschi affair. The group also includes **Michele Faissola**, former head of asset and wealth management, Ivor Scott Dunbar, ex co-head of global capital markets, Matteo Angelo Vaghi, ex-head of Italian Sales, and former account manager Marco Veroni.

"Our extensive investigation of the facts has lead us to believe that the bank and its senior management were engaged in very serious misconduct," said **Khaled Khatoun**, a lawyer at Quinn Emanuel Urquhart & Sullivan representing four of the traders.

The escalation follows a lawsuit from **Dario Schiraldi**, a former top manager from Deutsche Bank's asset and wealth management division, who filed a case in Frankfurt claiming around €152 million (\$179 million) over the issue.

"As disclosed in our Annual Report, the bank has been aware that five individuals have threatened to file claims in the UK in the context of this matter," a Deutsche Bank spokesman said by email. "Deutsche Bank considers all such claims to be entirely without merit and will defend itself against them robustly."

Lawyers for Foresti didn't respond to a request for comment.

The Schiraldi suit alleges the lender harmed bankers' careers in an Italian criminal case over the Banca Monte dei Paschi di Siena SpA scandal. At the center of the claims is an audit report commissioned within Deutsche Bank in 2013 reviewing the accounting of repo deals the German lender did with Monte dei Paschi.

At the time, the now Chief Executive Officer **Christian Sewing** was put in charge of that report, people familiar with the case have said. The ex-staffers argued that the review wasn't handled neutrally and unfairly pinned the blame on them, even claiming they manipulated the relevant market prices.

In the original Italian criminal case, Monte dei Paschi managers were accused of colluding with Deutsche Bank staff to hide losses at the Italian lender by using complex derivative trades, leading to a misrepresentation of the firm's finances between 2008 and 2012. The ex-Deutsche Bank managers were also charged with market manipulation.

After they were first convicted in 2019, the six Deutsche Bank staffers were fully acquitted in 2022 by a Milan appeals court. In October 2023, Italy's Supreme Court upheld the acquittal.

(Updates with background of lawsuits starting in fifth paragraph.)

--With assistance from **Lucca de Paoli** and **Eyk Henning**.

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Securities

Witkoff's Son Wants to Turn Trump Real Estate Into Crypto Tokens

Oct. 1, 2025, 1:37 PM PDT

Zach Witkoff would like to make the Trump family's real estate portfolio available as tokens on blockchain, giving access to a wider pool of investors.

"The Trump family has one of the most exciting real estate asset portfolios in the world," Witkoff said in an interview at Token2049 in Singapore, speaking alongside Donald Trump Jr. "What if I told you that you could, you know, go on an exchange and buy one token of Trump Tower Dubai?"

Witkoff is the son of US special envoy to the Middle East Steve Witkoff and co-founder of World Liberty Financial, started together with the Trump family last year. The company already issues a stablecoin, USD1, and is planning to roll out features like lending and borrowing. He is also chairman of ALT5 Sigma, a publicly-traded treasury company holding WLFI, another token issued by World Liberty.

On its website, Alt5 says it helps "businesses to issue, manage, and trade tokenized assets from real estate to private funds with secure, compliance-ready infrastructure."

"We believe — Don, myself, everyone at World Liberty believes — that those assets shouldn't just be saved for an elite few to be able to invest in," Witkoff said. "Why don't you have access to investing in class A real estate? Right? You can only do that today through a REIT or some sort of public corporation."

Witkoff didn't say whether World Liberty or Alt5 would tokenize the assets. Alt5 and World Liberty didn't immediately return requests for comment.

The idea of putting real-world assets onto blockchain has been gathering steam in recent years, as companies, including the world's biggest asset manager BlackRock Inc., have started issuing shares in their money-market funds as tokens. This year, tokenized stocks and exchange-traded funds have been gaining traction. Tokenizing real estate has been lagging behind, partly due to the complexity and partly due to the slew of scams that have plagued the industry in the past.

The Trump family and businesses connected to it have dramatically expanded into crypto this year, with inroads into everything from Bitcoin mining to memecoins, Bitcoin treasury, and plans for crypto exchange-traded funds.

The family's real estate business includes golf courses and luxury hotels around the world. In President Donald Trump's second term, the Trump Organization has pursued partnerships in foreign locations including Bucharest and Jeddah.

The yet-to-be-built 80-floor Trump Tower International Hotel and Tower in Dubai was announced earlier this year, and will feature "The Trump", a private, members-only club. It will also have "sweeping views of the Burj Khalifa," and two penthouses with sky pools.

--With assistance from **Annie Massa**.

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Securities

UK Accounting Watchdog Seeks to Accelerate Enforcement Efforts

Oct. 1, 2025, 9:26 AM PDT

The UK's audit watchdog launched a "comprehensive" review of its enforcement process, introducing options to avoid the need for full investigations.

The Financial Reporting Council proposed Wednesday an accelerated procedure to resolve cases faster and a way for audit firms to conduct their own reviews under FRC oversight.

The council also suggested an option to make the public aware of enforcement efforts for less serious offenses and their outcomes. Currently, there is a straight choice between a formal investigation of a complaint and what the FRC calls "constructive engagement," where it imposes quick, targeted remedial actions on a firm to fix the issue.

"We're proposing a graduated set of interventions that would expand the range of tools we have to take more proportionate and timely action," FRC CEO Richard Moriarty said in a statement.

The FRC has toughened enforcement action since the 2018 financial collapse of construction company Carillion Plc. The regulator fined the company's auditor, KPMG, £21 million in 2023.

The current proposals come in the face of a broad drive to cut red tape for businesses. Prime Minister Keir Starmer has promised to slash regulation and his government has directed watchdogs, including the FRC, to bolster economic growth.

The proposals are open for public comment until Jan. 9, 2026. The final version would take effect in July 2026.

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PG&E Brass, Underwriters Get Investors' Wildfire Suit Tossed

By **Bonnie Eslinger**

Law360 (October 1, 2025, 9:25 PM EDT) -- A California federal judge has thrown out a proposed investor class action against PG&E officers, directors and underwriters that blamed stockholder losses following deadly wildfires on previous statements by PG&E officials about the utility's safety practices, but said they could try a fifth time.

