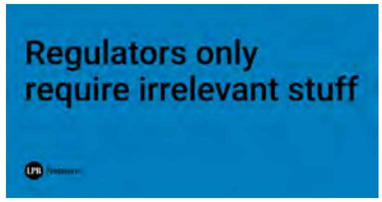
Regulators only require irrelevant stuff

businesslawprofessors.com/2025/10/regulators-only-require-irrelevant-stuff

Ann Lipton October 24, 2025



Look, I get why courts are hesitant to allow securities fraud plaintiffs to state a claim based on false pretensions to corporate "ethics." Courts fear this would cast too wide a net; Matt Levine's "everything is securities fraud" would become literally true if any kind of corporate misconduct rendered an ethical code "false," such that the code itself becomes a violation of Section 10(b). And that, as I have previously written, erodes the line between state law governance claims, and federal law fraud claims.

Still, I find it maddening when courts choose to dismiss these kinds of claims on the ground that ethical codes must be puffery *because they are required by regulators*. For example, the court in *Andropolis v. Red Robin Gourmet Burgers, Inc.*, 505 F. Supp. 2d 662 (D. Colo. 2007), "A company's essentially mandatory adoption of a code of ethics simply does not imply that all of its directors and officers are following that code of ethics. In fact, the mandatory nature of the adoption of such a code makes clear that all public companies—whether run by crooks or angels—will adopt just such a code."

May I make the radical suggestion that the fact that a code is *mandatory*, and disclosure is *mandatory*, suggests that regulators believe that these codes are in fact *material* to investors and that fact should weigh against a puffery finding? Doesn't it undermine the regulatory scheme for courts to simply declare certain legal requirements to be so much paperwork? GAAP financials are also required; are those per se immaterial as well?

Anyway, the latest example of the genre comes from *In re Exscientia P.L.C. Sec. Litig.*, 2025 U.S. Dist. LEXIS 201398 (D.N.J. Oct. 10, 2025), where plaintiffs alleged that sexual harassment by a corporate CEO rendered the company's code of ethics misleading. As the court put it:

> Companies whose securities trade on American financial markets must adopt a code of conduct/ethics (or "explain why [they have] not done so"). 17 C.F.R. § 229.406(a); *see also* NASDAQ Rule 5610. Because companies are required to adopt codes of conduct, "the publishing of a code is not actually a statement or representation that it will be followed." …And because companies must adopt codes of conduct, "[i]nvestors . . . gain no information about a corporation by its adoption of such a code."

(citations omitted).

I beg to differ. As the Second Circuit has held (umm, inconsistently), for these kinds of situations, we should conduct a thought experiment about what would have happened had the company remained *silent*. And if, in the face of a regulatory obligation to adopt and disclose a code of ethics, a company *entirely failed to do so*, wouldn't investors draw some pretty harsh conclusions? And doesn't that mean, in turn, that the code has some informational value?

To be fair, the *Exscientia* court did not leave the matter there; the opinion goes on to note that in some cases, courts have permitted 10(b) claims to proceed based on violations of ethics codes, such as when the underlying misconduct was "pervasive." In my view, then, the proper analysis is to recognize that the mere existence of a code of ethics does not imply there will never be violations of the code, but it *does* imply that the code *exists*, meaning, that there is some good faith effort to comply with its principles, such that the code is rendered false if *no* such effort is made. Because – as I argued in my paper addressing this – sometimes when courts say a statement is too "vague" for investors to rely upon, what they really mean is, sometimes a statement is so vague that it is consistent with (and thus is truthful as applied to) a very wide range of underlying facts. But it can still be rendered false if the underlying conduct is at the extremes, and in those cases, liability should follow.

And another thing. New *Shareholder Primacy* podcast! This week, me and Mike Levin talk about SEC Chair Paul Atkins's Weinberg Center speech at the University of Delaware. Here at Apple, here at Spotify, and here at YouTube.
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Securities

Adidas Investor Meets Skeptical Court in Rapper Ye Deal Appeal

Oct. 23, 2025, 11:39 AM PDT

An Adidas AG investor's bid to revive a proposed class action tied to the footwear brand's imploded partnership with the rapper formerly known as Kanye West seemed at risk in front of an appellate panel.

At oral arguments Thursday in the US Court of Appeals for the Ninth Circuit, the investor's counsel said the Adidas' risk disclosures presented the business impacts of the controversial hip hop mogul's actions as a hypothetical when those risks had already materialized. The attorney likened the footwear brand's actions to other cases involving Alphabet Inc. and Meta Platforms, but Chief Judge Mary H. Murguia and Circuit Judge Patrick J. Bumatay questioned about the comparison.

Neither judge seemed all in on the argument that Adidas' risk disclosures about a celebrity's potential impact weren't up to snuff as was determined in securities cases following the disclosure of a data breach impacting Alphabet Inc. and the Cambridge Analytica scandal ensnaring Meta Platforms Inc., formerly Facebook.

"I do think they are very close," said Bumatay, who had written a partial dissent in the Facebook case over its risk statements. "But those cases dealt with historical, objective fact, whereas whether or not someone acts unethical or improper is much more subjective term."

Still, both judges questioned Adidas' attorney about what needed to be disclosed, with Murguia asking if the rapper now known as Ye's internal misconduct had already hurt the company in some way before the company severed their Yeezy deal in 2022.

The public didn't know Ye was a "raging anti-semite" until 2022, but Adidas had internally witnessed that behavior when he drew a swastika on a shoe in 2013 and praised Adolf Hitler to Jewish employees, said Daniel Tyre-Karp, a partner at The Rosen Law Firm PA who represents the investor.

The construction of Adidas' risk disclosures was precisely the same as in the Alphabet and Facebook cases, Tyre-Karp said for the investor, a group of funds associated with the Hampton Roads Shipping Association-International Longshoremen's Association.

The HRSA-ILA Funds is asking the San Francisco-based appellate court to reinstate its lawsuit against the athletic apparel maker. The sneaker maker cut ties with the man now known as Ye after an antisemitic outburst in 2022, roiling its share value.

But when asked by the lower court, the investor had no answer as to what Adidas' disclosures should've said instead, said Maeve Louise O'Connor, a partner at Debevoise & Plimpton LLP who represents the company and chief financial officer Harm Ohlmeyer.

O'Connor said under the investor's theory, that'd mean sharing things like Ye has a "propensity to be antisemitic" in risk disclosures, which wouldn't make sense.

Lower Court

The US District Court for the District of Oregon tossed the proposed class action last year, finding the HRSA-ILA Funds failed to adequately allege Adidas misled shareholders in risk disclosures about partnerships and other statements. None of the targeted statements were actionable for securities fraud, Judge Karin J. Immergut said. Allegations Adidas failed to give required information under European Union rules fell short, as the provisions were "too broad and flexible for the reasonable investor to have relied on them."

Disclosures misleadingly warned of a hypothetical risk of corporate harm as a result of bad behavior by a partner when Ye's wrongdoing already came into fruition, the HRSA-ILA Funds said in its Ninth Circuit brief. And Adidas misled investors about the footwear brand's compliance with European non-financial disclosure regimes, given the company didn't detail Ye's misconduct as it should've.

The company's Yeezy relationship ended after Ye said the company stole his ideas, wore a shirt bearing a white supremacist slogan to a fashion show, and posted "hateful, antisemitic statements over social media," Adidas said in its brief. The HRSA-ILA Funds wrongly tried to twist Adidas' past statements as fraudulent when the business relationship ceased in 2022.

Circuit Judge John B. Owens didn't ask any questions.

Neither side's aforementioned counsel immediately responded to emails seeking comment about the oral arguments, sent before they began. Markowitz Herbold PC also represents Adidas and Ohlmeyer.

Adidas said it doesn't comment on pending litigation in an email.

The case is HRSA-ILA Funds v. Adidas AG , 9th Cir., No. 24-6655, oral arguments 10/23/25 .

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Securities

Morgan Stanley Sued Over Envestnet's $4.5 Billion Sale to Bain

Oct. 23, 2025, 12:27 PM PDT

Envestnet Inc. directors who presided over its $4.5 billion private equity buyout relied on conflicted bankers who steered them toward an underpriced deal with Bain Capital LP, an unsealed lawsuit said Thursday.

Investors cashed out in the transaction are suing Envestnet's former board and Morgan Stanley & Co., saying the bank's "allegiance" to Bain drove a tainted process that shortchanged shareholders in the wealth management software business. The $63.15-per-share sale—which brought in several major asset managers as co-investors, including BlackRock Inc.—closed in November 2024.

"The board ushered Morgan Stanley into the driver's seat," letting it "dictate the strategy and timing, control the flow of information, and engineer a deal that served Bain's and Morgan Stanley's interests at the expense of stockholders," the suit says. "Morgan Stanley achieved its objectives—delivering Envestnet to its preferred client."

Envestnet, which isn't directly named as a defendant, declined to comment through a spokesperson Thursday. Morgan Stanley declined to comment. Bain isn't named as a defendant.

According to the lawsuit in Delaware's Chancery Court, the board and Morgan Stanley failed to either conduct a market check before signing the deal or run a go-shop period afterward.

When other M&A suitors appeared anyway, the bank "discredited those bids for pretextual reasons, foisted an unreasonably narrow timeframe to submit bids onto those potential suitors, and prevented them from accessing critical diligence," the 75-page court complaint says.

Key Info Omitted

The deal allegedly drew criticism from market analysts who had projected a sale price of more than $80 a share. The company's positive earnings news over the next two quarters undermined "any justification for a low-premium buyout," the suit says.

In addition to Morgan Stanley, Envestnet's board brought on legal advisers from Paul, Weiss, Rifkind, Wharton & Garrison LLP, a firm with its own longstanding ties to Bain, according to Thursday's filing.

Paul Weiss isn't named as a defendant. One of the investors leading the litigation, Paul Berger, previously sued Envestnet seeking internal company documents shedding light on the law firm's potential conflicts. He dropped that case a few days after filing it.

Although Envestnet's investors voted for the transaction, they approved it on the basis of disclosures that omitted key information about the adviser conflicts, the new suit says. It was originally filed under seal Oct. 17.

The shareholders are represented by Block & Leviton LLP, Friedman Oster & Tejtel PLLC, and Saxena White PA.

The case is Berger v. Fox , Del. Ch., No. 2025-1183, complaint unsealed 10/23/25 .

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Securities

Alphabet Investor Suit Ends After $500 Million Deal for Reforms

Oct. 23, 2025, 10:41 AM PDT

Alphabet Inc.'s leaders have obtained a final judgment but will remain subject to court oversight for regulatory compliance reforms worth $500 million in settlement of investor claims.

Judge Rita F. Lin entered the judgment Wednesday in the derivative suit over alleged monopolistic practices by Alphabet's Google. The US District Court for the Northern District of California will retain jurisdiction for issues related to the settlement's administration, interpretation, implementation, and enforcement, Lin said.

The investors alleged the officers and directors were responsible for the company's anticompetitive business practices in advertising, searching, Google Play services, and other areas, exposing it to antitrust investigations and enforcement actions by various governmental and private actors

The settlement—viewed as sending a risk oversight message to other large corporations—received scrutiny from Lin before she gave it preliminary approval in July and final approval in September

Among the defendants are Google cofounders Larry Page and Sergey Brin and CEO Sundar Pichai

Scott & Scott Attorneys at Law LLP was lead counsel for the investors. Freshfields US LLP represented the individual defendants and Alphabet, which was a nominal defendant.

The case is In re Alphabet, Inc., S'holder Deriv. Litig. , N.D. Cal., No. 3:21-cv-09388, 10/22/25 .

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Securities

Rivian to Pay $250 Million to Settle Legal Suit Over Price Hikes

Oct. 23, 2025, 5:14 PM PDT

Rivian Automotive Inc. agreed to pay $250 million to settle an investor lawsuit, against the electric vehicle maker, saying it's eager to put the legal wrangling behind it.

The Irvine, California-based company issued a surprise statementlate Thursday saying it doesn't admit fault or wrongdoing in the proposed settlement, which requires court approval. Rivian said it will pay through a combination of $67 million in directors' and officers' liability insurance and $183 million from cash on hand.

"Settling will enable Rivian to focus its resources on the launch of its mass market R2 vehicle in the first half of 2026," the company said.

The case centered on allegations that Rivian knowingly failed to disclose material information — including plans to raise prices on its debut vehicles — until after its initial public offering in November 2021. The claims were brought in 2022 on behalf of purchasers of its Class A common stock.

Shares of Rivian were little changed in postmarket trading after closing up 1.3% to $13.09. The stock is down about 1.6% so far this year, but trades at a fraction of its post-IPO high of $172.

The announcement comes the same day the EV manufacturer said it would cut 4.5% of its workforce, its second round of layoffs since September.

--With assistance from **Kara Carlson**.

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Class Action

Manage Newsletters

Rio Tinto’s $139 Million Investor Mine Settlement Gets Court Nod

Oct. 24, 2025, 9:16 AM PDT

Summary by Bloomberg AI

AI Generated

- Rio Tinto Group's $138.75 million settlement with a class of Turquoise Hill Resources Ltd. investors earned a federal judge's final approval to end allegations the parent company hid issues with one of the world's largest copper mines.
- The law firm leading the investors' case will get 13% of the settlement in attorneys' fees and almost $2.22 million reimbursed for litigation expenses, plus any related interest as accrued by the settlement fund.
- The lawsuit alleged Turquoise Hill and Rio Tinto misrepresented development progress on the Oyu Tolgoi copper-gold mine by withholding information about ballooning costs and delays.

Rio Tinto Group’s $138.75 million settlement with a class of Turquoise Hill Resources Ltd. investors earned a federal judge’s final approval to end allegations the parent company hid issues with one of the world’s largest copper mines.

The law firm leading the investors’ case will get 13% of that in attorneys’ fees—which shakes out to be more than $18 million—and almost $2.22 million reimbursed for litigation expenses, plus any related interest as accrued by the settlement fund, Judge Lewis J. Liman said Thursday. The US District Court for the Southern District of New York judge’s judgment approving the deal ends five years of litigation over the mine jointly owned by the Mongolian government.

A group of private investment funds known as the Pentwater Funds served as the plaintiff leading the investor class. The lawsuit alleged Turquoise Hill and Rio Tinto, which at the time owned a majority of the former’s shares, misrepresented development progress on the Oyu Tolgoi copper-gold mine by withholding information about ballooning costs and delays.

Turquoise Hill was left off the funds’ 2024 amended complaint. The Manhattan federal judge dismissed Turquoise Hill and some other defendants from the case in 2022. Rio Tinto bought out Turquoise Hill later that year for $3.1 billion. Rio Tinto owns 66% of Oyu Tolgoi. The company operates under a dual-listed company structure with Rio Tinto plc and Rio Tinto Ltd.

The class certified for the settlement includes those who acquired Turquoise Hill common stock, bought call options or sold put options on that stock, or got swaps replicating a purchase of stock, in domestic transactions or on US exchanges, from July 17, 2018 through July 31, 2019.

“We are very pleased to have represented the Pentwater Funds who achieved an extraordinarily good settlement for the entire class in a case where the SEC declined to take any action,” said Salvatore Graziano, a partner at Bernstein Litowitz Berger & Grossmann LLP, which represented the investors.

Quinn Emanuel Urquhart & Sullivan LLP represented Rio Tinto, neither of which immediately respond to an email seeking comment Friday. Rio Tinto previously told Bloomberg when the proposed deal was filed that it welcomed the resolution ”on appropriate and reasonable terms” and that the defendants “vigorously deny all allegations of wrongdoing, fault, liability or damages put forward in these proceedings.”

The case is In re Turquoise Hill Res. Ltd. Sec. Litig. , S.D.N.Y., No. 1:20-cv-08585, final judgment 10/23/25 .

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Class Action

Manage Newsletters

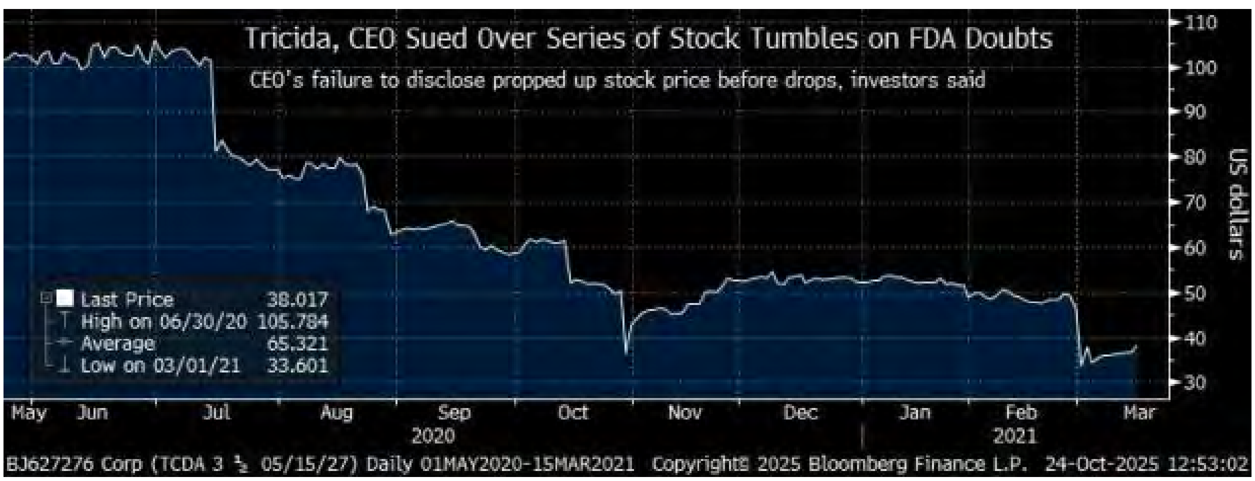
Tricida Investors Get $14 Million Kidney Drug Accord Finalized

Oct. 24, 2025, 10:32 AM PDT

Tricida Inc. investors won final approval for a nearly $14 million settlement that ends a lawsuit alleging the drug developer misrepresented a new kidney treatment's prospects.

With Tricida out of the class action following its 2023 bankruptcy, CEO Gerrit Klaerner will supply the payment from his directors and officers insurance under the terms of the agreement, Judge Haywood S. Gilliam Jr. said Thursday for the US District Court for the Northern District of California. The fact that the insurance policy would be a limited and "wasting" asset in continued litigation contributed to Gilliam's determination that the deal was fair, reasonable, and adequate.

The investors alleged Tricida and Klaerner failed to fully disclose "significant issues" raised by the Food and Drug Administration in May 2020 over its application to get its veverimer drug approved until finally doing so in February 2021, when it said the FDA denied its appeal.



Tricida's stock price fell 31% in response to that last revelation, closing at $5.11 per share on Feb. 26, 2021, representing a $93 million loss of market capitalization, Gilliam said in a Sept. 2024 decision granting class certification.

No class members objected to the settlement or opted out of it, Gilliam said in the approval order.

Gilliam granted a roughly $3.9 million attorneys' fee request, which amounts to 27.5% of the settlement fund.

Block & Leviton LLP was class counsel for the investors. Sidley Austin LLP represented Klaerner.

The case is Pardi v. Tricida, Inc. , N.D. Cal., No. 4:21-cv-00076, 10/23/25 .

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Judge says Musk cannot use advice-of-counsel defense in Twitter lawsuit

reuters.com/legal/transactional/judge-says-musk-cannot-use-advice-of-counsel-defense-twitter-lawsuit-2025-10-23

David Thomas October 23, 2025

Elon Musk Twitter account is seen in this illustration taken, July 24, 2023. REUTERS/Dado Ruvic/Illustration

Oct 23 (Reuters) - Elon Musk cannot cite past legal advice he received from two prominent law firms as part of his defense in a lawsuit stemming from his delayed disclosure of his stake in Twitter in 2022, a Manhattan federal magistrate judge ruled on Thursday.
U.S. Magistrate Judge Gabriel Gorenstein said, opens new tab Musk and his co-defendants are "precluded from offering evidence or argument that they relied on the advice of counsel or had a good faith belief in the lawfulness of their conduct after they consulted counsel on April 1, 2022."
The ruling concerns advice Musk received from Quinn Emanuel, which is also defending him in the lawsuit, and from McDermott Will & Emery, which he hired days before he amended a key filing in April 2022 that revealed his 9.2% stake in Twitter.

Musk did not immediately respond to a request for comment, nor did spokespersons for Quinn Emanuel and McDermott.

A lawyer for the plaintiff, an Oklahoma firefighters pension fund, declined to comment.

The lawsuit accuses Musk and others of defrauding Twitter shareholders who sold stock in the social media company at artificially low prices because they were kept in the dark about Musk's growing share.

Musk eventually purchased Twitter for $44 billion in October 2022, and renamed it X.

Musk has said he had intended to reveal his 9.2% stake in Twitter at the end of 2022, but disclosed it promptly after realizing he misunderstood the U.S. Securities & Exchange Commission's disclosure rule. He has denied wrongdoing and said this was "not a scheme to defraud."

The pension fund had pressed Musk and his co-defendants to make explicit whether they planned to rely on legal counsel's involvement to argue they acted in good faith.

The fund in August warned against Musk using a "classic 'sword and shield' strategy" by invoking their lawyers' advice as a defense while also refusing to turn over documents relating to that defense, citing attorney-client privilege.
Alex Spiro, a top lawyer at Quinn Emanuel representing Musk, said in an August 20 letter that they "repeatedly have told plaintiff — both orally and in writing — that defendants are not asserting an advice-of-counsel defense in this action."

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

Securities

Musk Barred From Using Advice of Counsel Defense in Twitter Suit

Oct. 23, 2025, 2:50 PM PDT

Elon Musk's desire to keep his attorney-client communications private isn't compatible with asserting a "good faith" defense to claims he concealed his Twitter stock purchases before he acquired the company now known as X Corp., a judge ruled Thursday.

Musk, two of his funds, and an associate "are precluded from offering evidence or argument that they relied on the advice of counsel or had a good faith belief in the lawfulness of their conduct after they consulted counsel on April 1, 2022," Magistrate Judge Gabriel Gorenstein said for the US District Court for the Southern District of New York.

The ruling comes in a suit by Twitter investors alleging Musk committed securities fraud by failing to make timely disclosures to the Securities and Exchange Commission, posting "misleading tweets about Twitter's future" and carrying out "a coordinated trading strategy to silently build up" his position in the social media company.

Musk and the other defendants had sought to use the defense that they had a good faith belief in the lawfulness of their actions after consulting with counsel, but only if they could do so without losing the attorney-client privilege. But by mounting an advice-of-counsel defense, a party necessarily waives the privilege, Gorenstein said.

The privilege "cannot at once be used as a shield and a sword," he said, quoting previous cases.

But Gorenstein said he's not ruling on the admissibility of evidence at trial.

Judge Andrew Carter Jr. denied Musk's request for dismissal in March. Gorenstein is handling the discovery, or document exchange, phase of the case.

Bernstein Litowitz Berger & Grossmann LLP is lead counsel for the investors.

The case is Okla. Firefighters Pension & Ret. Sys. v. Musk , 2025 BL 379992, S.D.N.Y., No. 1:22-CV-03026, 10/23/25 .

Fighting Trump and defending Tesla, lawyer Paul Clement is everywhere now

reuters.com/legal/litigation/fighting-trump-defending-tesla-lawyer-paul-clement-is-everywhere-now-2025-10-23

Mike Scarcella, Sara Merken, David Thomas October 23, 2025

Former U.S. Solicitor General Paul Clement talks to reporters outside the U.S. Supreme Court in Washington April 22, 2014. REUTERS/Jonathan Ernst Purchase Licensing Rights, opens new tab

- Clement has his hands full working for Trump opponents, Elon Musk and others
- Ropes & Gray bucks the two-tier partnership trend
- Utah splits with Motley Rice in opioid litigation

Oct 23 (Reuters) - (Billable Hours is Reuters' weekly report on lawyers and money. Please send tips or suggestions to D.Thomas@thomsonreuters.com, opens new tab.)
Paul Clement and his small law firm are stacking up marquee cases like few other lawyers right now.

Clement, a Republican-appointed former U.S. solicitor general and top appellate lawyer, is representing billionaire Elon Musk's companies and other corporate clients in high-stakes business cases. He's also bringing conservative legal bona fides to a growing number of cases challenging moves by U.S. President Donald Trump.

He's on the team representing Federal Reserve Governor Lisa Cook in a major fight, opens new tab at the Supreme Court over Trump's effort to oust her, and defending U.S. judges in Maryland in an unusual lawsuit brought against them by the U.S. Justice Department over immigration. He is headlining the legal team for prominent law firm WilmerHale, which won a court order blocking the Trump administration's punishing executive order, and also helping defend a state judge targeted by the administration in an immigration case.
For Musk, Clement is part of a team defending Tesla in federal court in wrongful death litigation, and representing X Corp in a battle with watchdog Media Matters. In a few weeks, he'll be at the U.S. Supreme Court to argue for Sony Music in a billion-dollar copyright case and for hedge fund Saba Capital in a fight over shareholder rights.

Reached for comment, the 1992 Harvard Law grad said he was traveling to appear on Thursday before the Cincinnati-based 6th Circuit, where he's arguing for law firms representing plaintiffs in litigation over the 2023 train derailment and chemical spill in East Palestine, Ohio.

Clement said he could connect more after things "calm down a bit." He stressed that his whole 20-lawyer firm, Clement & Murphy, is keeping busy. He pointed to his partner Erin Murphy, who recently argued four appellate court cases — including one full-court hearing — in the span of a month.

Clement is most recognized for his Supreme Court advocacy, having argued more than 100 cases before the justices. He served as solicitor general during the George W. Bush administration.

He is also known for leaving two large, prominent law firms to represent interests that the firms chose not to defend. Most recently, he departed law firm Kirkland & Ellis in 2022 after it said it would no longer represent clients in pro-gun rights cases.

Despite his firm's small size, Clement still commands top rates. In 2023, he was billing at $2,350 an hour, court records show. His rate increased this year to $2,650 an hour, not far behind the $3,000 that some attorneys at one of his clients — law firm Quinn Emanuel — are now charging.

Clement is currently defending Quinn Emanuel in a federal appeals court after a judge held the law firm in contempt for allegedly failing to comply with a court order in a $481 million patent case.

He was supposed to argue that appeal in December, but the Supreme Court threw a wrench into those plans.

The high court's new argument calendar created a timing conflict — Clement is due to argue the Sony and Saba Capital cases in the first two weeks of December. This week he asked the U.S. Court of Appeals for the Federal Circuit to push back its hearing "so that Quinn Emanuel can be represented by its counsel of choice at oral argument."

-- Ropes & Gray is keeping its one-tier partnership, maintaining a structure in which all its partners have an ownership stake even as its peers have increasingly abandoned that traditional model and introduced a second, non-equity partner level.

Many U.S. law firms internally designate some partners as non-equity or income partners. The move can help retain and attract lawyers with the clout and higher compensation associated with the partner title while potentially increasing profits for equity partners. Non-equity partners typically earn less than full equity partners, whose compensation is tied directly to firm profits.

Ropes & Gray chair Julie Jones said the firm did a "very deep data and analytic dive into the topic" since the beginning of the year, weighing factors such as the firm's rate of promotion to partnership, talent wins and losses, the impact of its partnership structure on clients, and lessons from peers with two-tier structures.

There is no one size fits all approach, Jones said. She said the firm decided to not "just go with an instinct that the market's moving in one direction, that's the path you have to or should take."

Competitor firms such as Debevoise & Plimpton, Cleary Gottlieb, WilmerHale and Paul Weiss have added non-equity partner tiers since last year, leaving a small number of major U.S. firms with single-tier partnerships.
Firms have also been growing their income partner ranks. Income partner headcount grew at an average annual rate of 6% between 2018 and 2023, while equity partner headcount across firms surveyed increased at a rate of .6% over those years, according to a 2024 report from Citigroup's Citi Global Wealth at Work Law Firm Group and Hildebrandt Consulting.
-- Motley Rice on Wednesday said it was withdrawing as counsel to the state of Utah in an opioid lawsuit, days after Utah Attorney General Derek Brown's office said it had terminated its contract with the national plaintiffs firm.

Motley Rice had been representing Utah in a one-year-old lawsuit against pharmacy benefit managers OptumRx and Express Scripts that alleged they helped foment the U.S. opioid crisis by deliberately facilitating the increased sale and consumption of such drugs.

Chief Deputy Utah Attorney General Daniel Burton last week told Motley Rice in a letter obtained by Reuters that the office was terminating its contract with the firm "without cause."

Motley Rice's contract was terminated "pursuant to the best interest of the state," a spokesperson for Brown's office said.

Burton's letter to Motley Rice said the office intends to hire new counsel.

Motley Rice and the Utah attorney general's office did not say what led to the firm being fired. In August, OptumRx asked a federal magistrate judge to prohibit Motley Rice from representing Utah, arguing that the firm had obtained confidential information about its operations through its work for other public entities in other investigations.
OptumRx, which manages pharmacy benefits for UnitedHealth, did not immediately respond to a request for comment. UnitedHealth and Cigna, which owns Express Scripts, also did not immediately respond to comment requests.

OptumRx and Express Scripts have said that all the claims against them are without merit.
In a statement to Reuters, Motley Rice called OptumRx's arguments "meritless" and defended its record litigating major cases on behalf of U.S. states and others, saying it has "helped deliver justice to communities that have been harmed by Big Tobacco, opioids, asbestos, terrorism, human trafficking, and more."

Utah and Motley Rice in September defended the firm's work for the state in court filings, noting that OptumRx has tried unsuccessfully at least six other times in other opioid lawsuits to get Motley Rice disqualified.

Big Law rates for small firms? US appeals court takes up fee fight
Reporting by David Thomas, Mike Scarcella and Sara Merken

Sara Merken
Thomson Reuters

Sara Merken reports on the business of law, including legal innovation and law firms in New York and nationally.

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

Litigation

Manage Newsletters

Insurers Nix Bid to Toss McKinsey Opioid Coverage Suit in NY

Oct. 23, 2025, 1:02 PM PDT

Summary by Bloomberg AI

AI Generated

- Liability insurers withdrew their bid to dismiss a suit brought by McKinsey & Co. seeking coverage for litigation alleging the consulting giant stoked the opioid crisis.
- The deal allows McKinsey's suit to move forward demanding insurers cover their share of at least $347.5 million in expenses paid to resolve opioid-linked lawsuits.
- McKinsey is seeking damages and declaratory relief from the insurers for contractual breaches and bad faith in a case being litigated in New York.

Liability insurers—including units of American International Group Inc. and Chubb Ltd.—withdrew their bid to dismiss a suit brought in New York by McKinsey & Co. seeking coverage for litigation alleging the consulting giant stoked the opioid crisis.

The deal reached ahead of a hearing Thursday before the New York Supreme Court, New York County will allow McKinsey's suit to move forward demanding insurers cover their share of at least $347.5 million in expenses paid to resolve opioid-linked lawsuits.

The joint stipulation comes just days after McKinsey knocked out a suit the insurers brought in Delaware, where a state judge ruled Oct. 21 that his court lacks specific jurisdiction over McKinsey as a parent company incorporated and headquartered in New York.

McKinsey has pushed to litigate the case in New York after AIG and Chubb units sued the consulting firm in Delaware, where the carriers stood to benefit from favorable rulings on similar opioid-related insurance disputes involving CVS Health Corp. and Rite Aid Corp.

The insurers had told McKinsey they were continuing to investigate coverage of the underlying opioid suits and reserving their rights until those investigations had concluded, without ever expressly telling the consulting giant that they would deny coverage, according a McKinsey brief filed in April.

McKinsey in New York is seeking damages and declaratory relief from the insurers for contractual breaches and bad faith.

McKinsey and its subsidiaries are represented by Covington & Burling LLP. The AIG unit is represented by Willkie Farr & Gallagher LLP. The Chubb units are represented by Holwell Shuster & Goldberg LLP.

The case is McKinsey & Co. v. National Union Fire Insurance Co. of Pittsburgh, Pa , N.Y. Sup. Ct., No. 650480/2025, 10/23/25 .

– With assistance from Olivia Alafriz.

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News | **Class Actions**

Class Counsel in Real Estate Commission Settlements Change Banks After Judge Orders Disclosures

Class counsel in more than $1 billion in antitrust settlements over real estate commissions transferred the funds from Huntington National Bank this week after a federal judge ordered disclosures of financial relationships.

October 23, 2025 at 06:51 PM By **Amanda Bronstad**

What You Need to Know

- JND Legal Administration and two other claims administrators, as well as Huntington National Bank and another bank, were hit with racketeering and antitrust lawsuits alleging improper financial arrangements with banks that provide prepaid payment cards to class members in settlements.
- On May 7, U.S. District Judge Stephen Bough ordered Huntington National Bank, which held the real estate commission settlement funds as escrow agent, and JND Legal Administration, the claims administrator, to provide quarterly financial reports to him.
- In August, the judge ordered class counsel to answer a series of questions, including whether they had any relationship with a financial institution also serving as escrow bank in one of their cases, prompting declarations from six attorneys serving as class counsel.

National Association of Realtors offices in Washington, D.C. March 13, 2019.

Class counsel in more than $1 billion in antitrust settlements over real estate commissions have transferred the fund's escrow account out of Huntington National Bank after months of court orders requiring disclosures of any financial relationships with banks.

On May 7, U.S. District Judge Stephen Bough, in the Western District of Missouri, ordered Huntington National Bank, which held the Realtor settlement funds as escrow agent, and JND Legal Administration, the claims administrator, to provide quarterly financial reports to him. Less than a month earlier, JND Legal Administration and two other claims administrators were hit with a racketeering and antitrust lawsuit alleging improper financial arrangements with banks that provide prepaid payment cards to class members in settlements. Boies Schiller & Flexner followed with four similar cases, adding Huntington and Western Alliance Bank as defendants.