In his Tuesday **order**, U.S. District Judge Edward J. Davila granted motions from the defendants to escape the operative complaint, saying the investors didn't show that a Pacific Gas and Electric Co. officer made the allegedly false statements, nor even that the statements were indeed false.

The judge noted that the plaintiffs had pointed the finger at PG&E's former deputy general counsel and chief ethics and compliance officer Julie Kane as the officer who "controlled and authorized all of PG&E's statements regarding compliance." Out of 19 allegedly false or misleading statements, she reviewed and signed off on 12, and was responsible for overseeing PG&E's compliance program and reporting, the suit claims.

An officer may only be held liable for fraud under Section 10(b) of the Securities Exchange Act if they made the statements at issue, the judge said. The complaint doesn't sufficiently plead that, he said.

"To be sure, Kane's high-level position as CECO and her oversight over the utility's compliance program strongly suggest that she had a significant role in all PG&E compliance matters," the judge stated. "But oversight does not necessarily entail control over the content of every statement regarding compliance or their delivery."

In addition, it appears that Kane's compliance responsibilities were focused on internal reporting, Judge Davila said.

"Even assuming Kane had external reporting duties, the court cannot readily infer that those duties extend to making all of PG&E's compliance-related statements," he said.

After finding that the operative complaint failed to adequately allege that Kane made the bulk of the statements at issue, the judge followed with an analysis of the alleged misstatements, finding that the plaintiffs didn't sufficiently plead that the majority were false or misleading.

To start, he said, the investors didn't adequately plead that statements made by PG&E officials about the utility "doubling" its vegetation management spending were false.

The plaintiffs also said PG&E falsely assured the public that it complied with safety regulations, when it knew it was violating those laws, according to Judge Davila.

He said courts routinely find general statements about a continued or heightened focus on compliance efforts to be examples of "inactionable corporate optimism," because they are not detailed factual assertions. One statement, about implementing additional precautionary measures to reduce wildfire threats, was nothing more than "inactionable puffery," the judge said.

Similarly, statements by former PG&E CEOs Tony Earley and Geisha Williams to shareholders that the utility had "continued to demonstrate leadership and commitment on safety" could also be seen as puffery, the judge said.

The operative complaint also insufficiently pled falsity as to some statements related to a state regulatory requirement that PG&E develop a protocol for deenergizing power lines when conditions could lead to extreme fire, the decision says.

The suit claims that before a 2018 fire in Butte County, PG&E didn't execute the protocol that it said it had established.

Based on the evidence before the court, the judge said, "the more likely explanation" is that PG&E did not believe the criteria had been met to enact the protocol.

"Even if hindsight has revealed that determination to be incorrect, the securities laws do not permit plaintiffs to allege falsity based on PG&E's business judgment," Judge Davila said.

In another example, related to California's 2017 North Bay Fires, the plaintiffs claimed that now-retired senior vice president of electric operations Pat Hogan made a bogus statement in 2015 to a California Senate committee when he said PG&E was "just about done with" implementing a program that disabled power switches in areas at high risk for wildfires.

That statement was a prediction, the judge noted.

"That the recloser program had not been completed prior to the North Bay Fires in 2017, which were caused by an operative recloser, does not render false the statement made two years prior," the decision states.

This consolidated action includes claims from lead plaintiff the Public Employees Retirement Association of New Mexico and named plaintiff New York County, on behalf of the County of York Retirement Fund, City of Warren Police and Retirement System and Mid-Jersey Trucking Industry & Local No. 701 Pension Fund.

In January 2014, California declared a state of emergency due to drought, and the California Public Utilities Commission ordered PG&E to manage vegetation around its power lines to mitigate the wildfire risk created by the drought, Judge Davila noted.

"That risk was realized in September 2015 when the Butte Fire burned nearly 71,000 acres, destroyed more than 921 buildings, and caused two deaths," he said.

In April 2016, the California Department of Forestry and Fire Protection issued a press release concluding that the Butte Fire was caused by PG&E's safety violations.

Then, in October 2017, the North Bay Fire blazed across nine counties, destroying almost 8,900 buildings and killing 44 people. Cal Fire determined that 11 of the fires were caused by the utility's violations of state safety regulations, the judge noted.

One year later, the Butte County Camp Fire burned more than 153,000 acres and led to the deaths of 85 people, according to the decision.

Shortly after the plaintiffs filed their consolidated class action and second amended consolidated class action in November and December 2018, PG&E commenced voluntary Chapter 11 bankruptcy proceedings in the Northern District of California in January 2019.

Those proceedings triggered an automatic stay of the investors' lawsuit as to PG&E, Tuesday's decision underscores.

In September 2022, the court stayed the action, citing the overlap with the bankruptcy proceedings. That stay order was **vacated** by the Ninth Circuit, renewing the motions to dismiss.

After PG&E filed for Chapter 11, the bankruptcy court ordered it to proceed in alternative dispute resolution with the proposed class members who sued it.

In February 2020, the CPUC slapped PG&A with **\$2.137 billion in penalties**, the largest it had ever

assessed, for the bankrupt utility's role in igniting the wildfires.

A PG&E spokesperson told Law360 on Wednesday that the company "is currently considering the impact the district court ruling will have on the ongoing securities claims asserted against PG&E in the bankruptcy."

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

The proposed class and lead plaintiff Public Employees Retirement Association of New Mexico are represented by Thomas G. Hoffman, Jr., Thomas A. Dubbs and Michael P. Canty of Labaton Keller Sucharow LLP, and James M. Wagstaffe of Adamski Moroski Madden Cumberland & Green LLP.

The Securities Act plaintiffs are represented by Willow E. Radcliffe, Kenneth J. Black, Hadiya K. Deshmukh, Hailey S. Zanutto, Darren J. Robbins and Alexandra S. Bernay of Robbins Geller Rudman & Dowd LLP, and Thomas C. Michaud of VanOverbeke Michaud & Timmony PC

PG&E is represented by Michael J. Reiss and James E. Brandt of Latham & Watkins LLP.

The PG&E officers are represented by Steven S. Scholes, Paul M.G. Helms, Jason D. Strabo and Caitlyn M. Campbell of McDermott Will & Schulte LLP.

The PG&E directors are represented by Stephen P. Blake, Jonathan K. Youngwood and Nicholas S. Goldin of Simpson Thacher & Bartlett LLP.