Months later, in the real estate commission cases, Bough ordered class counsel to answer a series of questions, including whether they had any relationship with a financial institution that also served as the escrow bank in one of their cases. That prompted declarations from six attorneys serving as class counsel, including Steve Berman, of Seattle's Hagens Berman Sobol Shapiro, and Susman Godfrey's Marc Seltzer, in Los Angeles.

On Monday, class counsel informed Bough that they had transferred the settlement's escrow account at Huntington to an institutional money market fund through Morgan Stanley.

"This decision was based on an evaluation of factors including rate of return, account costs, and the product being offered by Morgan Stanley," they wrote, noting that the 4% net rate of return comes with no additional charges or fees to the class. "This decision does not reflect any concern or criticism of Huntington Bank."

Bough, in a follow-up ruling, ordered Huntington on Wednesday to continue to provide financial reports to the court disclosing fees and charges to the settlement fund.

Bough's orders are the latest response from the bench to allegations that financial technology companies paid undisclosed kickbacks in exchange for deposits of hundreds of millions of dollars in class action settlements. At least five lawsuits name JND and two other claims administrators, Epiq Systems Inc. and Angeion Group, as well as Huntington and Western Alliance Bank. On Dec. 4, the U.S. Judicial Panel on Multidistrict Litigation is set to take up a motion to coordinate the cases in multidistrict litigation in Pennsylvania's Eastern District.

In August, U.S. District Judge Vince Chhabria, in the Northern District of California, ordered Angeion, in the $725 million privacy class action settlement with Meta Platforms' Facebook over the Cambridge Analytica scandal, to disclose information about its financial relationship with

Blackhawk Engagement Solutions, which provides prepaid digital Mastercards to class members. Then, last month, U.S. District Judge Edward Davila, in the same district, ordered Angeion to disclose the same arrangement in a $100 million settlement with Google. He also reduced class counsel's request for $3.86 million in expenses by $260,000.

Berman, Seltzer and four other class counsel in the real estate commission cases did not respond to a request for comment. They are Robert Braun, at Cohen Milstein Sellers & Toll in Washington D.C., and three Kansas City, Missouri, attorneys: Michael Ketchmark, of Ketchmark & McCreight, Brandon Boulware of Boulware Law, and Eric Dirks, of Williams Dirks Dameron.

JND Legal Administration's CEO, Jennifer Keough, who submitted a declaration in the case, did not respond, nor did Peter Andreone, of Kennyhertz Perry in Mission Woods, Kansas, who filed an appearance this month for Huntington.

'The Highest Regard for Professional Conduct'

The case before Bough is one of several class actions alleging that the National Association of Realtors and other real estate companies conspired to fix the commissions of real estate agents. Local counsel Ketchmark and Dirks, who got a $1.78 billion jury verdict last year, joined with nationwide class counsel Hagens Berman, Susman Godfrey and Cohen Milstein Sellers & Toll. Months later, Bough granted final approval of a $418 million class action settlement with the National Association of Realtors.

In total, more than $1 billion in settlements have been reached in the cases.

Bough's May 7 order stated that, "upon review of the record, it is hereby ordered that JND Legal Administration and Huntington Bank shall provide to the court a quarterly accounting of all fees and charges made to the settlement fund." That included rebates, awards or credits from vendors, and financial benefits from banks or any institutions.

In a June 6 declaration, Keough wrote that JND was the settlement administrator in 29 class action settlements involving antitrust allegations against real estate companies, sending 47 invoices totaling about $32.8 million to class counsel, of which nearly $6 million remained outstanding. She wrote, "JND has not received any additional fees, charges, rebates, awards, credits from vendors, or financial benefits from banks or other institutions." Nor has JND offered any compensation to any plaintiffs' attorneys in the case, she added.

Huntington National Bank's executive managing director, Christopher Ritchie, in a June 5 letter, said the bank's only role was as escrow agent to class counsel for the settlement fund and "receives no fees or charges, rebates, awards, and/or credits from vendors, nor does it receive financial benefits from any other banks or non-bank financial institutions while serving as escrow agent in this matter." Huntington also makes no payments to JND, he wrote.

Then, on July 18, Bough ordered class counsel to submit a post-distribution accounting form, attaching the 2018 guidelines on class action settlements in the Northern District of California, to detail how many class members had received payments. One month later, he listed his questions for class counsel to answer, which included any financial relationships their lawyers or firm had with any company financing the litigation, or any financial relationships with any bank, private equity fund, hedge fund, settlement administrator, vendor or similar institution with a role in the case.

"The unique nature of multidistrict litigation and class actions warrants transparency, the highest regard for professional conduct, and confidence in leadership and class counsel," he wrote in an Aug. 18 order. "It is leadership and class counsel's responsibility to oversee and manage certain vendors, including but not limited to banks, claims and settlement administrators and ensure that both counsel and claimants are credited with interest at the maximum available rate (taking into consideration market factors, risk of the investment, fees, and liquidity) and that any costs or expense of any vendor are for work actually performed and done so at commercially reasonable rates."

In a response, class counsel insisted that, after interviews with Huntington Bank and JND, they found nothing "concerning or inappropriate."

"We understand that the unique nature of multidistrict litigation and class actions warrants transparency, the highest regard for professional conduct, and confidence in leadership and class counsel," Ketchmark and Dirks wrote.

They conducted a "comprehensive investigation" and review of the financial transactions in the case, as well as internal probes at the plaintiffs' firms.

"We confirmed that we are receiving appropriate interest payments and that the costs charged by the vendors are competitive with market rates," they wrote. They told Huntington, JND and class counsel to inform them of any changes moving forward.

"We understand and appreciate the court's focused attention on this serious issue that impacts the integrity of the judicial process," they wrote.

In separate declarations, all six class counsel insisted there were no conflicts, although Seltzer noted that Susman Godfrey, in an unrelated case, represented Winthrop Resources Corporation, now owned by Huntington, and Cohen Milstein also has a banking relationship with Eagle Bank, which has served as escrow agent in its other cases.

Berman admitted that his firm had a preexisting banking relationship with Huntington as a lender and, when asked whether they had accepted more than $250 from financial partners in the case, such as banks and settlement administrators, acknowledged that one attorney may have gotten World Series baseball game tickets in 2013 from Veritext, a court reporting vendor.

“The attorney is also unsure of the value of the ticket," Berman wrote, "but it possibly could have been worth more than $250."

California Brief

California Judge Calls on Lawmakers to Tackle Meta Pixel Privacy

Oct. 23, 2025, 11:58 AM PDT

A network of eating disorder treatment programs no longer faces a privacy suit in California federal court stemming from its use of Meta Platforms' Pixel to perform data analytics and targeted advertising.

The court terminated the case against Eating Recovery Center LLC, according to a docket note entered Wednesday in the US District Court for the Northern District of California, but not before Judge Vince Chhabria called on the state legislature to clarify how the California Invasion of Privacy Act applied to business tools like the Meta Pixel.

CIPA's language "was a mess from the get-go, but the mess gets bigger and bigger as the world continues to change and as courts are called upon to apply CIPA's already-obtuse language to new technologies," Chhabria said. "We have reached the point where it's often borderline impossible to determine whether a defendant's online conduct fits within the language of the statute."

Meta didn't attempt to read event data generated from the plaintiff's visit to ERC's website while the content of her communication was in transit, the court said, "albeit without a great deal of confidence" on how to apply the transit language to instantaneous internet communications.

Chhabria's plea, dated Oct. 17, comes as a proposed amendment to CIPA passed by the state Senate sits in the Assembly. The bill would exempt website tracking from liability under the statute.

Transit Standard

Section 631(a)(2) of CIPA prohibits attempting to read or learn the contents of a communication without consent while the message is "in transit or passing over any wire, line, or cable, or is being sent from, or received at any place within this state."

Event data travels from ERC's website to Meta less than a second after the visitor's action is transmitted to the website. In the plaintiff's case, that data sufficiently conveyed that she may have had anorexia when she was visiting the website, meaning it's communication content.

The speed in which Meta gets the data runs headlong into the "in transit" language in CIPA, the court said. In transit isn't ambiguous, but the statute—enacted in 1967—hasn't been updated for the digital age, the court said.

Chhabria rejected the plaintiff's argument that the communications are in transit until at least after Meta filters the data. Someone "must do something more than just intercept the communication while it is in transit to be held liable" under Section 631(a) of CIPA.

He also said because CIPA was a criminal statute, it was important not to read the law too broadly.

Chhabria also pondered whether the state really intended to "criminalize the use of web traffic data," since "using a third-party company to perform data analytics for web traffic is worlds different from wiretapping and eavesdropping."

Mullen Coughlin LLC represented ERC. Don Bivens PLLC and Mogin Law LLP represented the plaintiff.

The case is Doe v. Eating Recovery Ctr. LLC , N.D. Cal., case termination notice entered 10/22/25 .

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California Brief

Meta Lawyers Advised Blocking Teen Harm Research to Avoid Suits

Oct. 23, 2025, 4:23 PM PDT

Meta Platforms Inc.'s lawyers advised employees to block or remove portions of internal research on teen mental health harm in order to reduce legal liability, a Washington, DC, court determined Thursday in a ruling that could ripple into the multi-district litigation faced by the tech company in California.

Judge Yvonne Williams ruled that Meta can't use attorney client privilege to block the DC attorney general from using Meta's internal documents in the District's suit over teen mental health harms.

Williams, ruling for the Superior Court of the District of Columbia, found the communication in the documents falls under the crime-fraud exception to attorney client privilege because Meta sought legal advice to obfuscate potential liability or engage in fraud.

"The Court notes that Meta's counsel explicitly advised Meta researchers to 'remove,' 'block, 'button up,' 'limit,' and 'update' their research," Williams said. "Meta's counsel offered such legal advice to specifically limit Meta's potential liability."

A Meta spokesperson said the company disagrees with the court's ruling. "These were routine, appropriate lawyer-client discussions, and contrary to the District's misleading claim, no research findings were deleted or destroyed," the company said in a statement.

Williams said Meta must produce the four documents in question, dated between November 2022 and July 2023, within seven days of her ruling.

Meta's counsel provided the advice to researchers in reference to a sweeping multidistrict litigation in California federal court, where Meta faces a teen addiction and mental health lawsuit from dozens of state attorneys general, including Washington, DC.

The same case also involves hundreds of private civil lawsuits against Meta and other social media platforms from teens, parents, and school districts affected by the harms of social media addiction. The first trials are slated to start next year.

The DC attorney general initiated his own lawsuit against Meta in the district's superior court, alleging violations of the district's consumer protection act. Meta started producing documents to the district last year as part of the discovery process.

Attorneys for the plaintiffs in the multidistrict litigation submitted Williams' ruling to the California court.

Williams' ruling said the documents contain communication between Meta researchers relaying and discussing company counsel's advice to removing or redesigning research.

"The communications in the Documents speak for themselves," Williams said. "Following the initiation of the related multidistrict litigation, Meta's counsel informed Meta's researchers to amend their research to limit Meta's potential liability."

The case is District of Columbia v. Meta Platforms Inc. , D.C. Super. Ct., No. 2023 CAB 006550, 10/23/25 .

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California Brief

BioLife Plasma Defeats Proposed Online Tracker Class Action

Oct. 23, 2025, 9:53 AM PDT

BioLife Plasma Services LP shook off a class action after a federal court said the plaintiffs who brought the suit lacked standing to bring their California wiretapping claims.

The plaintiffs said that their IP and email addresses were collected by third party trackers installed on BioLife's website could be used to complete consumer profiles and target advertising. But by itself the allegation failed to describe how the plaintiffs were actually injured, Judge Kirk E. Sherriff, of the US District Court for the Eastern District of California, said.

BioLife collects the email addresses of potential blood plasma donors during an online account creation process, according to the complaint. Third party trackers from Salesforce and Snap Inc. also collected users' IP addresses and the fact that the user visited the website, it said. That data could be bridged across multiple websites and apps, it said.

"Courts have held that there is no legally protected privacy interest in an IP address or, in many contexts, in such relatively quotidian private information as an email address," Sherriff said.

And the disclosure of those addresses isn't sufficiently offensive to support a claim for intrusion upon seclusion under common law, the court said.

Because the plaintiffs lacked standing, the court didn't have jurisdiction and dismissed the case without prejudice.

Bursor & Fisher PA represented the plaintiffs. Covington & Burling LLP represented BioLife.

The case is Wooten v. BioLife Plasma Servs. LP , E.D. Cal., No. 1:25-cv-00099, 10/22/25 .

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Novelist sues Apple over AI use of copyrighted works

DJ dailyjournal.com/articles/388241

Technology,

Intellectual Property,

Civil Litigation

Oct. 24, 2025

Author Tasha Alexander alleges Apple trained its 'Apple Intelligence' model using her books without permission.

In the latest class action against a company for allegedly infringing authors' copyrights to develop generative AI models, novelist Tasha Alexander has sued Apple Inc. in San Jose federal court, claiming it used her works to train the "Apple Intelligence" large language model without a license.

The complaint -- filed by Cotchett, Pitre & McCarthy LLP and Bleichmar Fonti & Auld LLP -- said Apple was perceived to be falling behind in the AI race among technology companies and was desperate to catch up.

A spokesperson for Apple could not be reached for comment on Thursday.

"Apple trained its Apple Intelligence models on 'curated publicly available or open-sourced datasets,' which contained copyright materials -- including works owned by Plaintiff," Cotchett founding partner Joseph W. Cotchett and Bleichmar Fonti attorney Lesley E. Weaver wrote in Wednesday's complaint.

"In short, Apple copied Plaintiff's and the Class's copyrighted works to create a massive commercially valuable dataset and to train AI models that compete with and displace those works -- without which Apple Intelligence would be far less valuable," they wrote.

"This has stripped Plaintiff of her rights and harmed the economic value of their labor, enabling Apple's unlawful commercial gain." Cotchett and Weaver added. *Alexander v. Apple Inc. et al.*, 25-cv-09090 (N.D. Cal., filed Oct. 22, 2025).

The class action is one of many cases that have been filed, accusing companies of using pirated works to train their large language models, or LLMs, without permission, consent or license. The Joseph Saveri Law Firm LLP, for instance, has filed 11 class actions against AI companies, including Meta Platforms Inc. and Salesforce Inc.

Alexander is best known for writing a string of historical mystery novels, including the "Lady Emily" series.

Anthropic PBC, which has created the Claude chatbot, settled a copyright infringement lawsuit filed by authors and publishers this summer for $1.5 billion. U.S. District Judge William H. Alsup of San Francisco approved the tentative agreement during a Sept. 25 hearing. *Bartz et al. v. Anthropic PBC*, 24-cv-05417 (N.D. Cal., filed Aug. 19, 2024).

The settlement, if it gets final approval next year, could serve as a model for other plaintiffs who have filed lawsuits and class actions against AI companies, claiming they used their works to train large language models.

Before the case was resolved, Alsup ruled that Anthropic's AI training process was "spectacularly transformative," backing one of the company's key defenses. But the judge also held that the company could not claim fair use for downloading and storing books from pirate sites, leaving Anthropic vulnerable to damages at trial.

Karin B. Swope, managing counsel of Cotchett's Seattle office, said in a phone interview Thursday that Apple used "shadow libraries" to use Alexander's books and those of other members of the putative class to train Apple Intelligence.

"Apple took these works off of a website of a collection of books that was not authorized by the authors," she said. "They did not agree for the books to be part of the database that Apple used."

#388241

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French court convicts TotalEnergies over misleading climate claims

courthousenews.com/french-court-convicts-totalenergies-over-misleading-climate-claims

Agence France-Presse October 23, 2025

A banner for TotalEnergies during the Lone Star Le Mans 2025, sixth round of the 2025 FIA World Endurance Championship, from Sept. 5-7, 2025 on the Circuit of The Americas in Austin, Texas. (Grégory Lenormand / DPPI via AFP)

PARIS (AFP) — A French court Thursday ruled oil and gas giant TotalEnergies had engaged in "misleading commercial practices" by overstating its climate pledges and ordered it to remove some claims, in what activists said was the first such ruling worldwide against a major oil company for climate misinformation.

The case could help set a legal precedent for the kind of environmental claims corporations, which are starting to face tighter regulations in the European Union, can make.

In Europe, courts ruled against Dutch airline KLM in 2024 and Germany's Lufthansa in March for misleading consumers about their efforts to reduce the environmental impact of flying.

ClientEarth, an organization that closely monitors case law against the oil and gas industry, welcomed the ruling as a "historic win against greenwashing."

Greenwashing is the act of claiming to be more environmentally responsible than in reality.

"It is the first judgment in the world ruling that an oil and gas major has misled the public by greening its image," said ClientEarth.

The Paris court found that TotalEnergies had made environmental claims on its French consumer-facing website that “misled” consumers into believing that it could achieve carbon neutrality by 2050 while increasing oil and gas production.

TotalEnergies noted in a statement following the ruling that the court dismissed claims against its corporate communications as well as those related to fossil gas and biofuels, which activists argued had been deceptively promoted as clean energy.

Greenpeace and two other environmental NGOs told AFP the ruling was still “a major legal precedent against climate misinformation.”

“This is the first time anywhere in the world that a major oil and gas company has been convicted by the courts for misleading the public by greenwashing its image regarding its contribution to the fight against climate change,” said the organization, one of the plaintiffs in the case.

ClientEarth lawyer Jonathan White said the “landmark judgment” sent “a clear warning shot to other oil and gas majors in Europe and beyond: claiming to be part of the transition while backing new fossil fuel projects comes at a tried-and-tested legal price.”

Some claims ordered removed

The civil case stems from a March 2022 lawsuit by three environmental groups, which accused TotalEnergies of “misleading commercial practices” over claims it could reach carbon neutrality while continuing oil and gas production.

The plaintiffs took that legal route because “greenwashing” is not specifically covered under French law.

Starting in May 2021, TotalEnergies indicated to the public its goal of “net zero by 2050, together with society” and touted gas as “the fossil fuel with the lowest greenhouse gas emissions.”

At the time, the company had changed its name from Total to TotalEnergies to emphasize its investments in wind turbines and solar panels for electricity production.

But there was a “big gap” between their claims, which focused on carbon neutrality and clean energy, and “their activities which are still mostly based on fossil fuels,” said Juliette Renaud from the French chapter of Friends of the Earth activist group, one of the plaintiffs.

The lawsuit targeted around 40 claims and requested that TotalEnergies be required to stop using them.

The court agreed partially, giving the firm one month from officially receiving the ruling to remove claims concerning carbon neutrality and the energy transition, such as: “Our ambition is to be a major player in the energy transition while continuing to meet the public’s energy needs.”

Another example of claims it must remove is “Our ambition is to contribute to reaching net zero by 2050, together with society.”

TotalEnergies’s main French consumer website, totalenergies.fr, as well as those of its consumer electricity and gas companies in France must also publish the ruling on their sites.

TotalEnergies said it “will draw the consequences of this judgment regarding the content of the website totalenergies.fr, particularly concerning the three paragraphs mentioned by the court.”

The company declined to say if it plans to appeal the ruling.

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Categories / Energy, Environment, International, Trials

Filipino typhoon victims sue Shell in landmark climate case

courthousenews.com/filipino-typhoon-victims-sue-shell-in-landmark-climate-case

Cain Burdeau October 23, 2025

An undated photo shows Filippino plaintiffs involved in a lawsuit against Shell. (Photo by Ivan Joeseff Guiwanon via Greenpeace)

(CN) — Dozens of victims of a devastating super typhoon that tore through the Philippines in December 2021 are suing Shell in Britain, accusing the oil giant of fueling the climate crisis that made the disaster deadlier.

The 67 plaintiffs — mostly from island and coastal communities battered by Super Typhoon Rai — are seeking damages from Shell in what their lawyers say is the first-ever civil claim to directly link an oil and natural gas company's greenhouse gas emissions to deaths and injuries from a past disaster in the Global South, a term used for developing nations.

The claimants, supported by the Philippine chapters of Greenpeace and Friends of the Earth, delivered a legal notice to Shell's London headquarters on Wednesday. If no settlement is reached, the plaintiffs will seek damages before Britain's High Court in December, plaintiffs lawyers said Thursday in announcing their case.

The lawsuit relies on the growing field of climate attribution science, which quantifies how much human-caused global warming has intensified specific weather events.

A study by scientists from Imperial College London and Sheffield University concluded climate change more than doubled the likelihood of an extreme event like Rai, which is known in the Philippines as Typhoon Odette.

The case also draws strength from a 2022 report by the Philippines Commission on Human Rights, which found that 47 major fossil fuel companies, including Shell, could be held morally and legally responsible for human rights violations linked to climate damage.

The lawsuit argues that Shell's fossil fuel operations significantly contributed to human-caused climate change, which intensified Rai. The plaintiffs will invoke Philippine constitutional law, which enshrines the right to a healthy environment, applying it through proceedings in a British court.

The claimants accuse Shell of negligence, unjust enrichment and deception, saying the company knew decades ago that burning fossil fuels would cause catastrophic climate disruption but continued to expand production and fund misinformation campaigns.

For Trixy Elle, the case is deeply personal.

Days before Christmas in 2021, Rai slammed into her home on Batasan Island, Bohol province, swallowing entire villages with torrential rain and storm surges. Batasan Island is now described as a "sinking island"— flooded even during sunny days at high tide.

She said fighting a company as big as Shell was worth it for "the future of my future children."

"It's so unfair that we are the ones suffering the effects of climate change even though the pollution we contribute is small on a global scale," she said in a statement. "So, why are we the ones suffering?"

According to the Carbon Majors database, Shell is responsible for about 2.5% of all industrial-era global emissions — making it one of the largest corporate contributors to global warming. By comparison, the Philippines has produced a tiny fraction of global emissions.

The storm killed more than 400 people, injured more than 1,400 and destroyed about 425,000 homes, making it one of the most powerful cyclones ever recorded in the Philippines. Damages totaled about $915 million.

"By proving in court that Shell was at fault for this climate change-driven extreme weather event and the suffering it caused, the case highlights the far-reaching and direct impacts on vulnerable communities worldwide of oil and gas company activities," said Greg Lascelles, a plaintiffs lawyer.

In a statement, Shell dismissed claims it withheld information about the dangers of burning fossil fuels and said it has adopted measures to tackle climate change.

"The suggestion that Shell had unique knowledge about climate change is simply not true," the company said. "The issue of climate change and how to tackle it has been part of public discussion and scientific research for decades."

The company said it had long raised concerns about the link between fossil fuels and climate change, citing a documentary it made in 1991 called "Climate of Concern," which it said was made available to the public.

Lawsuits accusing Shell and other energy giants of misleading the public about the threat from burning fossil fuels have been dismissed in U.S. courts in recent years.

Still, there has been a surge in "polluter pays" cases around the world. According to the London School of Economics, at least 11 such lawsuits were filed in 2024.

Earlier this year, a German court ruled that companies like RWE, a German power supplier, could be held liable for their carbon emissions, though no case has yet forced a company to pay for specific climate damages.

If successful, the Philippine case could open the door to a wave of similar claims — particularly from developing countries that have borne the brunt of worsening storms, floods and droughts.

The case also may test the reach of a recent International Court of Justice advisory opinion, which affirmed that nations have a legal duty to act on climate change.

Estela Vasquez with the Philippine Movement for Climate Justice, a group backing the suit, said "rich, polluting nations and corporations like Shell" must pay reparations for their damage.

"Their greed has intensified the climate crisis and destroyed lives, livelihoods and futures," she said in a statement. "We are holding them accountable and making them pay for their sins against the people and planet."

For the victims, the lawsuit is about more than money. It’s about recognition.

“When the typhoon came, a building wall collapsed and buried my sister alive,” one claimant, identified only as Betty, said in a statement. “They said no one was responsible because it was just a typhoon. But who made the storms this strong? We received no help, no justice. We deserve accountability for what was taken from us.”

Another victim, identified as Mon, put it more bluntly: “If Shell asks us why we blame them, I will tell them they are the culprits behind the tragedy that struck the Philippines.”

Greenpeace campaigner Jefferson Chua called the case part of a “rising tide of climate litigation from the Global South” that is “putting oil and gas giants like Shell on notice for their continued profiteering.”

Courthouse News reporter Cain Burdeau is based in the European Union.

Categories / Courts, Energy, Environment, International, Law

Live Nation fights class status in ticket monopoly case

DJ **dailyjournal.com**/articles/388223-live-nation-fights-class-status-in-ticket-monopoly-case

Class Action

Share

Oct. 23, 2025

Live Nation and Ticketmaster urged a Los Angeles federal judge to deny class certification, arguing millions of concertgoers' antitrust claims involve individualized ticketing contracts and diverse overcharge allegations across venues.

Shutterstock

Defense attorneys for Live Nation and Ticketmaster urged a federal judge in Los Angeles to reject class certification for millions of concert ticket buyers who claim the companies use coercive venue practices to unlawfully monopolize the market and inflate fees.

In an opposition brief filed Tuesday by Latham & Watkins LLP partner Timothy L. O'Mara, the companies argued the consumers' alleged harm is too diverse to meet the predominance requirement under Federal Rules of Civil Procedure Rule 23(b)(3). The federal class action rule requires that "common questions" prevail over those "affecting only individual members."

In the filing, the companies said differences in the alleged overcharges and disputed ticketing contracts are too individualized to be resolved in a single class action.

"Plaintiffs assume the very thing they are required to prove to certify a class: that the Court can adjudicate their antitrust claims without individualized inquiries into the ticketing dynamics for tens of thousands of live concerts held at 1,300+ diverse venues across the country, each of which negotiated a unique ticketing contract. Plaintiffs are wrong," the opposition stated.

"The ticketing agreements Plaintiffs challenge are not uniform - they are bespoke contracts resulting from individualized negotiations and they vary considerably, both between venues and across the putative class period."

In the consumers' motion, filed in August by Quinn Emanuel Urquhart & Sullivan LLP partner Kevin Y. Teruya, the proposed class argued their case presents common, class-wide issues typical of an antitrust lawsuit, and that Live Nation and Ticketmaster's alleged misconduct caused the same type of economic harm to millions of concertgoers nationwide.

Neither Teruya nor Quinn Emanuel partner Adam B. Wolfson, the lead plaintiffs' attorney, were available for comment by press deadline Wednesday. O'Mara, for the defendant companies, also could not be reached.

The pending class certification motion is scheduled to be heard before U.S. District Judge George H. Wu in Los Angeles on Dec. 4. The proposed class period would cover those who bought tickets "for an event at a major concert venue in the United States" through Ticketmaster since 2010, when it merged with Live Nation. *Heckman et al. v. Live Nation Entertainment Inc. et al.*, 2:22-cv-00047 (C.D. Cal., filed Jan. 4, 2022).

The case was initiated in 2022 when individual consumer plaintiffs claimed Live Nation and Ticketmaster abused their power after the merger by limiting competitors and "threatening" venues if they did not use Ticketmaster as their primary service provider for large events and major concerts.

This alleged abuse, according to the complaint, caused supracompetitive practices and an unfair dominance of the secondary ticketing market. For example, the plaintiffs argue Ticketmaster seeks conditional licenses that limit the number of primary tickets a consumer can purchase and forces the purchasers who want to resell those tickets to do so exclusively on Ticketmaster's platform.

In response to the complaint, the companies denied the allegations and said the lawsuit rests on a distorted view of the live entertainment industry. Live Nation argued that most ticket and promotion revenue flows to artists and venues, "something no firm with monopoly power would allow," and that consumers overlook Ticketmaster's "relatively new" entry into a secondary market that was "dominated for years" by SeatGeek and StubHub.

In the class certification motion, the plaintiffs argued their claims reflected a "quintessential common impact based on common evidence, with common questions predominating the proof for every affected consumer."

In their opposition brief, the companies criticized the plaintiffs' economic expert, MIT professor Parag Pathak, arguing his analysis overlooks how pricing decisions are made in real-world ticketing negotiations.

"Instead, he relies on aggregate 'proof' that says nothing about any particular venue's pricing decisions - either generally or for the individual events class members attend," the companies wrote in the brief.

"By simply plotting the same assumed, artificially low but-for per-ticket cost against a multitude of distinct venue negotiations and decisions, his model does not explain any of the relevant variables that lawfully impact real world prices. This violates the fundamental principle that plaintiffs cannot use Rule 23 to 'conform the law to the proof.'"

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[Litigation]

[Manage Newsletters]

Rhodium Encore Creditors Take Swipe at Quinn Emmanuel Fees

Oct. 24, 2025, 10:33 AM PDT

Summary by Bloomberg AI

AI Generated

- A group of loan creditors to Rhodium Encore LLC objected to Quinn Emanuel Urquhart & Sullivan LLP's request for $4 million in fees, arguing the charges are excessive and duplicative of other firms' legal work.

- The creditors led by Transcend Partners Legend Fund LLC attacked Quinn Emanuel's overarching $12 million Chapter 11 legal bill and Rhodium's proposal to cover the fees and expenses incurred by another creditor group.

- The dispute over Quinn Emanuel's fees will soon include efforts to disgorge those that have already been paid, according to the group, which is seeking $17.5 million in secured debt repayment.

A group of loan creditors to Rhodium Encore LLC objected to Quinn Emanuel Urquhart & Sullivan LLP's request for $4 million in fees for representing the bankrupt Bitcoin miner, arguing the charges are excessive and duplicative of other firms' legal work.

Creditors led by Transcend Partners Legend Fund LLC raised the issue over Quinn Emanuel's interim fee request while attacking the law firm's overarching $12 million Chapter 11 legal bill and Rhodium's proposal to cover the fees and expenses incurred by another creditor group as part of a recently unveiled liquidation plan.

Notwithstanding the the "substantial amount of fees" charged by Quinn Emmanuel over a 14-month-long bankruptcy, the company now supports a plan that would pay Akin Gump Strauss Hauer & Feld LLP $8.5 million "for alleged work that overlaps directly with the work Quinn Emanuel was retained to perform," Transcend Group said Thursday in the US Bankruptcy Court for the Southern District of Texas.

Quinn Emanuel has also "unnecessarily overstaffed its own work" and billed excessively for daily status calls and work on its fee statements, said the group, which is seeking $17.5 million in secured debt repayment.

The dispute over Quinn Emanuel's fees will soon include efforts to disgorge those that have already been paid, the group added.

Quinn Emanuel's lead attorney for Rhodium didn't immediately respond to a request for comment.

Rhodium filed for bankruptcy in August 2024 following disputes with its landlord and power supplier Whinstone US Inc.

The company, which received more than $185 million after mutual claims releases with Whinstone, has sold nearly all of its assets and ceased operations.

The Transcend Group is represented by Iacuone McAllister Potter PLLC.

The case is In re Rhodium Encore LLC , Bankr. S.D. Tex., No. 24-90448, objection filed 10/23/25 .

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Judges Admit The Obvious, Concede AI Used For Hallucinated Opinions

abovethelaw.com/2025/10/judges-admit-the-obvious-concede-ai-used-for-hallucinated-opinions

Joe Patrice October 23, 2025

Thanks to the investigative zeal of Senator Chuck Grassley, we now know… exactly what we knew all along: Judge Julien Neals of New Jersey and Judge Henry Wingate of Mississippi put out opinions with fake cites because of artificial intelligence hallucinations.

It's not fair to write off the whole project as a grandstanding waste of time. The judges had previously branded their wrong and subsequently withdrawn opinions as clerical errors. That lack of transparency undermined the judges' credibility, but both seem to have used the "clerical" excuse in a good faith effort to avoid throwing interns under the bus. According to Judge Neals, a law school intern performed legal research with ChatGPT, while Judge Wingate writes that a law clerk used Perplexity. In both cases, the judges say the opinion was still in draft form pending further review when it ended up going out the proverbial door.

The judges explain that they have procedures to avoid this in the future, including Judge Wingate unnecessarily wastefully having cases physically printed out to rule out error. This feels a lot like promising to still use the Shepardizing books after the advent of online research, but Grassley was alive when Bonnie and Clyde were still around so overkill is probably a prudent way of keeping him satisfied.

As for the Senator's remaining questions, the answers were exactly what we expected. Did this involve confidential information going into the AI? No, there weren't any confidential issues involved in either of these situations! Describe how the cite-checking process missed this? Because it wasn't followed! Why did the judges pull the opinions? Because it's stupid to leave fake cites on the docket!

"I did not want parties, including pro se litigants, to believe this draft order should be cited in future cases," Judge Wingate writes, underselling the problem. If we're having a serious discussion about the risks of AI, it supercharges the need for data hygiene. That docket needs to be purged of anything a future AI could scrape and turn into another mistake — one that could defeat newer guardrails by virtue of actually appearing in print in an opinion.

Unfortunately, the judges' responses didn't give us the one thing we might have actually found useful: an explanation of what AI products judges might be using intentionally. These errors came from staff going rogue and using consumer products, but are there products the judges are using by design and can we all learn from that experience? Both admitted that the cite-checking program involves AI technology, but that's all we got. Maybe that's all they're using, but if not, it would be interesting to have learned if they're using CoCounsel to find those cases they're printing out or BriefCatch to aid with drafting.

I guess we'll have to wait for the next judge AI fiasco to find out.

Judges Admit to Using AI After Made-Up Rulings Called Out [Bloomberg Law News]

Earlier: Senator Wants To Know How All These Fake Cites Ended Up In These Judicial Opinions

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

Securities

Judges Admit to Using AI After Made-Up Rulings Called Out (1)

Oct. 23, 2025, 8:45 AM PDT; Updated: Oct. 23, 2025, 2:33 PM PDT

Two federal judges blamed faulty rulings on the use of artificial intelligence tools by staff members, raising questions about how much they scrutinize documents issued under their names.