The PG&E underwriters are represented by Neal A. Potischman, Charles S. Duggan, Dana M. Seshens and Craig T. Cagney of Davis Polk & Wardwell LLP.

The case is In re: PG&E Corp. Securities Litigation, case number 5:18-cv-03509, in the U.S. District Court for the Northern District of California.

--Editing by Adam LoBelia.



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Medtronic Knocks Out Investor Suit Over Insulin Pump Issues

By **Emilie Ruscoe**

Law360 (October 1, 2025, 8:10 PM EDT) -- Medical device manufacturer Medtronic PLC has escaped proposed investor class action claims it concealed issues affecting a certain insulin pump it makes, hurting investors after its trading prices fell when the company disclosed it had received a related warning letter from the U.S. Food and Drug Administration.

In a Tuesday order in Minnesota federal court, U.S. District Judge Laura M. Provinzino granted Medtronic's bid to see the suit dismissed with prejudice, finding that the latest version of the consolidated investor claims failed to resolve certain issues raised already in the March 2024 dismissal of an earlier version of the suit.

"The court concludes that neither of [lead plaintiffs Phoenix Insurance Co. Ltd. and Phoenix Provident Pension Fund Ltd.'s] theories of liability under Section 10(b) of the Exchange Act withstand the applicable heightened pleading standards," Judge Provinzino said Tuesday.

Among other things, the judge found that none of the misstatements are actionable, echoing a March 2024 order dismissing the earlier version of the suit.

For example, she said, even assuming "that generic optimistic statements such as 'good' or 'positive' can ever be actionable in the first place," the complaint failed to show how certain company statements of opinion were false.

Those allegedly untrue corporate opinions, "when read in context, essentially say nothing more than that Medtronic was engaged in 'good' dialogue with the FDA about [its MiniMed 780G insulin pump]," the judge said Tuesday. "To be untrue, there would need to be some showing that the dialogue was not 'good.'"

Separately, Judge Provinzino found that other statements were puffery as a matter of law, defining the term as encompassing statements that are "so vague and such obvious hyperbole that no reasonable investor would rely upon" them.

The latest version of the suit, filed in October 2024, takes aim at Medtronic and certain of its executives "employed numerous artifices designed to deceive investors and regulators by covering up massive product problems related to" certain insulin pumps.

The suit also alleges that in response to "a damning FDA inspection report detailing systemic deficiencies" at a certain production facility, the defendants made a number of misstatements in an effort to mislead the markets about the "dire state of its facility quality and compliance."

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

Lead plaintiffs Phoenix Insurance Co. Ltd. and Phoenix Provident Pension Fund Ltd. are represented by June Pineda Hoidal and Charles R. Toomajian III of Zimmerman Reed LLP and Darryl J. Alvarado, Ashley M. Price, Erika L. Oliver and Jack Abbey Gephart of Robbins Geller Rudman & Dowd LLP.

Medtronic PLC is represented by Kristin K. Zinsmaster and Benjamin L. Ellison of Jones Day and Amanda M. MacDonald, Aden MacMillan and Jamie Wolfe of Williams & Connolly LLP.

The case is Trustees of the Welfare and Pension Funds of Local 464A et al. v. Medtronic PLC et al., case number 0:22-cv-02197, in the U.S. District Court for the District of Minnesota.

--Additional reporting by Jonathan Capriel and Elliot Weld. Editing by Jay Jackson Jr.

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9th Circ. Ruling May Help Pharma Cos. Avert Investor Claims

By **Stephen Blake, Meredith Karp and Jonathan Youngwood** (October 1, 2025, 4:12 PM EDT)

On Aug. 20, the U.S. Court of Appeals for the Ninth Circuit **affirmed** the dismissal of *Sneed v. Talphera Inc.*, a securities fraud class action. The plaintiffs alleged that a pharmaceutical company and certain of its executives misled investors in violation of Section 10(b) of the Securities Exchange Act and Rule 10b-5 by marketing a drug with the slogan "Tongue and Done," because administering it was more complex than just placing it under the tongue and being done, and therefore its potential market would be more limited.[1]

The Ninth Circuit affirmed the U.S. District Court for the Northern District of California's dismissal because the plaintiffs failed to adequately plead falsity. The appeals court held that the slogan was not deceptive because the company provided additional disclosures alongside the slogan in materials intended for investors, explaining that a reasonable investor would "not blindly" accept a slogan without considering other information that clarified the slogan's context.

Below, we discuss the Ninth Circuit's decision and offer key takeaways focusing on practical guidance.

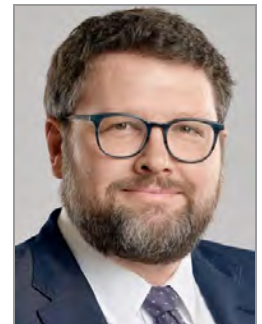
Background and Procedural History

Talphera developed a new opioid tablet that could be administered by placing it under the patient's tongue rather than intravenously, which was a major selling point. To reduce the risk of misuse, the U.S. Food and Drug Administration conditioned the drug's approval on compliance with an agency safety plan called a risk evaluation and mitigation strategy, or REMS, which required the drug to only be administered in medically-supervised settings, and also forbade home use and sales to retail pharmacies.

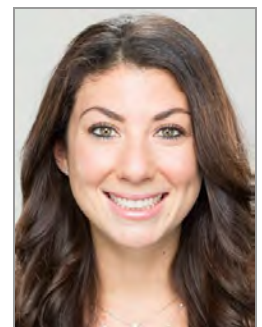
Talphera adopted the slogan "Tongue and Done" for its various investor marketing materials. However, the company ceased using the slogan after receiving an FDA warning letter concluding that, for purposes of the Food, Drug and Cosmetic Act, the company had made false or misleading claims by not providing a balanced description of the drug's risks and benefits.

Subsequently, shareholders sued, alleging violations of Section 10(b) and Rule 10b-5, and claiming that the following statements at an investor conference were false or misleading: (1) a tabletop display with the slogan; (2) a banner advertisement with the slogan; and (3) the CEO's statement that you "lift up their tongue, you inject it under and you're done."

The district court dismissed "for a failure to adequately plead facts leading to strong inference of scienter," but it didn't rule on falsity, "deeming it a 'close call.'" On appeal, the plaintiffs argued that the "statements misled investors 'because they omitted material information, including information about dosing, administration, and limitations of use,'" as well as REMS restrictions and the limited size of the drug's potential market due to the prohibition on home use.