US district judges Julien Neals in New Jersey and Henry Wingate in Mississippi admitted to the AI foibles in letters to the Administrative Office of the US Courts. The two missives, sent Oct. 20 and 21 in response to questions by Senate Judiciary Committee Chairman Chuck Grassley (R-Iowa), were reviewed by Bloomberg Law.

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LISTEN: From Errors to Efficiency: Can AI Transform the Practice of Law? Reflections on AI's current capabilities and its implications for the future of law, highlighting both its potential and the challenges it presents.

The mistakes raise concerns about the judiciary that can't be excused by the advent of generative AI, said Bruce Green, a professor at Fordham University School of Law. "The judges' excuses raise the question of whether judges are regularly publishing draft opinions," he said.

The mistaken rulings and the judges' responses to them show that courts can expect the same kind of scrutiny for oversight of AI use that judges themselves have brought on lawyers practicing before them. Several lawyers have been sanctioned for their faulty use of AI in crafting filings.

Judge Neals said in his letter that a law school intern in his office used Chat GPT to perform legal research, resulting in a June 30 order that contained case quotations that didn't exist. The intern didn't have access to confidential or non-public information when using the AI tool, he said.

Judge Wingate said his law clerk used the AI tool Perplexity as a drafting assistant, resulting in a July 20 temporary restraining order that referred to parties, allegations, and quotes unconnected to the case. Wingate said the clerk didn't input any confidential or non-public information about the case into Perplexity.

"It was a draft that should have never been docketed," Wingate wrote. "This was a mistake." He added that there was a "failure to put the draft opinion through the final review process."

Neither judge responded to requests for comment Thursday.

Judicial Accountability

Whether drafted with AI or traditional research, judges are accountable for making sure the citations in their decisions are real, said Stephen Gillers, a professor at New York University School of Law.

"The judge has to read the case which they cite," Gillers said. "If the judge is citing a case, whether the case comes from AI or a clerk doing traditional research, the judge should read that case."

Green, the director of Fordham's law and ethics center, said the judges' mistakes raise questions as to how often they are docketing unverified drafts. Was it "just an incredible coincidence that on the rare occasion that two judges inadvertently released draft opinions, the drafts misused generative AI?"

Judge Wingate said in his letter that moving forward, all drafts of decisions in his chambers must undergo an independent review by a second law clerk before they are submitted to him. He also said that all cases cited in an order must be accompanied by print-outs of those cases.

Judge Neals said his intern's use of ChatGPT defied his chamber's policy against the use of generative AI in legal research and for drafting of orders. He said he now has committed this policy to writing, whereas before it had been a verbal understanding.

"I have taken preventative steps in my chambers," he said.

But banning AI—a "useful research tool" —is an overreaction, Gillers said, especially considering how common its use has become in the practice of law.

"What the judge should say is learn how to use AI, use it carefully," he said. "The judge who bars use of AI under any circumstance is misguided."

Senate Investigation

Sen. Grassley began an investigation after both judges rescinded and replaced the rulings that lawyers in the cases had flagged as problematic. He doesn't have a specific recommendation beyond asking courts to ensure the rights of litigating parties aren't being trampled by new technology.

"The judicial branch needs to develop more decisive, meaningful and permanent AI policies and guidelines," Grassley said in a statement. "We can't allow laziness, apathy or overreliance on artificial assistance to upend the Judiciary's commitment to integrity and factual accuracy."

The judges sent their letters responding to Grassley's questions to Robert Conrad, director of the Administrative Office of the US Courts and a former Judge of the US District Court for the Western District of North Carolina. His office serves as liaison between the judiciary and members of Congress.

Judge Conrad in his letter included recommendations on AI use by a task force he convened earlier this year. The interim guidance "cautions against delegating core judicial functions to AI," such as case adjudication, especially when it comes to novel legal questions.

The guidance also says that users should independently verify all AI-generated output, "and it reminds judges and Judiciary users and those who approve the use of AI that they are accountable for all work performed with the assistance of AI."

The administrative office of US courts did not immediately respond to a request for comment.

(Adds analyst comments, detail, starting in third paragraph.)

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Two federal judges say use of AI led to errors in US court rulings

reuters.com/sustainability/society-equity/two-federal-judges-say-use-ai-led-errors-us-court-rulings-2025-10-23

Sara Merken October 23, 2025

Chairman of the Senate Judiciary Committee Senator Chuck Grassley (R-IA) attends an oversight hearing of U.S. Attorney General Pam Bondi, on Capitol Hill in Washington, D.C., U.S., October 7, 2025. REUTERS/Jonathan Ernst/File Photo
Purchase Licensing Rights, opens new tab

Oct 23 (Reuters) - Two federal judges admitted in response to an inquiry by U.S. Senate Judiciary Committee Chairman Chuck Grassley that members of their staff used artificial intelligence to help prepare recent court orders that Grassley called "error-ridden."
In letters released by Grassley's office on Thursday, U.S. District Judge Henry Wingate in Mississippi and U.S. District Judge Julien Xavier Neals in New Jersey said the decisions in the unrelated cases did not go through their chambers' typical review processes before they were issued.

Both judges said they have since adopted measures to improve how rulings are reviewed.

Neals, based in Newark, in his letter, opens new tab said a draft decision in a securities lawsuit "was released in error – human error – and withdrawn as soon as it was brought to the attention of my chambers." He said a law school intern used OpenAI's ChatGPT for research without authorization or disclosure.
Neals said his chambers has since created a written AI policy and enhanced its review process. Reuters previously reported that research produced using AI was included in the decision, citing a person familiar with the circumstances.
Wingate said in his letter, opens new tab that a law clerk in his court in Jackson used Perplexity "as a foundational drafting assistant to synthesize publicly available information on the docket." He said posting the draft decision "was a lapse in human oversight."
Wingate had removed and replaced the original order in the civil rights lawsuit and previously declined to give an explanation, saying it contained "clerical errors."
The judges did not immediately respond to requests for comment sent to their court staff.

Grassley had asked the judges to explain whether AI was used in the decisions after lawyers in the cases said they contained factual inaccuracies and other serious errors.
Grassley in a statement on Thursday said he commended the judges for acknowledging the mistakes and urged the judiciary to adopt stronger AI guidelines.

"Each federal judge, and the judiciary as an institution, has an obligation to ensure the use of generative AI does not violate litigants' rights or prevent fair treatment under the law," Grassley said.

Lawyers have also increasingly faced scrutiny from judges across the country for apparent misuse of AI. Judges have levied fines or other sanctions in dozens of cases over the past few years after lawyers failed to vet the output the technology generated.
Reporting by Sara Merken; Editing by David Bario and Marguerita Choy

Sara Merken reports on the business of law, including legal innovation and law firms in New York and nationally.

Some US courts to limit operations on Fridays due to government shutdown

reuters.com/legal/government/some-us-courts-limit-operations-fridays-due-government-shutdown-2025-10-23

Nate Raymond October 23, 2025

A Lady Justice statue is seen at the Delaware Supreme Court in Dover, Delaware, U.S., June 10, 2021. REUTERS/Andrew Kelly Purchase Licensing Rights, opens new tab

Oct 23 (Reuters) - Several federal district courts plan to tell some employees not to come to work on Friday and one plans to close entirely for the day, as the judiciary continues reducing operations after running out of funds it had used to sustain paid operations during the U.S. government shutdown.

At least three of the country's 94 federal trial-level courts — in Alabama, Alaska and Connecticut — are limiting operations on Fridays to meet legal obligations during the shutdown of keeping core judicial functions in place while furloughing workers who are not deemed essential, according to a Reuters review of court websites.

Judges in a fourth court, Rhode Island, decided on Thursday that all of its employees would only work four days a week in the future and that, for logistical reasons, they would for next week only all have the day off on Friday, Chief U.S. District Judge John McConnell said in an interview.

The judiciary began curtailing operations on Monday after depleting court fees and other funding sources that are not dependent on Congress passing new spending legislation. The funds had kept paid operations running since the shutdown began on October 1.
The judiciary has furloughed some of its more than 30,000 employees while requiring numerous others ranging from parole officers to law clerks to continue to work without pay.

How to determine which employees are essential and must remain on the job has been left to individual courts to assess, as the courts cease some functions unrelated to hearing cases, such as hosting naturalization and attorney admissions ceremonies.

Several courts, such as those in California's Eastern and Southern Districts — which cover Sacramento and San Diego — and Arizona, have designated all staff as essential, citing heavy caseloads and obligations under the U.S. Constitution to hear cases and ensure that criminal defendants can have speedy trials.

The Administrative Office of the U.S. Courts, the judiciary's administrative arm, has advised courts that under the Antideficiency Act, they must "furlough employees when they are not performing excepted activities," according to a memo.

The Administrative Office has also advised that under the Government Employee Fair Treatment Act of 2019, judicial employees will get paid retroactively either way, furlough or not.

McConnell, whose Rhode Island court has become a hub for numerous lawsuits challenging President Donald Trump's agenda, said the difficulty is determining how to treat employees fairly in a system where many could be required to work without pay while the shutdown continues.

"The most effective way to balance all of these is to furlough everyone on one day," he said.

The U.S. District Court for the Middle District of Alabama this week announced that as a result of the shutdown, its courthouses in Montgomery, Dothan and Opelika will close on Fridays and that its employees will be furloughed on those days.

Any deadlines in criminal and civil cases that had been previously set to fall on a Friday on the days its courts are closed will be automatically extended. "We regret any inconvenience these changes may cause," the court said in a public notice, opens new tab.
In Connecticut, the state's federal district court announced, opens new tab that it would on Fridays close its clerk's office, which like in other courts handles administrative functions and manages court records and filings.
Chief U.S. District Judge Michael Shea in an email said the decision in Connecticut was made "because that was the only way we could be sure that all of our employees, including those in the Clerk's Office, would be fully occupied with 'excepted activities,' as required by the Antideficiency Act."

In Alaska, the federal courts in Anchorage and Fairbanks will operate at "reduced staffing levels" this Friday as well as on Friday, October 31, and the Juneau courthouse will close entirely on those days due to the shutdown, according to the court's website, opens new tab.

Read more:

US judiciary begins furloughing employees during government shutdown
US courts set to run out of money, begin furloughs as shutdown lingers

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

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Litigation

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Insight

State AGs Attacking ESG Are Flirting With Ethics Violations

Oct. 24, 2025, 1:30 AM PDT

Summary by Bloomberg AI

AI Generated

- The rise of environmental, social, and governance factors in private sector decisions has spurred a conservative backlash that's accelerating in the second Trump administration.
- State attorneys general have gone on offense against several companies, suggesting that certain practices involving diversity, equity, and inclusion and ESG may violate state or federal laws.
- Potential ethical problems have arisen, with concerns that characterizations of ESG by its critics may not be factually accurate, and that preventing investors from making the best investment decision acts against the public interest.

The rise of environmental, social, and governance factors in private sector shareholder, financing, and consumer decisions has spurred a conservative backlash that's accelerating in the second Trump administration.

This response has mutated from being bad policy of questionable legality to possibly violating legal ethics, including by some state attorneys general. Such ethical concerns simply can't be ignored or glossed over and ultimately may provide a check on government efforts to stamp out ESG completely.

The first wave of anti-ESG action, took the form of state legislation seeking to prohibit consideration of "social" factors by certain investors or prohibiting state entities from using businesses that "boycotted" favorite state industries such as fossil fuels. By August 2022, Morgan Lewis counted 21 state anti-ESG bills of some type in 16 states.

These pieces of legislation have been criticized as bad policy that violates a host of specific legal requirements. A Texas law blocking business with firms that "boycott" fossil fuel interests caused municipalities in the state to incur an estimated $500 million in extra interest in the first eight months it was in effect. In another example, a federal court ruled that Missouri's anti-ESG law violated the First Amendment (among other legal problems).

House Judiciary Committee ranking member Jim Jordan (R-Ohio) jumped on the backlash bandwagon in late 2022, sending information request letters to CA100+ and Ceres, two organizations that support investment in clean energy. The letters alleged that "ESG is merely partisan politics masquerading as responsible corporate governance" and that "[c]orporate America's collusion in pursuit of ESG goals may violate federal or state antitrust laws."

State attorneys general went on offense against several companies starting in 2023, suggesting that heretofore acceptable behavior might be problematic and illegal.

Led by Texas' Ken Paxton, 10 state AGs sent a letter to JPMorgan Chase, Bank of America, Morgan Stanley, Goldman Sachs, Citigroup, and Blackrock, warning that some of the businesses' practices involving diversity, equity, and inclusion and ESG may violate some state or federal laws.

Eleven state attorney generals (again led by Paxton) later filed lawsuits against these companies alleging that three of the world's largest asset managers (Blackrock, State Street, and Vanguard), used their power to influence the policies of top US coal producers and, in turn, to "affect a substantial reduction in competition in coal markets," violating antitrust and consumer protection laws.

As recently as last month, Paxton indicated he will begin investigating US proxy firms for failing to follow a new Texas anti-ESG law that already has been enjoined by a federal court as unconstitutional.

Here's where potential ethical problems come in. To practice law, all attorneys (including state attorneys general and any other government attorney) are subject to state legal ethics rules that, among other things, require honesty, competence, and acting in a client's best interests. Though ethics law is murky on the nature of the client for government attorneys, it's clear that it includes the public interest.

It isn't clear that characterizations of ESG by many of its political opponents are factually accurate. It's fair to question the competence of ESG's critics who can't point to hard evidence to support their position. And preventing an investor in the public sector from making the best investment decision acts against the interests of the citizens of the state.

Just as political polarization has led to disputes about truth, so too perhaps is the polarization over ESG investing. US investors continue to scrupulously insist that their use of ESG investing is for the material benefits of their clients, and the positive rate of return on ESG investing doesn't suggest otherwise.

In just the last few months, the nation's largest shareholder advisory firms sued to prevent enforcement of a Texas law that would require them to possibly misstate the nature of their ESG advice. Such a requirement would impede these firms' ability to share accurate information about climate risks, which would in turn violate their fiduciary duties and hurt corporate shareholder interests.

Attorneys who claim that ESG investing is a radical left-wing undertaking, and act to shut down advice on climate risks, seem perilously close to violating the rules prohibiting dishonesty, requiring competence, and acting in the public's best interest.

Ethics complaints are easy to file, and attorney ethics complaints against attorneys working for President Trump are now numerous, primarily due to dishonesty and mischaracterization of evidence. It's possible that ethics complaints for ESG political warfare could explode as well, and for many of the same reasons.

Everyone can have an opinion, and everyone can participate in policy debates. And though politicians can lie, attorneys shouldn't.

This article does not necessarily reflect the opinion of Bloomberg Industry Group, Inc., the publisher of Bloomberg Law, Bloomberg Tax, and Bloomberg Government, or its owners.

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Securities

Opinion

Matt Levine's Money Stuff: The FBI Found Some Insider Betting

Oct. 23, 2025, 11:28 AM PDT

Insider betting

Here's how insider trading works. Insider trading is a variety of *securities fraud*. In the US, there is no specific statute prohibiting insider trading. Instead, there is a law that makes it illegal "to employ any device, scheme, or artifice to defraud" someone in connection with a securities trade, and courts have for decades agreed that insider trading is a kind of "scheme to defraud" people.

That sounds intuitive enough. If I have inside information about a merger, and you don't, and I buy the target's stock from you, then it does feel like I have ripped you off. But that cannot be *quite* right. Fraud can't mean merely that I trade with you knowing something that you don't: Everybody knows something that somebody else doesn't, and an important purpose of securities markets is to create incentives for people to find out information (and make money trading on it). If I *lie* to you about something, sure, that's fraud, but if I just *don't tell you* some juicy information I know, that does not really seem like fraud.

The solution, in US insider trading law, is a bit odd. I like to explain it as "insider trading is not about fairness, it's about theft." The theory is roughly that, if I do insider trading, the fraud is that I am stealing information from its real owner. If I am the chief executive officer of a public company, I have fiduciary duties to my shareholders, and if I insider trade on merger news I am misusing the company's information for my own benefit. If I am a banker or lawyer for a company, or a therapist or golf buddy of the CEO, and I trade on something that the CEO tells me in confidence, I am betraying a duty. There is no insider trading statute, but there is a regulation, and it says that it is illegal to trade "on the basis of material nonpublic information about that security or issuer, in breach of a duty of trust or confidence that is owed directly, indirectly, or derivatively, to the issuer of that security or the shareholders of that issuer, or to any other person who is the source of the material nonpublic information."

This is a bit convoluted but it all kind of works, and there are decades of cases applying it. But insider trading is, again, a variety of *securities fraud*, which means that this law all works in the context of *securities*. If you insider trade stocks or stock options, we know how it works. Elsewhere things are less clear.

I have written, for instance, about *commodities* insider trading. There the rules are less fully developed, but I think it is fair to say that commodities insider trading is *even more* about theft, not fairness. The *point* of commodities markets is to let big producers and users of commodities hedge their exposures, so *of course* they are trading on inside information, on market-moving news that they know and their counterparties don't. They can do that. On the other hand, if you work at a big commodity producer and *you* go trade on its secret information, you are stealing that information from your employer and will get in trouble.

There are specific rules about securities, and there are different specific rules about commodities. What about everything else? What if I insider trade real estate or sneakers or Pokémon cards? Well, there is a US federal law prohibiting "wire fraud," and wire fraud is sort of a generalized form of securities fraud: It means using "any scheme or artifice to defraud" someone into sending you money. By analogy, if insider trading in stocks is a kind of "device, scheme, or artifice to defraud" someone in securities trading, then insider trading in anything else could be a kind of "scheme or artifice to defraud" someone into sending you money.

And so people — including at the US Department of Justice — sometimes think that there is a general form of insider trading, one that works for everything that isn't a security. If you have secret information, and you have some duty to keep it confidential, and you trade some asset using that information, then that is wire fraud and you can go to jail.

In 2022, a guy got in trouble for insider trading non-fungible tokens, which are not securities or probably even commodities. He worked at OpenSea, a big NFT marketplace, and he knew which NFTs would be featured on OpenSea's homepage. Those NFTs' prices would go up. So he'd buy them before they were featured, and flip them for a quick profit. He was not allowed to do this, in the sense that OpenSea had written policies saying he wasn't allowed to do it, and he signed and acknowledged those policies. But he did it anyway and he got arrested and convicted of wire fraud. I summarized the theory:

If insider trading in securities is securities fraud, then insider trading in *anything* is wire fraud. If insider trading — using information from someone else, to whom you have a duty to keep it confidential, to buy for your own account — is a "device, scheme, or artifice to defraud" under securities law, then surely it is also a "scheme or artifice to defraud" under wire-fraud law. If you buy real estate based on insider knowledge of where Amazon.com Inc. is going to put its new headquarters, and you had some duty to Amazon to keep that knowledge private, maybe that is insider trading in real estate. If you make sports bets based on insider knowledge of some star player's injury or trade demands, and you had some duty to that player to keep that knowledge private, maybe that is insider trading in sports bets.

But that was … kind of wrong? This year a US appeals court reversed his conviction, in kind of a weird opinion that we talked about in July. From the opinion:

Because "the wire fraud statute reaches only traditional property interests," we must decide whether confidential business information qualifies as a traditional property interest even if it lacks commercial value to the business. … We conclude that it does not. …

The [trial court’s] jury instructions would allow a conviction under the wire fraud statute even if OpenSea thought it was merely unseemly to reveal the planned featured NFT before it appeared on the website — and even if the evidence showed that treating the featured NFT as confidential had no commercial value. … In other words, the instructions allowed the jury to convict based the government’s “view of[] integrity” in business conduct rather than the misappropriation of “property rights only.”

I don’t know what that means either, but I think it means that courts are skeptical of generalized insider trading. There is a theory of securities insider trading, where if you have a duty to keep information confidential, and you trade on it, you go to jail. It is intuitive to extend that theory to everything insider trading, but it’s not clear that it works.

If you are buddies with a National Basketball Association player, and he texts you to say “hey my foot is a little sore so I might not play tonight,” do you have a duty to him (or to the NBA) to keep that confidential? Can you go to a sportsbook and bet that his team will lose (if he’s good), or at least that he will score fewer than 10 points tonight? Intuitively that feels like insider trading. But does it “qualify as a traditional property interest” because “it has commercial value to the company that holds it”? I have no idea.

On the other hand, if you go to a sportsbook to set up an account to bet on the game, the sportsbook will probably say “click here to acknowledge that you have read and agree to be bound by our terms of service,” and you will click “yes” without reading the terms of service, but if you *did* read the terms of service you would find something like this:

The Agreements prohibit entering a Game or using the Services if the entrant is: ...

Accessing or has had access to any pre-release, confidential information or other information that is not available to all other entrants of a Game and that provides the entrant an advantage in such a Game, including any information from any gaming site or information from a sports governing body (e.g., pre-release injury information) (“Pre-Release Data”); ...

Any entrant who has knowingly received Pre-Release Data or any other non-public information that provides an advantage in a Game from any person who is prohibited from entering a Game as provided in these Terms.

That is excerpted from the DraftKings terms of service. You are not allowed to bet if you have any “information that is not available to all other entrants” and that “provides … an advantage.” That prohibition is *much broader* than in traditional insider trading: It is *not* limited to information that is misappropriated from the NBA; it is not on its face limited to information from the NBA at all. If you have a very good weather satellite and a very good statistical model and you have determined that it will rain during tonight’s baseball game and the star pitcher will probably have a bad outing, that is advantageous information that is not available to everyone. Does that mean you are not allowed to bet using that information?

Well, whatever, it’s just the terms of service; no one reads those. Here’s some news:

Miami Heat guard Terry Rozier and Portland Trail Blazers head coach Chauncey Billups were arrested Thursday morning and charged as part of a sprawling sports gambling probe, federal prosecutors said.

In a press conference Thursday, FBI Director Kash Patel and Brooklyn federal prosecutors said at least 30 people were arrested across 11 states, including current and former National Basketball Association players and coaches, as part of two separate criminal schemes related to illegal sports betting. ...

One of the indictments charged six defendants with a fraud scheme to bet on nonpublic information about NBA athletes and teams, according to prosecutors. The non-public information included when specific players would be sitting out future games or when they would pull themselves out early for purported injuries or illnesses, authorities said. They relied on individuals, including Rozier and former NBA player Damon Jones.

The defendants also allegedly misused information obtained through long standing friendships that they had with NBA players and coaches, prosecutors said. In at least one instance, they described how Toronto Raptors forward Jontay Porter was threatened for information because of his pre-existing gambling debts.

"This is the insider trading scandal for the NBA," said Patel. But … how? Here is the indictment, which says:

Online wagers made through the Betting Companies' online mobile applications were made pursuant to the Betting Companies' respective terms of use, [which] … generally prohibited users from wagering in connection with sports contests where the wagers were based on or the users had access to pre-release, confidential information or other non-public information. …

The defendants … participated in a scheme to defraud the Betting Companies by providing, obtaining and using non-public information relating to NBA games to place and cause others to place fraudulent sports wagers for profit, and to launder the proceeds thereof. ...

The defendants and certain co-conspirators had access to private information known by NBA players or NBA coaches that was likely to affect the outcome of upcoming NBA games or individual players' performances. … As a result, many of the wagers were placed in connection with betting lines that did not reflect or account for the private information known by the defendants and their co-conspirators, rendering the wagers more profitable. …

The defendants and their co-conspirators made and caused others to make materially false and misleading statements and representations to the Betting Companies, and to omit to state one or more material facts which made what was represented under the circumstances misleading, including that the wagers were placed in accordance with the Betting Companies' terms and conditions and house rules prohibiting, among other things, wagering based on non-public information and straw betting.

I *think* that says that insider betting is a crime if a sportsbook's house rules say "you can't insider bet." That is considerably broader than the rule in the stock market. (If the sportsbook's terms of service said "you can't bet if you have a good statistical model of basketball games," would doing so be a crime?) But, as I often write, everything is sports gambling now, and I suppose this is the rule. Insider betting is about fairness (to the sportsbook!), so if you know something that the sportsbook doesn't you can't bet.

Oh the other indictment alleges that Billups and others conspired with the Mafia to help induce big "fish" to play in rigged poker games that used "cheating technologies such as electronic poker chip trays that could secretly read cards placed on the poker table; card analyzers that utilized technology loaded onto decoy cellular telephones that could surreptitiously detect which cards were on the table; and playing cards that had markers visible only to individuals wearing specially designed contact lenses or sunglasses." Honestly if I ever went to a poker game run by the Mafia:

1. I would not be particularly surprised to learn it was rigged? Like I feel like that's a risk you take when you go to a secret Mafia poker game? Like you go to the Mafia poker game planning to lose all your money?
2. If I learned it was rigged using "markers visible only to individuals wearing specially designed contact lenses" I would think that was a pretty cool way to lose all my money.

Robot army

Somehow a true sentence that I am writing in 2025 is "the world's richest man demanded that people give him a trillion dollars so that he can have absolute control of the robot army he is building unless he goes insane":

Elon Musk, the world's richest person, spent the end of Tesla Inc.'s earnings call pleading with investors to approve his $1 trillion pay package and blasting the shareholder advisory firms that have come out against the proposal.

"There needs to be enough voting control to give a strong influence, but not so much that I can't be fired if I go insane," Musk said, interrupting his chief financial officer as the more than hour-long call wrapped up. …

"I just don't feel comfortable building a robot army here, and then being ousted because of some asinine recommendations from ISS and Glass Lewis, who have no freaking clue," he said.

Do … you … feel comfortable with Elon Musk getting a trillion dollars to build a robot army? Like, what sort of checks should there be on the world's richest man building a robot army? I appreciate his concession that it should be possible to fire him if he goes insane, but. But. I submit to you that if you hop on a call with investors to say "hey guys just to interject here, you need to give me a trillion dollars to build a robot army that I can command unless I go insane," some people might … think … you know what, never mind, it's great, robot army. Robot army!

I feel like the previous richest people in the world have had plans for their wealth along the lines of "buy yachts" or "endow philanthropies." And many, many 10-year-old boys have had the thought "if I was the richest person in the world of course I would build a robot army." But the motive and the opportunity have never coincided until now.

Elsewhere in gambling

In 2024, sports bets on DraftKings averaged a bit less than $1 billion a week. FanDuel had similar results. In the spring of 2024, volume on Kalshi, the prediction market, was mostly under $10 million a week, less than 1% of the volume on DraftKings or FanDuel. Volumes on Polymarket — a less regulated, more international, crypto-y prediction market — were higher, but still generally under $50 million a week, or 5% of either sportsbook’s volume. This makes sense. People really like betting on sports. DraftKings and FandDuel let them bet on sports. Kalshi and Polymarket let them bet on, like, political and geopolitical events. They liked that less. They bet less.

Then the US presidential election heated up, and people *did* like betting on that, so volumes on the prediction markets went up. By the first week of November, when the election was held, weekly volumes peaked at $1.2 billion on Polymarket and $750 million on Kalshi, basically sportsbook-type numbers. The aggregate fell back below $1 billion the next week, but it remained much higher than it had been in the spring, for a combination of reasons including (1) people apparently enjoyed the experience of betting on the election and stuck around, (2) the prediction markets’ election predictions seemed in some sense to have been *right*, which served as a proof of concept and (3) the winner of the election was Donald Trump, who seemed likely to usher in a far more prediction-market-friendly regulatory regime. I wrote a column titled “ Prediction Markets Are a Thing Now” on Nov. 7.

Still, volumes drifted lower until about this summer, because there was not a presidential election. There were sports, though. Kalshi got increasingly aggressive about offering sports bets, and Polymarket followed. And now you can do Kalshi sports betting through your Robinhood app. And so now prediction markets are *really* a thing, because *they are sports betting sites*. We talk about this a lot. It’s weird! It’s weird that the prediction markets have become a tax-advantaged and regulatorily favored way to bet on sports, that mainstream financial institutions — Robinhood, the stock and commodities exchanges — have jumped into sports betting, and that US financial regulators are cool with that.

One point that I sometimes make is that the rise of sports betting on prediction markets *might* be good for their broader social purpose of, as Polymarket’s Shayne Coplan has put it, “expanding how individuals and institutions use probabilities to understand and price the future.” You get people in the door to bet on sports (because it’s fun), and then they start to bet on geopolitical events, and their betting attracts smart money, and eventually you have a complete market that accurately predicts all sorts of future events and provides useful information for policymakers and hedging opportunities for companies. Sports, in this telling, are the gateway drug that makes it all work.

But you can’t get carried away with this. Prediction market volumes are way up, but that is not proof that they are becoming more efficient ways to price all sorts of economically meaningful events. Bloomberg’s Emily Nicolle reports:

The trading volume on the leading prediction markets platforms, Polymarket and Kalshi, has hit a new record high, surpassing the previous peak reached during the US presidential election last year.

The recent jump in trading activity offers one of the clearest indications yet of the growing excitement around the exchanges that allow investors to bet on the likelihood of real world events, just as financial firms like CME Group Inc. and Intercontinental Exchange Inc. look for a way into these hot markets.

Kalshi and Polymarket saw notional trading volume rise above $2 billion for the first time, during the week ending Oct. 19, according to publicly available data collated by the user dunedata on Dune Analytics. That figure eclipses the frenzied trading seen during last year's US presidential election, when the two platforms first entered the financial mainstream.

What sorts of real world events, though?

The growth over the past two months has been driven in large part by the popularity of sports betting on the New York-based exchange Kalshi, which has used its financial license to offer gambling nationwide, in defiance of state gaming regulators. But betting on politics, cultural events and economic indicators has also generally been trending up. …

Sports-focused bets were the top category on both platforms last week, pulling in $867 million in trading on Kalshi and $415 million on Polymarket, which is not legally available to US customers. The return of college football in August and the NFL season in September prompted a significant uptick in volumes across both platforms, but particularly on Kalshi, where a partnership with trading app Robinhood Markets Inc. has drawn in new users.

Right yes it turns out that legal tax-advantaged sports gambling apps do more volume than apps where you can bet on local elections and the weather. The prediction markets' pivot to sports might or might not be good for pricing and understanding the future, but it has definitely been good for business.

In other sports-predicting news:

The National Hockey League has reached licensing agreements with prediction-market startups Kalshi and Polymarket, boosting their efforts to disrupt traditional sportsbook operators such as DraftKings and FanDuel.

The league announced the multiyear deals Wednesday after they were first reported by The Wall Street Journal. By entering the agreements, the NHL becomes the first major U.S. professional sports league to allow the use of its trademarks by prediction markets.

Traditionally, if you are an online sportsbook, you want people to use your platform to make bets on the Super Bowl. It helps if your advertisements can say things like "use our platform to make bets on the Super Bowl," but if you want to say that you have to give the National Football League a giant bag of money. If you are a big online sportsbook, you have giant bags of money so that is a good trade.

Prediction markets had not, before this week, really made that trade. (We talked about Robinhood and Kalshi offering event contracts on the Pro Football Championship.) For one thing, they didn't have giant bags of money. Also, though, they were in the business of helping people understand and predict the future, not in the business of partnering with sports leagues to promote sports gambling. Now they are in the business of partnering with sports leagues to promote sports gambling.

Snails

We have talked a few times about a guy in London who keeps snails in boxes to avoid taxes. The theory is that if a property is used for agriculture, it can avoid some local property taxes, and "snail farming" is the minimum amount of agriculture you can do to avoid taxes. This is an extremely funny theory that an extremely funny guy put into practice in a bunch of office buildings.

It does, however, have one flaw, which is that it is not *true*. Eventually the local property tax authorities will get around to suing you, and when they do, you will go to court and be like "lol snails" and the judge will be like "come on" and you'll have to pay the taxes. A reader pointed out to me a 2021 Queen's Bench case finding oh come on this is a sham:

This is a case about a rates-avoidance arrangement in relation to office premises in Leeds. It features some snails in some crates. In legal terms, the case concerns the approach to identifying 'sham leases' in the context of avoiding non-domestic rates ("NDR") in relation to unoccupied premises. … [The lower court was] right to conclude that the leases were shams.

The guy keeps doing snail farming, because (1) come on it's funny and (2) you never know if you might find a local council that won't sue you. But the theory behind it is suspect. Anyway. Nothing here is ever tax advice, is one lesson here. Another is that if you find a tax arbitrage that sounds like it might work, but doesn't work, but that involves breeding snails in office buildings, you might do it anyway for sheer love of the game.

Bees

Meanwhile in Texas :

Thanks to a 2012 law that qualified beekeeping for an agricultural exemption on property taxes, [Jason] Smith found his honeybees also saved him close to $5,000 a year.

Soon, friends were asking him to help them do the same. And before long, JC's Honey Bees was born.

"You pay me, say, $2,000 a year to save yourself $6,000 or $8,000 a year, and my footprint on your property is small. You just have to be OK with some red neck showing up on your property once a month, tending to the bees and leaving," he said. ...

According to the most recent Census of Agriculture in 2022, there were about 9,000 bee farms in Texas. That's more than any other state. It's more than the 21 lowest states combined.

It's also a number that's more than quadrupled since the 2012 law took effect.

I feel like there must be at least one Texas state legislator or tax lobbyist reading this, and to that person I say: Please, for the sake of comedy, add snail breeding to the list of qualified agricultural activities.