Stephen Blake



Meredith Karp



Jonathan Youngwood

A Reasonable Investor Would Not View Slogan in Isolation

Affirming the district court, the Ninth Circuit found the pleadings deficient as to falsity. The appeals court explained that an omission can mislead by affirmatively giving a reasonable investor "an impression of a state of affairs that differs in a material way from the one that actually exists," and that under the Ninth Circuit's 2022 **decision** in *Weston Family Partnership LLLP v. Twitter Inc.*,^[2] a court should "look at 'the context surrounding the statement'" to decide whether a misstatement or omission is misleading.

The Ninth Circuit explained that context matters because "we presume that a reasonable investor — who has money on the line — acts with care and seeks out relevant information," and noted that a reasonable investor cares about a statement's "surrounding text, including hedges, disclaimers, and apparently conflicting information."

The court concluded that, in context, the "Tongue and Done" slogan would not mislead a reasonable investor about the need to administer the drug under a REMS plan or about the scale of its potential market. The Ninth Circuit stated that a reasonable investor would read the slogan in the context of a marketing campaign meant to highlight that patients can receive it orally, but that made no representation about REMS restrictions.

The Ninth Circuit added that the company provided "copious clarifying information" next to the slogan, including, among other things, that the tabletop and banner ads included text that disclosed the REMS plan, the tabletop ad directed investors to the company's booth for more information, and the banner ad expressly noted that the drug has a REMS and must be "administered sublingually by a healthcare professional."

The court further pointed out that "investors who still wanted more information could turn to Talphera's [U.S. Securities and Exchange Commission] disclosures or its dedicated REMS website." As for the CEO's speech, the Ninth Circuit concluded that it "apprised investors of the limitations imposed by the REMS and ... limited market" because the statements warned that the drug has a limited market because only healthcare professionals can administer it under a restrictive REMS.

The Ninth Circuit also rejected the plaintiffs' argument that the FDA warning letter showed that the statements were false because the Food, Drug and Cosmetic Act imposes "different legal requirements and targets a different audience," i.e., targeting patients and drug prescribers versus investors. The court stated that "FDA warning letters are thus not dispositive or even necessarily probative of falsity claims under the Exchange Act."

Key Takeaways

The Ninth Circuit's decision provides some practical guidance for pharmaceutical companies looking to avoid potential securities fraud claims related to their slogans intended for healthcare investors.

First, the decision notes that Talphera ran all of its marketing campaign material through an internal promotional review committee, which included scientists, lawyers and executives, to help ensure it complied with FDA regulations.

Second, the company's tabletop display ad at the investor conference incorporated cautionary language pointing investors to the company's booth for "Important Safety Information, including Limitations of Use and BOXED WARNING."

Third, the company's banner ad expressly noted that the drug had a REMS plan and that only a healthcare professional may administer it, as well as warning of accidental exposure.

Fourth, the CEO's healthcare conference speech included similar warnings stating that the drug must be administered in a medically supervised setting, that the company's products are not sold in retail pharmacies, and that the drug has a REMS to mitigate the risk of accidental exposure.

Given the clarity of the Ninth Circuit's decision, it should serve to give the plaintiffs bar pause before filing similar complaints where snappy slogans intended for healthcare investors are accompanied by

copious clarifying information.

Pharmaceutical companies should also take comfort that the Ninth Circuit's decision clearly rejected the plaintiffs' invitation to conflate the standards for falsity under the Exchange Act and the Food, Drug and Cosmetic Act, noting that this case provides an example of how FDA regulations may require the disclosure of information to medical personnel that a reasonable investor would not need.

Indeed, the Ninth Circuit stated that reasonable investors are expected to read an entire document, including the fine print, disclaimers and caveats, while FDA regulations state that a brief statement in one part of an ad does not correct misleading statements made elsewhere in an ad.

Stephen Blake is a partner, co-head of the Asia litigation practice and co-chair of the knowledge and innovation committee at Simpson Thacher & Bartlett LLP.

Meredith Karp is a partner at the firm.

Jonathan Youngwood is a partner, global co-chair of the litigation department and the leader of the civil securities litigation practice at the firm.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of their employer, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] [Sneed v. Talphera Inc.](#) , 2025 U.S. App. LEXIS 21294 (9th Cir. 2025) (Lee, J.).

[2] [Weston Family Partnership LLLP v. Twitter Inc.](#) , 29 F.4th 611 (9th Cir. 2022).

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Charter Sued In Chancery For Docs On Liberty Deal

By **Jeff Montgomery**

Law360 (October 1, 2025, 8:04 PM EDT) -- A Charter Communications Inc. pension fund stockholder sued the company for documents on its proposed \$17 billion buyout of Liberty Media on Wednesday, citing concerns that the controller of both companies lined up a "severely" overpriced deal at the expense of Charter's public investors.

Denver Employees Retirement Plan's suit alleged that John Malone's interests stood on both sides of the transaction. Charter's board chairman and its president and CEO negotiated directly with Malone, who controls 48.5% of the voting power of Liberty while Liberty owns 28% of Charter, the pension fund said, rather than a board-appointed special committee.

Malone controls 48.5% of the voting power of Liberty and Liberty owns 28% of Charter

Under the deal, announced on Nov. 13, 2024, Liberty shareholders would receive 0.236 shares of Charter for each of their shares, reflecting a \$95 per share value for Liberty — well above the \$50 to \$60 per share range recorded before the deal became public.

"Any transaction where there is a conflict between the interests of a Delaware corporation and its controller is inherently suspect," the suit said, adding that a conflicted transaction with a controller alone is "enough to provide a credible basis for investigation."

Malone, the complaint said, has a "history of controlling Charter's merger and acquisition strategy."

The suit alleged that a July 11 books-and-records demand saw the company seek an extension and subsequently allege defects in the request for "basic information." By July 30, the company had reportedly declared that it was unwilling to produce documents based on what it described as a "deficient demand."

A copy of the letter making the initial demand for documents alleged that Malone initiated the discussion, citing communications dating to July 2024 and a notification to Liberty's board of directors on July 31, 2024, with Charter establishing what became a five-member special committee around the same time.