Things happen

Wall Street Bonuses Poised for Record as Bank Profits Surge. Hedge Fund Assets Hit $5 Trillion With Most Inflows Since Before Financial Crisis. Trump Administration in Talks to Take Equity Stakes in Quantum-Computing Firms. Trump Pardons Convicted Binance Founder. Blackstone says era of bumper private-credit returns has ended. Barclays Assesses Credit Risks After $150 Million Tricolor Hit. Popular Leveraged Funds Shock Investors With Huge Losses. T. Rowe Is Aiming to Beat an Index of Investments — in Crypto. SPACs Are Back, and MAGA Is Fueling Their Growth. Former Citi banker jailed over role in Singapore money-laundering scandal. China's DeepSeek Is Beating Out OpenAI and Google in Africa. Reddit Sues Perplexity, Others Over Alleged Data Scraping. TotalEnergies misled consumers over climate action, French court rules. "John Conway later named the second-largest sporadic group the Baby Monster, which then became a nickname for his toddler son." Surveillance Camera Pointed the Wrong Way Allowed Louvre Heist. Homeowners Seek the Ultimate Lawn Decoration: A Life-Size Animatronic Dinosaur. Smart beds flipped out during the AWS outage, and so did their sleepy owners.

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1. DraftKings Inc. reported "sportsbook handle" of about $48.1 billion for 2024; see page 49 of its 10-K. I just divide that by 52 to get a weekly average. Note that there is obvious seasonality to the sportsbook handles that I have ignored, and probably in spring 2024 the numbers were lower than the average (no football).
2. FanDuel is the US sportsbook of Flutter Entertainment plc, and reported "stakes" of $50.9 billion for 2024; see page 83 of Flutter's 10-K. There was another $18 billion or so of UK and international handle.
3. I am relying on these charts from Dune Analytics, cited by the Bloomberg story (which confirmed them with Kalshi and Polymarket).
4. This story is from June but, you know, relevant.

Will Oremus
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+ Follow

IDEA: Rather than having to wait to find out who Trump wants running each TV network one by one, why not just go ahead and put his administration in charge of all news programming? Cut out the middleman.

October 24, 2025 at 8:44 AM · Everybody can reply

7 reposts **29** likes **1** save

2 7 29

Write your reply

Firthermor @firthermor.bsky.social · 2h
The Republican Justices on SCOTUS would see this as a feature of the unified executive theory.

https://bsky.app/profile/annmlipton.bsky.social/post/3m3vlqh24o225

Silly B Man @lawnerd.bsky.social · 18h
It's worse than that.

"The favor of the corrupt president" is a non ratable benefit obtained by the directors and not shared with the stockholders.

2 · 14

Sean Satori @seansatori.bsky.social · 17h
Antitrust laws yield to the authoritarian.

4

Bribleck @bribleck.bsky.social · 17h
How can they assure shareholders they got the highest price?

3

Krazy Lexicon @edjohnansen.bsky.social · 10h
Congress has a role , impeachment, that it has abdicated.

https://bsky.app/profile/brendannyhan.bsky.social/post/3m3vldcgqhs2w

Sybill Trelawney @sybilltrelawney.bsky.social · 8h
The directors have a fiduciary duty to maximize value for shareholders—that is, to get the best price. Trump is trying to demotivate anyone from offering more than Paramount/Skydance.

K. Long @drkelong.bsky.social · 18h
Makes pirating their content all the more ethically sound.

East of the 405 @eastofthe405.bsky.social · 18h
'According to press watchdog Reporters Without Borders, Orbán has used media buyouts by government-connected "oligarchs" to build "a true media empire subject to his party's orders."'
@cvindependent.bsky.social

ImDavidDunn @imdaviddunn.bsky.social · 18h
I hope Apple makes a bid just to make a point.

But this could be someone helping Zaslav increase the asking price.

It's all corrupt.

Ann Monster Lipton @annmlipton.bsky.social · 18h

Also I mean boards have to obtain the highest price for shareholders. They are allowed and should consider regulatory risk when considering alternatives. How much can Delaware consider these statements when evaluating regulatory risk of alternatives? Absolute mess.

> **Brendan Nyhan** @brendannyhan.bsky.social · 18h
> This is authoritarianism. Picking his media oligarchs.

4 · 11 · 48

Ann Monster Lipton @annmlipton.bsky.social · 18h

This will present interesting questions in the shareholder litigation. Especially over the choice to sell vs not to sell at all.

> **Brendan Nyhan** @brendannyhan.bsky.social · 18h
> This is authoritarianism. Picking his media oligarchs.

1 · 2 · 19

Reposted by Ann Monster Lipton

Craig Harrington @craigipedia.bsky.social · 19h

Not simply fascism. Monarchism.


Charles Gasparino

SCOOP: A Trump official tells @nypost that the administration favors Paramount Skydance to buy Warner Bros. Discovery – and a number of rival bidders are likely to face stiff hurdles from US regulators in the blockbuster auction. "Who owns Warner Bros. Discovery is very important to the administration," a senior Trump administration official told On The Money. "The Warner board needs to think very seriously not just on the price competition but which player in the suitor pool has been successful getting a deal done. And that points to the Ellisons."

Exclusive | Trump admin favors Paramount Skydan...

5,739

ALT

127 · 1K · 2.7K

Reposted by Ann Monster Lipton

Securities

Manage Newsletters

Musk's Tesla Pay Proposal Should Be Rejected, DiNapoli Says

Oct. 23, 2025, 6:29 AM PDT

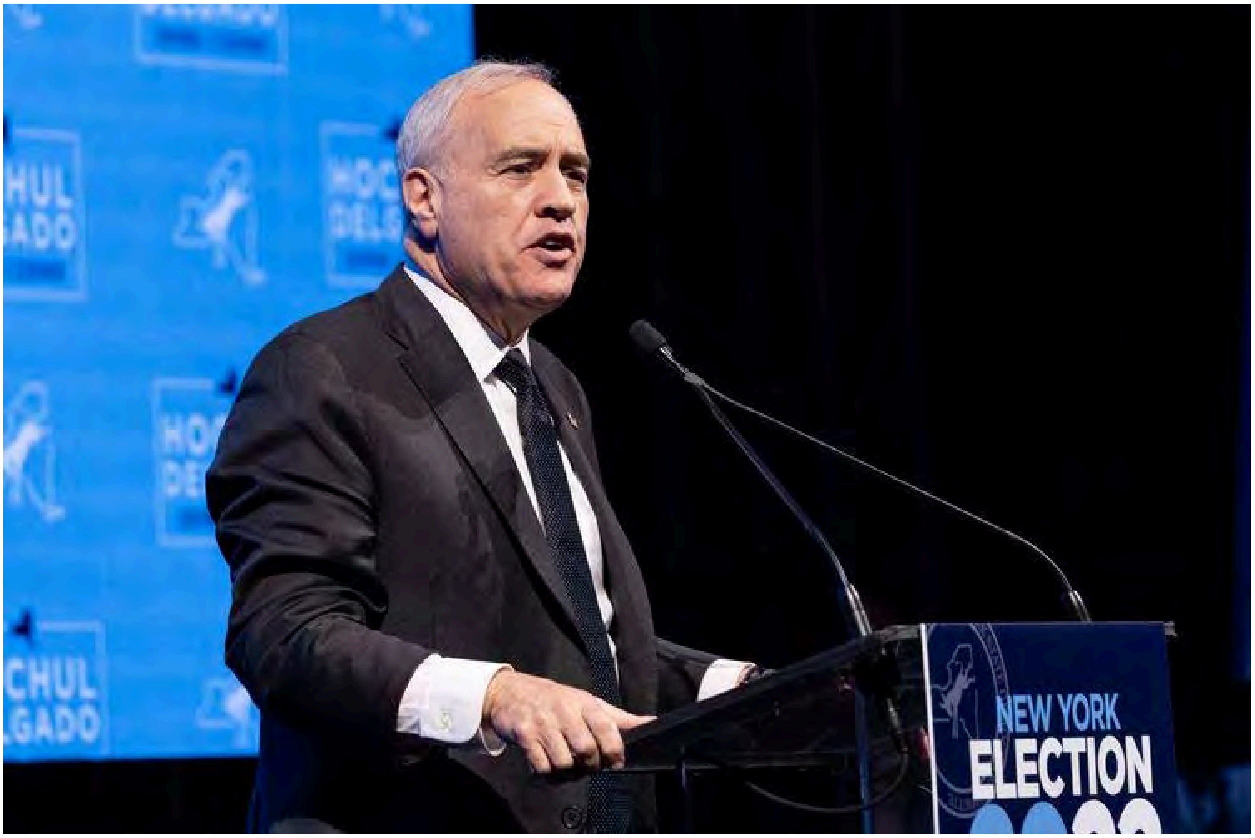
Summary by Bloomberg AI

AI Generated

- New York State Comptroller Thomas DiNapoli said the Tesla Inc. pay package for Elon Musk is overly generous and lacks clear performance metrics.
- DiNapoli plans to vote against the compensation package and Tesla directors up for reelection on Nov. 6.
- Proxy advisers Institutional Shareholder Services and Glass Lewis have recommended that investors reject the payout to Musk, citing concerns with its magnitude and design.

The Tesla Inc. pay package for Elon Musk is overly generous and lacks clear performance metrics to justify the $1 trillion the world's richest person could earn under the automaker's proposal, New York State Comptroller **Thomas DiNapoli** said.

"The board oversight has not been as independent or as stringent as it should be. How many billions and trillions does one person need to make?" DiNapoli said in a Bloomberg Television interview Thursday. "My concern is that the compensation package, while it may have some broad milestones in there, there really should be more clear metrics to really justify this very, very generous payout. How much money does one person need?"



State Comptroller Thomas DiNapoli
Photographer: Lev Radin/Anadolu Agency/Getty Images
The state plans to vote against the compensation package and Tesla directors up for reelection on Nov. 6, DiNapoli said.

Proxy advisers Institutional Shareholder Services and Glass Lewis have also recommended that investors reject the unprecedented payout to Musk, the value of which is dependent on Tesla reaching a litany of market value thresholds and operational milestones. ISS cited "unmitigated concerns" with the magnitude and design of the award, while Glass Lewis took issue with its potential to dilute other shareholders' ownership.

On an earnings conference call Wednesday, Musk pleaded with investors to approve the pay package and criticized the shareholder-advisory firms that have come out against the proposal.

"I just don't feel comfortable building a robot army here, and then being ousted because of some asinine recommendations from ISS and Glass Lewis, who have no freaking clue," he said.

Read More: Musk Hijacks Tesla Earnings Call to Vouch for His Pay Plan

Musk, 54, ranks No. 1 on the Bloomberg Billionaires Index with a net worth of about $455 billion.

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Daniel Taub

US agency asks Tesla about 'Mad Max' driver assistance mode

reuters.com/business/autos-transportation/us-agency-asking-tesla-about-mad-max-driver-assistance-mode-2025-10-24

David Shepardson October 24, 2025

A Tesla Model 3 vehicle drives using FSD (Full Self-Driving) in Encinitas, California, U.S., October 18, 2023. REUTERS/Mike Blake/File Photo Purchase Licensing Rights , opens new tab

Oct 24 (Reuters) - The National Highway Traffic Safety Administration said on Friday it is seeking information from Tesla (TSLA.O) , opens new tab about a new driver assistance mode dubbed "Mad Max" that operates at higher speeds than other versions.

Some drivers on social media report that Tesla vehicles using the more aggressive version of its Full Self-Driving system could operate above posted speed limits.

Stay up to date with the latest news, trends and innovations that are driving the global automotive industry with the Reuters Auto File newsletter. Sign up here.

"NHTSA is in contact with the manufacturer to gather additional information," the agency said. "The human behind the wheel is fully responsible for driving the vehicle and complying with all traffic safety laws."

NHTSA earlier this month opened an investigation into 2.9 million Tesla vehicles equipped with its FSD system due to the dozens of reports of traffic-safety violations and crashes.

NHTSA said in opening the investigation it is reviewing 58 reports of issues involving traffic safety violations when using FSD, including 14 crashes and 23 injuries.

Tesla did not immediately respond to a request for comment, but last week reposted a social media post that described Mad Max mode as accelerating and weaving "through traffic at an incredible pace, all while still being super smooth. It drives your car like a sports car. If you are running late, this is the mode for you."

NHTSA said earlier this month that FSD - an assistance system that requires drivers to pay attention and intervene if needed - has "induced vehicle behavior that violated traffic safety laws."

The agency said it has six reports in which a Tesla vehicle, operating with FSD engaged, "approached an intersection with a red traffic signal, continued to travel into the intersection against the red light and was subsequently involved in a crash with other motor vehicles."

Tesla says FSD "will drive you almost anywhere with your active supervision, requiring minimal intervention" but does not make the car self-driving.

Tesla's FSD, which is more advanced than its Autopilot system, has been under investigation by NHTSA for a year.

In October 2024, NHTSA opened anm investigation into 2.4 million Tesla vehicles with FSD after four collisions in conditions of reduced roadway visibility.
The Washington Post had previously reported the agency's interest in the Mad Max mode.

Reporting by David Shepardson; Editing by Chizu Nomiyama and Bill Berkrot

Securities

Crypto M&A Surges 30-Fold as Niche Firms Shift to Mainstream

Oct. 23, 2025, 11:53 AM PDT

21shares spent years building its crypto franchise outside Wall Street's orbit. From Zurich, it launched exchange-traded products that gave European investors access to Bitcoin and Ether long before the US would allow them.

Now, in selling itself to FalconX — a crypto prime broker backed by Tiger Global and Singapore's GIC — the company is trading autonomy for scale as crypto moves closer to the financial mainstream.

The deal underscores a broader shift: crypto specialists are entering traditional investment channels through regulated products. And the FalconX-21shares deal is part of a broader surge. Crypto M&A topped $10 billion for the first time in the third quarter, a more than thirty-fold increase from a year earlier, according to Architect Partners.

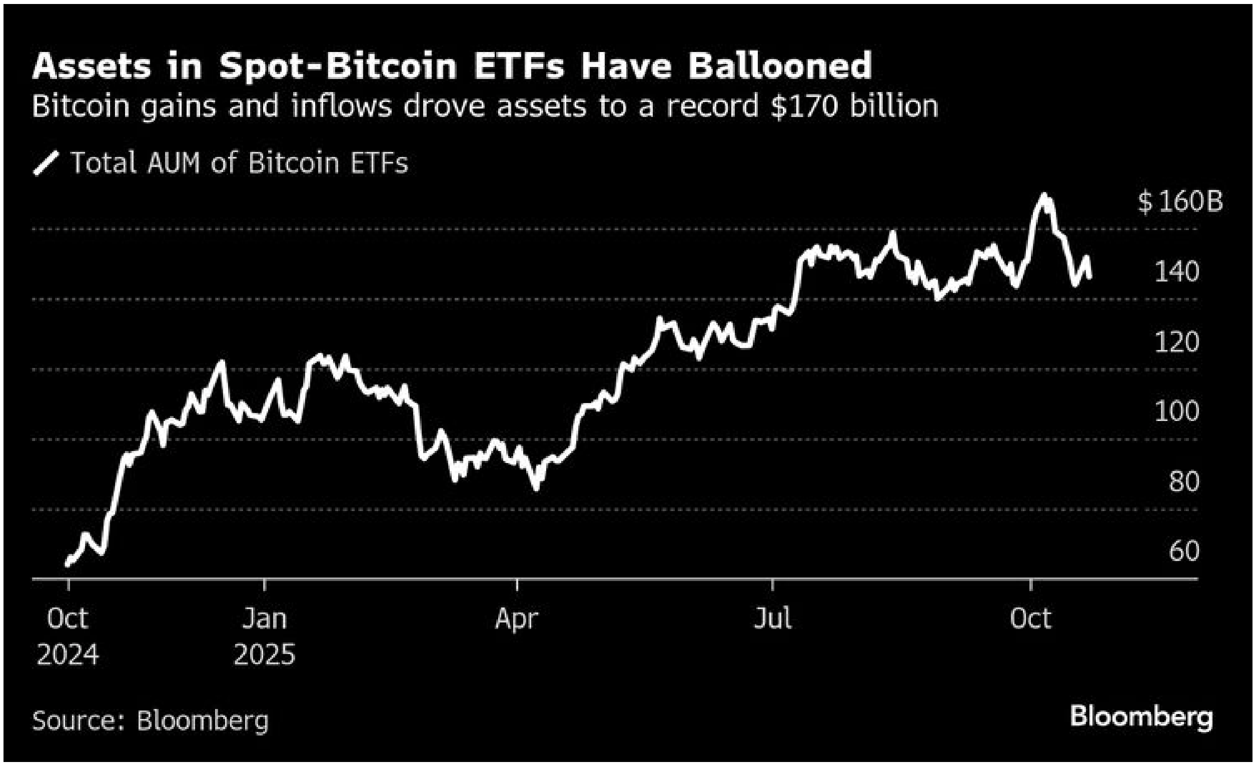
For years, crypto was an M&A backwater as it slowly recovered from the 2022 market crash under the glare of hostile regulators. Ten months after Donald Trump returned to the White House and transformed the Securities and Exchange Commission from industry bogeyman to key ally, the tables have turned.