Despite the formalities, the same letter said, Malone and Charter CEO Christopher Winfrey "continued to have discussions outside the purview" of the special committee, which by then was being advised by Wachtell Lipton Rosen & Katz. Some of the discussions, according to court filings, included Winfrey's discussion of risks should Malone sell his stake in Charter to a private equity firm.

"Malone seemingly used the threat of a sale of his stake of Charter to pressure Charter to make an unfair deal," the letter said, adding that the purportedly independent special committee "abdicated its authority to negotiate a fair deal" and instead deferred to conflicted fiduciaries.

In addition, the letter said, "Charter is providing Liberty with either stock buybacks or loans throughout the period between the signing of the transaction agreement and the closing of the deal. These unfair terms give Liberty and Malone even more cash in addition to the transaction consideration."

A July 25 letter from Wachtell included with the complaint asserted that the stockholder demand makes no "credible showing" that there are "legitimate issues of wrongdoing."

Other Wachtell correspondence said the firm doubted that the stockholders satisfied a requirement to cite a credible basis for a court to infer mismanagement.

An email cited in an attachment to the demand, sent by Christopher J. Orrico of Bernstein Litowitz Berger & Grossmann LLP, counsel to the Denver fund, said the stockholder's credible basis for a demand included evidence that the "transaction process was undermined by Malone," a dual fiduciary, and facts warranting investigation into whether Malone was exerting situational control.

The parties did not immediately respond to requests for comment.

Denver Employees Retirement Plan is represented by Daniel E. Meyer, Jeroen van Kwawegen, Christopher J. Orrico and Shiva Mohan of Bernstein Litowitz Berger & Grossmann LLP.

Counsel information for Charter Communications Inc. was not immediately available.

The case is Denver Employees Retirement Plan v. Charter Communications Inc., case number 2022-1114, in the Court of Chancery of the State of Delaware.

--Editing by Emily Kokoll.



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Chancery Rules Beachbody Shareholder Suit Time-Barred

By **Jarek Rutz**

Law360 (October 1, 2025, 5:28 PM EDT) -- A Delaware Chancery judge has dismissed a stockholder lawsuit accusing the backers of Forest Road Acquisition Corp. of misleading investors in their \$3 billion merger with digital fitness and nutrition company Beachbody, ruling that the claims were brought more than three years too late.

Vice Chancellor Lori W. Will held in her opinion late Tuesday that plaintiff Bryan Reilly's allegations of purported omissions and misstatements in a proxy statement were time-barred under Delaware's three-year statute of limitations for fiduciary duty claims.

"The alleged informational injury occurred in May 2021 when the proxy was disseminated," Vice Chancellor Will said in her opinion. "This suit was filed in June 2024 — over three years later."

The lawsuit was filed after special purpose acquisition company Forest Road's merger with Beachbody Company Group LLC, a digital fitness and nutrition company. Reilly accused Forest Road's top officials — which include Martin Luther King III and former Disney executives Kevin Mayer and Thomas Staggs — of impairing redemption rights by failing to disclose key financial projections and insider transactions.

According to the complaint, the proxy omitted more conservative forecasts for Beachbody's performance, left out details about a \$72.5 million insider stock sale at a much lower valuation, and misrepresented the net cash per share available in the deal.

This, Reilly claimed, all led to investors to forgo redemption and suffer massive losses as the combined company's stock price plummeted below \$1.

"A breach of fiduciary claim 'accrues at the moment of the wrongful act — not when the harmful effects of the act are felt'," the vice chancellor said in her opinion, citing 2007's *In re: Coca-Cola Enters., Inc.*

Because the proxy went out on May 28, 2021, Reilly had until May 28, 2024, to sue, but rather filed on June 14, 2024, missing the deadline by more than two weeks.

That was enough, Vice Chancellor Will held, to warrant dismissal with prejudice.

The court also rejected Reilly's attempt to invoke equitable tolling, under which the statute can be paused if fiduciaries conceal misconduct.

Vice Chancellor Will found the doctrine inapplicable because the proxy itself contained the alleged deficiencies — the very omissions and inconsistencies that formed the basis of the complaint were visible on the face of the disclosure.

"By highlighting at least three omissions observable on the face of the proxy, the complaint pleads its own untimeliness, demonstrating that the plaintiff was on inquiry notice long before June 14, 2021," the vice chancellor said in her opinion.

She also dismissed Reilly's argument that the claims did not accrue until the merger closed or until Beachbody's post-merger underperformance revealed the truth, both of which fell into an appropriate

time frame for his lawsuit, he argued.

"Stockholders did not need to see how New Beachbody performed after closing to have notice of omissions in the proxy," she said. "Nor did New Beachbody's post-merger performance reveal any new information about the net cash per share contributed to the merger."

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

Bryan Reilly is represented by Kelly Tucker and Michael J. Barry of Grant & Eisenhofer PA.

Defendants are represented by John Reed, Kelly L. Freund, Courtney Kurz and Peter H. Kyle of DLA Piper US.

The case is Bryan Reilly v. Keith L. Horn, et al., case number 2024-0654 in the Delaware Chancery Court.

--Editing by Emily Kokoll.

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Coinbase Gets Securities Suit Over Biz Risks Trimmed

By **Katryna Perera**

Law360 (October 1, 2025, 9:54 PM EDT) -- A New Jersey federal judge trimmed claims from a class action against Coinbase alleging the crypto exchange misrepresented or concealed parts of its business, ruling that claims tied to bankruptcy risk and regulatory disclosures that aren't based on group pleading can proceed, while claims related to proprietary trading statements were dismissed.

U.S. District Judge Brian R. Martinotti issued an **opinion** on Tuesday stating that any statements under the bankruptcy risk or regulatory disclosure categories that are challenged in the suit may move forward so long as they are not attributed to a defendant by group pleading.

The judge also retained the suit's scienter, or knowledge of wrongdoing, claims related to these statements. On the bankruptcy risk statements, Judge Martinotti said the defendants "knew they had not taken steps to protect the company's retail customers' assets from potential bankruptcy risks," and that the plaintiffs have adequately alleged that Coinbase executives hid their knowledge of potential bankruptcy risks.

"By finding the allegations sufficiently demonstrated defendants had known of the bankruptcy risk at the time of the statements and that they failed to disclose such risk and even went as far as to conceal their knowledge of this issue ... the logical conclusion of such determinations is that defendants had actual knowledge that the statement was false or misleading," the opinion states.

Regarding the regulatory disclosure statements, the judge said the investors have properly established that the defendants were financially motivated to make false and misleading statements about the probability of enforcement actions against the company and to inflate Coinbase's stock price.

The judge dismissed the final category of statements asserted in the complaint, which focused on proprietary trading, finding that the investors had failed to allege the falsity of the challenged statements.

In the same Tuesday opinion, Judge Martinotti also ruled on Coinbase's motion to certify an order for interlocutory review, filed in April. Coinbase **wanted the Third Circuit to review** Judge Martinotti's **September 2024 order** allowing the class action to proceed.

The crypto exchange argued that Judge Martinotti's ruling ran contrary to Fifth and Ninth circuit rulings concerning the traceability of share purchases, particularly in companies like Coinbase that went public via a so-called direct listing.

Judge Martinotti held that the investors' class action against the cryptocurrency exchange could proceed based on a "statistical inference" that the plaintiffs "likely" purchased registered shares of Coinbase.

The judge on Tuesday denied Coinbase's motion to certify an order for interlocutory review, finding that it failed to meet the first prong required for certification — that there is a controlling question of law at issue.

According to Coinbase, the controlling question of law was whether the "traceability requirement" of Section 11 of the Securities Act requires, as it states, that a plaintiff must plead that they actually purchased or held registered shares by tracing their shares back to the offering to establish standing.

However, Judge Martinotti said Tuesday that "the determination as to whether plaintiffs' complaint properly stated a claim involves an interplay between law and facts, and thus is within the discretion of this court," and therefore, does not need to be reviewed by an appellate court.

"Plaintiffs' arguments on the first prong are salient because defendants' contentions pertaining to the controlling law of this case for the Securities Acts claims tie into the sufficiency of the allegations, i.e., the adequacy of the facts (such as the purchase price, the percentage of registered shares in the market at the time of purchase, and the timing of the purchases) asserted regarding tracing the purchased shares to the misleading offering," the opinion states.

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

The investors are represented by James E. Cecchi and Donald A. Ecklund of Carella Byrne Cecchi Brody & Agnello PC, and Matthew L. Mustokoff, Joshua A. Materese, Margaret E. Mazzeo, Austin W. Manning, Dylan J. Isenberg and Stacey M. Kaplan of Kessler Topaz Meltzer & Check LLP.

Coinbase and the other defendants are represented by Kevin M. McDonough, Andrew B. Clubok, Susan E. Engel and Morgan E. Whitworth of Latham & Watkins LLP.

The case is Patel v. Coinbase Global Inc. et al., case number 2:22-cv-04915, in the U.S. District Court for the District of New Jersey.

--Editing by Emily Kokoll.

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Fashion E-Commerce Co. Beats Securities Suit

By **Katryna Perera**

Law360 (October 1, 2025, 8:43 PM EDT) -- A New York federal judge has tossed a proposed shareholder class action accusing fashion e-commerce company Farfetch Ltd. and its top brass of misleading investors about the company's prospects, finding that the complaint's claims were cursory and failed to allege knowledge of wrongdoing.

U.S. District Judge Edgardo Ramos issued **an opinion and order** Tuesday, agreeing with the defendants that the complaint should be dismissed due to "puzzle pleading."

"Plaintiffs employ a 186-page, 525-paragraph complaint, of which 171 paragraphs spanning 80 pages are dedicated to reciting defendants' statements during the class period," the opinion said.

According to the judge, most of the complaint is filled with "lengthy block quotes" and conclusory allegations that the identified statements were falsely made based on "generalized reasons."

But even if the plaintiffs, led by Fernando Sulichin and Yuanzhe Fu, had not asserted puzzle pleading, their claims would still fail because they did not allege any material false or misleading statements, Judge Ramos said, noting that many of the challenged statements are nonactionable opinions or statements of corporate puffery.

The suit also failed to plead scienter, or knowledge of wrongdoing by the individual defendants — who include Farfetch CEO José Neves and former Chief Financial Officer Elliot Gilbert Jordan — by failing to establish a motive for fraud.

According to the opinion, the plaintiffs "allude" to alleged suspicious trading activity by the individual defendants. However, Judge Ramos noted Tuesday that the suit does not specify exactly what the trading activity was, nor does the complaint dispute that the defendants actually increased their stock holdings during the class period.

The plaintiffs also said the defendants were motivated to commit fraud to raise capital for Farfetch, but Judge Ramos said that is an "ordinary motive possessed by all corporate insiders."

The judge also said the more compelling inference to the allegation of scienter is that the defendants believed their disclosures and internal controls were sufficient. Judge Ramos also tossed claims of scheme and control person liability.

Farfetch is an e-commerce company that provides a digital marketplace through which brands can sell luxury goods to consumers. The investors claim that during the proposed class period, the company and its executives disregarded internal guidance and set unrealistic expectations of continued growth, misled investors about the company's liquidity and failed to address known weaknesses in internal controls.

The company also allegedly made a series of acquisitions but failed to integrate the acquired businesses into Farfetch's existing platform successfully and ensure that the future cash needs of the acquisitions would not have a negative effect on Farfetch, according to the opinion.

A series of disclosures in 2023 brought the truth to light, according to the opinion, causing Farfetch's stock price to fall dramatically on several occasions. Eventually, Farfetch was acquired, but its holding company was liquidated and delisted from the New York Stock Exchange.

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

The investors are represented by Adam M. Apton of Levi & Korsinsky LLP and Lucas E. Gilmore, Reed R. Kathrein and Nathan Emmons of Hagens Berman Sobol Shapiro LLP.

The defendants are represented by Jeff G. Hammel, Jason C. Hegt, Jooyoung Yeu, Andrej Novakovski and Steven Van Iwaarden of Latham & Watkins LLP.

The case is In re Farfetch Ltd. Securities Litigation, case number 1:23-cv-10982, in the U.S. District Court for the Southern District of New York.

--Editing by Stephen Berg.

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Investor Suit Over Deadly Turkey Landslide Dismissed

By **Rachel Konieczny**

Law360 (October 1, 2025, 10:34 PM EDT) -- A Colorado federal judge on Tuesday dismissed a proposed class action brought by investors claiming SSR Mining Inc. defrauded them, ruling the shareholders didn't adequately allege the company and its executives downplayed safety issues before a deadly landslide at a Turkish gold mine.

In dismissing without prejudice **shareholders' lawsuit** that alleged Colorado-based SSR Mining's actions led to a huge drop in the company's stock price and misled them about safety measures at its Copler mine, U.S. District Judge Daniel D. Domenico wrote that the shareholders' claims did not support a finding that the mine's executives intended to defraud investors.

Although investors argued the company's executives should have known the mine's safety protocols were inadequate because of past incidents of slippage and a cyanide leak, Judge Domenico wrote "there is no suggestion" that the executives recklessly disregarded that information in its disclosures to shareholders.

"Plaintiffs have shown that the individual defendants were high-ranking officers in SSR. But not that they were privy to information that contradicted the public disclosures," Judge Domenico wrote. "There is no evidence that they knew of the height of the heap, that the height increased the risk of landslides, that the safety systems were inadequately monitored, or that they knew of any other contradictory information at the time the statements were made."

The investors filed their suit last year after a "large slip" on a mining structure, known as a heap leach pad, caused the landslide that led to Turkey's government revoking some of SSR Mining's environmental licenses and arresting some of its employees.

SSR Mining had said it repeatedly warned investors about the "serious risks" associated with mining, and even specifically told investors that it could "experience landslides, workers could be harmed and previously obtained permits could be revoked" in its financial filings, according to the company's motion to dismiss.

In Tuesday's order, Judge Domenico agreed with investors that SSR Mining's warnings of risks of landslides beyond the company's control were "meaningfully misleading," citing a Turkish-commissioned report and scientists in Turkey that support investors' claim that the risk was not entirely out of the company's control. Still, the judge ultimately sided with the company, finding shareholders did not allege facts showing the executives engaged in "an extreme departure from the standards of ordinary care."

Rodney Antal, SSR Mining's executive chairman and former CEO, and Alison White, former executive vice president and CFO, who left the company in March 2024, are also defendants in the suit.

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

The investors are represented by Phillip C. Kim of The Rosen Law Firm PA and Daniella Quitt of Glancy Prongay & Murray LLP.

SSR Mining and the individual defendants are represented by Lyle D. Roberts of Allen Overy Shearman Sterling.

The case is Karam Akhras et al. v. SSR Mining Inc. et al., case number 1:24-cv-00739, in the U.S.

District Court for the District of Colorado.

--Additional reporting by Sydney Price. Editing by Brian Baresch.

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Tyson Inks \$85M Deal To Exit Consumers' Pork Antitrust Suit

By **Lauren Berg**

Law360 (October 1, 2025, 11:21 PM EDT) -- Pork consumers asked a Minnesota federal court Wednesday to greenlight an \$85 million settlement resolving their claims against Tyson Foods Inc. in major antitrust litigation alleging pork producers conspired with data firm Agri Stats Inc. to inflate pork prices by limiting the supply in the U.S. market.



Tyson Foods Inc. will join other pork producers — like JBS USA Food Co., Smithfield Foods Inc. and Hormel Foods Corp. — and settle consumers' claims the company inflated pork prices. (Tripplaar Kristoffer/SIPA)

In a **motion** for preliminary approval, consumer indirect purchaser plaintiffs informed the court that Tyson Foods, Tyson Fresh Meats Inc. and Tyson Prepared Foods Inc. will provide \$85 million to the class, bringing their total recovery to nearly \$208 million following similar settlements with other major pork producers, like JBS USA Food Co., Smithfield Foods Inc. and Hormel Foods Corp.

"Lead counsel believe this sum is fair and reasonable in light of Tyson's market share of class products," the class said, adding that the fund will provide "significant relief" to class members.

"Tyson is estimated to have an adjusted market share of 20% of the defendants and co-conspirators' alleged overcharges to the class," it said. "The \$85 million settlement with Tyson represents a \$4.250 million valuation for each market share point. This is an exceptional result."

The only defendants remaining in the consumer indirect buyers' action are Agri Stats and Triumph Foods LLC, the motion notes.

The settlement comes more than seven years into the litigation, which involves three separate classes of plaintiffs — consumer indirect buyers, institutional indirect buyers and direct buyers — and after U.S. District Judge John R. Tunheim in March **largely denied** a slew of summary judgment motions from Tyson and other pork producers.

The plaintiffs, who began suing in 2018, generally allege the defendants conspired to restrict supply and stabilize pork prices by sharing information through the Fort Wayne, Indiana-based data analytics and consulting firm Agri Stats. The case also includes stand-alone information-sharing claims alleging the exchange of competitively sensitive information is by itself an antitrust violation.

After **surviving** the pleading stage, the case entered discovery in 2023. **Last year**, the defendants filed a total of 10 motions for summary judgment, while the indirect buyers filed a partial summary judgment motion.

Following Judge Tunheim's denial of the summary judgment bids, the defendants **called for him to recuse** himself and vacate his recent rulings, accusing one of his clerks of having inappropriate relationships with plaintiffs' attorneys.

The defendants asserted that the judge's law clerk previously worked for firms representing direct purchaser plaintiffs in the case, has a standing offer to join another firm that has repeatedly taken on what the firm calls "Big Agriculture" and even publicly engaged with social media posts related to the case.

Judge Tunheim has yet to rule on the issue, according to the docket.

According to Wednesday's motion, the settlement discussions between Tyson and the consumer indirect buyers began in July 2024 and "continued on-and-off unsuccessfully for nearly a year," until the parties finally reached an agreement late last month.

In addition to the \$85 million monetary fund, the settlement calls for Tyson to assist the consumer indirect buyers with authenticating and admitting documents at their trial against the remaining defendants, the motion states.

Counsel for the plaintiffs declined to comment Wednesday evening. Counsel for Tyson did not immediately respond to a request for comment.

The consumer indirect buyers are represented by co-lead counsel Daniel E. Gustafson, Daniel C. Hedlund, Michelle J. Looby, Joshua J. Rissman, Abou B. Amara Jr. and Gabrielle M. Kolb of Gustafson Gluek PLLC, and Shana E. Scarlett, Steve W. Berman, Breanna Van Engelen, Elaine T. Byszewski and Abigail D. Pershing of Hagens Berman Sobol Shapiro LLP.

Tyson is represented by Tiffany Rider Rohrbaugh, Lindsey Strang Aberg, Denise L. Plunkett and Jarod Taylor of Axinn Veltrop & Harkrider LLP, and Scott M. Rusert and A. Christopher Brown of Taft Stettinius & Hollister LLP.

The case is In re: Pork Antitrust Litigation, case number 0:18-cv-01776, in the U.S. District Court for the District of Minnesota.

--Additional reporting by Dorothy Atkins, Joyce Hanson and Jared Foretek. Editing by Michael Watanabe.



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Russian Gets Docs Order Stay In Florida Trump Media Suit

By **David Minsky**

Law360 (October 1, 2025, 8:42 PM EDT) -- A Florida state court judge Wednesday paused his order compelling a Russian businessman with alleged financial ties to Donald Trump's Truth Social platform to respond to a subpoena in the lawsuit over taking the company public, saying the act of producing documents could constitute irreparable harm.

During a hearing in Sarasota County, Florida, court, Circuit Judge Hunter W. Carroll denied Anton Postolnikov's motion to reconsider a prior ruling **to produce documents** related to the merger of the special purpose acquisition company and Trump Media & Technology Group Corp., but granted him a stay until Nov. 23 to allow a state appellate court to rule on the order.

Postolnikov, who isn't a party to the case, was ordered by Judge Carroll on Sept. 24 to produce documents and communications related to several defendants in the lawsuit. Postolnikov challenged the order on the grounds that it would violate his Fifth Amendment right against self-incrimination, saying he successfully asserted that right in a federal criminal investigation related to insider trading. Postolnikov hasn't been charged with a crime.

"I do not believe that there's a problem for Mr. Postolnikov as to the irreparable harm," Judge Carroll said. "If the court is wrong and the Fifth Amendment does apply to the act of producing these documents, at least those that I said had to be produced, then that itself would constitute irreparable harm. So, he has met that."

Trump Media brought the Sarasota County lawsuit in February 2024, claiming the merger with special purpose acquisition company Digital World Acquisition Corp. was delayed and incurred unnecessary costs after Digital World's then-CEO Patrick Orlando tried to enrich himself by threatening to block the process through his company Arc Global Investments II LLC. Other defendants in the lawsuit include investors Andrew Litinsky, Wesley Moss and United Atlantic Ventures LLC.

In a motion, Postolnikov asked Judge Carroll to reconsider or stay the order, saying any materials he produces could be acquired by the government in its insider trading investigation related to DWAC after he already invoked his Fifth Amendment rights. An FBI search warrant affidavit filed in December 2023 in the U.S. District Court for the District of Rhode Island said Postolnikov was a DWAC investor and liquidated most of his holdings in October 2021, receiving more than \$22 million in profit.

Postolnikov said in his motion that he intends to appeal the order to Florida's Second District Court of Appeal for certiorari relief, saying the order departed "from the essential requirements of the law."

Mark R. Zimmerman of Zimmerman & Zimmerman, representing Postolnikov, argued at the hearing that the act of producing documents could be considered "testimonial" and trigger his client's Fifth Amendment rights. Producing the records could lead to further escalation of demands for information from the federal government and cause irreparable harm, Zimmerman added.

"The act of production may have some testimonial qualities sufficient to trigger Fifth Amendment protection when the production explicitly or implicitly conveys some statement of fact," Zimmerman said. "Specifically, an act of production could qualify as testimonial, conceding the existence, possession or control and authenticity of the docs intended to incriminate the producing party."

Whitney C. Cloud of DLA Piper, representing Trump Media, said Postolnikov can't show irreparable harm, arguing that the order departed from the essential requirements of the law.

Cloud referenced an exception to the Fifth Amendment privilege known as the forgone conclusion doctrine, or when producing documents reveals information that the government already knows.

She added that Postolnikov hasn't denied there are communications between him and Orlando, and has already produced evidence those communications occurred.

"We don't have to wonder," Cloud said. "We know that there were communications between and Mr. Orlando and Mr. Postolnikov."

Judge Carroll said if the Second District Court of Appeal doesn't extend the stay any further, Postolnikov would be required to produce documents by Nov. 24. He encouraged Postolnikov not to delay filing his appeal in order to give the appellate court enough time for a ruling.

Cloud said Postolnikov's records would be critical to upcoming depositions before the Nov. 21 deadline for the close of fact discovery in the case. Judge Carroll said he would consider reopening discovery.

"If he has to produce documents and there's no further stay by the Second District and those documents shed light that fundamentally changes the world, then we can talk about reopening targeted discovery," Judge Carroll said. "But I think this is the only way that I, given the rights Mr. Postolnikov has, given the Second District's time, I think this is where it really needs to go."

Trump Media is represented by Christopher G. Oprison, Tal Aburos, Caryn G. Schechtman, Eric Forni, Ronald N. Brown III, Josh Halpern, Whitney C. Cloud, Charles J. Hamilton and Steven M. Rosato of DLA Piper, Steven D. Hutton, Przemyslaw L. Dominko and Tyler B. Stall of Hutton Dominko & Stall PLLC, and Samuel J. Salario Jr., Jason B. Gonzalez and Mathew D. Gutierrez of Lawson Huck Gonzalez PLLC.

ARC Global Investments II is represented by Morgan R. Bentley of Bentley Goodrich Kison and Christopher King, Andrew Vitali III and Kevin P. Jacobs of Homer Bonner Jacobs Ortiz.

Orlando is represented by Adam L. Schwartz, Jeanah Park and Andrew T. Figueroa of Vedder Price PC.

United Atlantic Ventures, Wesley Moss and Andrew Litinsky are represented by Benjamin A. Butzin-Dozier and Christopher J. Clark of Clark Smith Villazor LLP, and Todd R. Legon and William F. Rhodes of Legon Fodiman PA.

Postolnikov is represented by Douglas R. Jensen of Sher Tremonte LLP and Mark R. Zimmerman of Zimmerman & Zimmerman.

The case is Trump Media & Technology Group Corp. et al. v. Arc Global Investments II LLC et al., case number 2024-CA-001061-NC, in the Twelfth Judicial Circuit Court of the State of Florida.

--Editing by Kristen Becker.