Trump's policies, and the deals bonanza they've ignited, have changed the strategic calculus for companies like 21shares. Regulatory hurdles have eased, and the stalwarts of Wall Street are getting into crypto — putting the onus on incumbents to build a competitive moat around themselves.

"The regulatory environment finally allowed this to happen faster," said **Russell Barlow**, 21shares's chief executive officer, in an interview, declining to disclose the size of the deal. In terms of its roadmap, "what we thought we could do in five years we can now compress in two to three years."

For most of the past decade, the firm carved out a niche in Europe while US authorities blocked spot-crypto ETFs. Then, in early 2024, the SEC under then-President Joe Biden lifted that ban. Switzerland-based 21shares suddenly found itself competing in a far more crowded field.

Speed comes with a cost: the same regulatory clarity that enables deals also invites new competition. Low-cost Bitcoin and Ether ETFs overseen by giants like BlackRock Inc. and Fidelity started raking in multibillion-dollar investor flows and now command more than $173 billion in assets taken together. BlackRock's IBIT Bitcoin and its Ether ETF oversee $87 billion and $15 billion respectively, compared with the $11 billion total for 21shares across more than 50 products.



As crypto merges into mainstream finance, firms like FalconX and 21shares are racing to stay competitive in an increasingly crowded field, according to **Nate Geraci** of NovaDius Wealth Management.

“We’re witnessing a land rush in crypto ETPs,” he said. “With new listing standards in place, the floodgates are set to open — making this an ideal time for a deal like this.”

FalconX, founded in 2018 and valued at $8 billion in a 2022 funding round, earlier this year bought Arbelos Markets, a trading firm focused on crypto derivatives. Its capabilities in trading and financing now extend to product creation.

21shares will retain its 100-strong staff and operate independently, with plans to launch 18 US funds this year and expand into the Middle East and Asia. FalconX and 21shares aim to design strategies that weave digital assets into traditional markets, tokenized bonds and equities — for instance, by using blockchain to settle trades, per Barlow.

The FalconX-21shares tie-up is one in a string of billion-dollar bets redrawing crypto’s industrial map, beyond ETPs and prime brokerage. This year’s completed deals include several multibillion-dollar transactions. Coinbase Global Inc. acquired derivatives platform Deribit for $2.9 billion in May, while Ripple spent more than $2 billion buying prime broker Hidden Road and corporate-treasury firm GTreasury. Crypto targets have also drawn bidders from outside the sector, including CoreWeave Inc.’s $9 billion offer for Bitcoin miner and data-center operator Core Scientific Inc. in July.

“Consolidation in crypto is pushing firms to integrate vertically,” said Karl-Martin Ahrend, co-founder of digital-asset investment bank Areta. “Market makers, custodians, and infrastructure players are moving closer to the end investor as ETFs and regulation open new channels for institutional capital.”

Read more: Ripple Pays $1 Billion for GTreasury to Enter Corporate Treasury

Fending Off the Giants

Some crypto heavyweights have already moved to tap the rebound in sentiment, going public to build cash and acquisition firepower. Circle Internet Group Inc., issuer of the second-largest stablecoin, raised $1.1 billion in June, while exchange operator Gemini Space Station Inc. collected $425 million in September.

The question now is whether this burst of dealmaking will be enough to hold off global banks such as Goldman Sachs Group Inc. and Citigroup Inc. — and payment groups from Stripe Inc. to Revolut Ltd. — as they step in to exploit clearer regulation and rising demand for digital-asset offerings.

Traditional finance has scale and distribution on its side; crypto firms have speed and technical depth. The window for that advantage is narrow, and consolidation may be their best chance to use it.

(Updates with assets in Bitcoin and Ether ETFs. An earlier version corrected the spelling of a company name.)

--With assistance from **Emily Nicolle**.

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Securities

Binance Founder Zhao Wins Trump Pardon in Latest Clemency (4)

Oct. 23, 2025, 2:57 PM PDT

Binanceco-founder **Changpeng Zhao** has received a pardon from Donald Trump, one of the biggest moves yet by the president to fully embrace the crypto industry and give legal reprieves to some of its most prominent people.

The move marks the latest act of clemency the White House has granted to a crypto entrepreneur, underscoring how the Trump administration has positioned itself as a friend of the industry and how the president's family has enriched itself from it. Binance assisted one of its family ventures with the launch of its stablecoin, which could yield tens of millions of dollars a year.

Trump told reporters that Zhao was "persecuted" by the Biden administration. He added that he didn't believe he'd ever met him. "A lot of people say that he wasn't guilty of anything," Trump said. "I gave him a pardon at the request of a lot of very good people."

Binance co-founder Changpeng Zhao
Photographer: Samsul Said/Bloomberg

Trump has used his power to unwind several prosecutions that were hallmarks of the former administration's crypto enforcement agenda. He pardoned Silk Road founder **Ross Ulbricht**, who was serving life in prison for allowing criminal activity to flourish on the dark web marketplace. The president also pardoned the founders of crypto exchange BitMEX.

Zhao, known as CZ, created what would become the world's largest cryptocurrency exchange when he launched Binance in 2017. He ultimately got in trouble for failing to implement adequate anti-money laundering measures there, and pleaded guilty to violations in a deal with the US government that put him in jail for four months and included a $4.3 billion settlement with Binance.

The pardon has been widely anticipated by friends, associates and the cryptocurrency industry at large. A token associated with Binance, BNB, hit a record last month on speculation that it was imminent. It jumped again on Thursday after Trump offered formal forgiveness for Zhao's offenses.

"Deeply grateful for today's pardon and to President Trump for upholding America's commitment to fairness, innovation, and justice," Zhao posted on X. "Will do everything we can to help make America the Capital of Crypto."

Asked Thursday to respond to accusations the pardon amounted to a corrupt bargain, White House spokeswoman Karoline Leavitt said the decision was "thoroughly reviewed" by White House lawyers.

The lack of safeguards under Zhao's leadership at Binance allowed for a wide range of misbehavior, US authorities said when they charged him in 2023.

The exchange facilitated transactions for the military wing of Hamas, hackers and money launderers, and let some customers trade with residents of Iran in contravention of US sanctions, they said. Between 2018 and 2022, Binance processed at least 1.1 million transactions that violated US sanctions, worth about $898 million, according to the government's case.

Trump Family Ties

Binance and Zhao have been key backers of World Liberty Financial Inc., one of the Trump family's crypto ventures. Binance wrote the code underpinning the project's USD1 stablecoin, Bloomberg News reported in July. That helped make USD1 usable in a $2 billion transaction that saw an investment firm founded by the United Arab Emirates buy a stake in Binance.

Zhao did his stint at a minimum-security prison known as Lompoc in California's Santa Barbara County. After his release, he met with Steve Witkoff, co-founder of World Liberty and the president's Middle East envoy, Bloomberg reported.

Recently, Zhao has been traveling the world promoting adoption of cryptocurrency in places ranging from Dubai to Pakistan. Another Zhao project is the Giggle Academy, which aims to teach young children about finance and crypto, rewarding them for performance through "soul-bound tokens."

Under the 2023 plea deal, Zhao was forced to step down as Binance CEO though he recently caused a stir on social media by changing his title from being an ex-Binance person to a current one. His life and business partner, **Yi He**, is still deeply involved in Binance's operations as chief marketing officer.

Zhao was nonetheless able to hold on to his controlling stake in the company, which soared in value immediately after Trump's presidential victory. He now has a net worth of $54.5 billion, according to the Bloomberg Billionaires Index.

In early April, the Justice Department disbanded its National Cryptocurrency Enforcement Team and vowed to close existing cryptocurrency investigations that don't align with the administration's priorities. The moves reflect the administration's focus on toning down crypto enforcement, particularly regarding exchanges, mixing services and wallet providers.

(Updates with Trump comments in third paragraph.)

--With assistance from **Ava Benny-Morrison**, **Sabrina Willmer**, **Muyao Shen** and **Olga Kharif**.

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Securities

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Nidec Drops as Pulled Guidance Deepens Accounting Crisis (1)

Oct. 23, 2025, 7:24 PM PDT

Summary by Bloomberg AI

AI Generated

- Nidec Corp. shares dropped after it withdrew full-year guidance and canceled its share buyback program as an accounting crisis deepens.
- The company won't pay an interim dividend for the fiscal year ending March 2026, its first suspension of a midterm payout in at least a quarter century.
- An external committee is investigating accounting issues at subsidiaries after evidence was found that senior executives may have been involved in a number of accounting issues.

Nidec Corp. shares tumbled after it withdrew full-year guidance and canceled its share buyback program as an accounting crisis at the manufacturer of precision motors deepens.

Shares dropped as much as 11% on Friday, before paring losses to about 7%. Nidec had been expected to report earnings on Thursday but instead scrapped plans to repurchase up to ¥35 billion ($230 million) of its own shares.

It also said it won't pay an interim dividend for the fiscal year ending March 2026, its first suspension of a midterm payout in at least a quarter century. The company had previously planned to pay ¥20 per share as of April.

Nidec's crisis came to light last month when the firm said it found evidence that senior executives may have been involved in a number of accounting issues at subsidiaries. An external committee is investigating the cases after an internal probe into a payment of approximately ¥200 million by Nidec Techno Motor in Zhejiang sparked concern.

"While it is as yet unclear by how much the accounting issues will affect overall earnings, investors are likely to assume a wait and see position until there is full disclosure," said **Julie Boote**, an automotive analyst at London-based research firm Pelham Smithers Associates Ltd. "We expect markets to react negatively, and in particular to withdrawal of the previously indicated dividend payment."

Read More: Nidec Bond Spreads Surge to Record as Scandal Continues to Bite

The investigation underscores concerns about governance at one of Japan's most acquisitive manufacturers, and raised questions about whether decades of rapid expansion under its founder came at the cost of oversight and internal controls.

The accounting issues at the Zhejiang unit follows errors in country-of-origin declarations and unpaid import tariffs at a subsidiary in Italy that have gummed up the company's financial reports. That's even as Nidec seeks to overhaul a business that for years had been under the tight control of founder **Shigenobu Nagamori**.

Under his leadership, Nidec became one of the world's leading suppliers of motors used to power everything from server fans, car transmissions and elevators to EV charging systems and wind turbines. But more recently, the company has struggled with lackluster demand for motors in appliances, PCs and cars.

Nagamori stepped down from the chief executive officer post last year, entrusting new CEO **Mitsuya Kishida** to spearhead a turnaround.

Nidec has already announced plans to cut headcount and slash half its roughly 250 production sites by March 2028, while pivoting to more lucrative arenas in data centers and energy generation. The world's top maker of mini motors is eyeing higher-margin areas such as machine tools, power generation and energy storage, while it expands into water-cooling systems used in artificial intelligence data centers.

It's unclear how far back the accounting issues reach. The company said it may revise past or current securities reports depending on the findings and will announce new forecasts and a year-end dividend when possible.

"For investors, there's nothing to do but wait and see," said **Ikuo Mitsui**, a fund manager at Aizawa Securities Co.

(Updates to add details throughout.)

--With assistance from **Alice French** and **Momoka Yokoyama**.

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Securities

Manage Newsletters

O’Reilly Automotive Sinks on First Brands Risk, DIY Pullback (1)

Oct. 23, 2025, 10:54AM PDT

Summary by Bloomberg AI

AI Generated

- O’Reilly Automotive Inc. shares fell after company executives detailed its exposure to a bankrupt supplier and said inflation is taking a toll on sales to do-it-yourself customers.
- The bankrupt supplier, First Brands Group, accounts for about 3% of O’Reilly's costs of goods sold, but the company has alternative suppliers for those products.
- O’Reilly is facing headwinds from customers unwilling or unable to stomach higher prices for some more expensive items to repair their own vehicles, according to Chief Executive Officer Brad Beckham.

O’Reilly Automotive Inc. shares fell more 7% after company executives detailed its exposure to a bankrupt supplier and said inflation is taking a toll on sales to do-it-yourself customers.

While the replacement auto parts retailer said it doesn’t view the failure of First Brands Group as a significant blow to its supply chain, O’Reilly President **Brent Kirby** told analysts on an earnings call Thursday that insolvent supplier accounts for about 3% of its costs of goods sold. He added that O’Reilly has alternative suppliers for those products.

“It’s not a huge material thing when you think about the fact that we’re dual- and triple- and quadruple-sourced on most of our lines,” Kirby said.

Aftermarket parts maker First Brands filed for protection from creditors last month, shaking Wall Street due to its reliance on private financing and poor disclosure.

Read more: First Brands Blindsides Wall Street in ‘Black Box’ Loan Fiasco

O’Reilly pared an early drop of 7.1% to trade down 3% to $98.16 as of 1:52 p.m. in New York. Auto-parts retailing peer AutoZone Inc. also fell 3% and Advance Auto Parts Inc. slid 2.3%.

Investors are prone to knee-jerk negative reactions at the mention of troubled companies like First Brands, said **Dec Mullarkey**, managing director at SLC Management. They're also closely watching the strength of consumer demand, he said.

"There's a general feeling that this is a sector that's just got a lot of cracks, and will there be more weakness to come, and that really comes down to the health of the consumer," he said.

O'Reilly is facing headwinds from customers unwilling or unable to stomach higher prices for some more expensive items to repair their own vehicles, Chief Executive Officer **Brad Beckham** told analysts on the call.

"The pressure to our DIY business as we move through the quarter was primarily felt in some categories, where we could be seeing some deferral in larger ticket jobs," Beckham said, noting that has "also factored into our guidance a continuation of the pressure to our DIY customers."

On Wednesday, the Springfield, Missouri-based company raised its full-year profit and revenue outlook, but also lowered projections for cash from operating activities in 2025.

(Updates from sixth paragraph with analyst comments.)

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Securities

Wall Street Bank Chiefs Hold Most Power Since Global Crisis (1)

Oct. 24, 2025, 4:33 AM PDT

The last time every major US bank boss also led their boards, **Steve Jobs** was launching the first iPhone and Bear Stearns had a market value of some $20 billion.

With Citigroup Inc. Chief Executive Officer **Jane Fraser** adding the title of chair this week, it's the first time during the modern US financial landscape that the CEOs of all the biggest banks also sit atop their boards. It was last in 2007 that Citigroup had the same person as both CEO and chair — back when Bear Stearns, Lehman Brothers, Merrill Lynch and Washington Mutual were all big names in banking, before the global financial crisis reshaped the industry.

Three months ago, Charlie Scharf was similarly elevated to run the board at Wells Fargo & Co., joining JPMorgan Chase & Co.'s Jamie Dimon, Goldman Sachs Group Inc.'s **David Solomon**, Bank of America Corp.'s **Brian Moynihan** and Morgan Stanley's **Ted Pick**, who was given the chairman title in January.

Charlie Scharf, from left, Brian Moynihan, Jamie Dimon and Jane Fraser in Washington in 2023. Photographer: Ting Shen/Bloomberg

The consolidation of power comes as bank profits climb on the back of higher interest rates and active trading markets, lifting the shares of all six lenders by more than 20% in the past year. Citigroup's stock has climbed the most, with a 53% increase.

It's a level of comfort not everyone is enthused by, particularly as regulators ease standards and banking chiefs reap hefty pay packages that come with stocks riding high. Fraser, in being made Citigroup's chair, was handed a special bonus worth tens of millions of dollars, encouraging her to stay at the bank — similar to the $30 million award of restricted stock Scharf received in July when he took over leadership of Wells Fargo's board.

"Kings with names followed by 'the great' tend to be kings during times of economic prosperity," said **Mike Mayo**, a Wells Fargo analyst who criticized Fraser's special payout as too much too soon. "The phrase 'don't confuse brains with a bull market' comes to mind."

Read More: Mike Mayo Says Citi CEO's Double Bonus Reflects Poor Governance

The six bank chiefs — who were paid a combined $212.7 million last year — have a collective tenure of more than half a century as CEO. Some, like Fraser, 58, and Scharf, 60, are pushing through arduous turnaround plans for their firms. All six chiefs have signaled they're comfortable remaining in their jobs for years to come.

Earlier this year, Solomon, 63, and his likely successor, **John Waldron**, received retention bonuses of $80 million each. The longest-serving CEO among the group — Dimon, 69 — suggested in May that he may still have years of energy left in the tank. Pick, 56, was made CEO just last year, and Moynihan, 66, hasn't given any hint he'll budge soon, even after 15 years in the top job.

Read More: Goldman Hands Solomon, Waldron $80 Million Each to Stay Put

A couple years ago, things didn't feel quite as settled. Morgan Stanley was in the midst of picking one of three candidates to succeed **James Gorman**. Solomon was facing turmoil among his top ranks amid strategy disagreements and pay declines. And Scharf and Fraser both faced questions over whether they could escape regulatory scrutiny that weighed on their share prices.

Now, at perhaps the stablest moment for US bank chiefs in recent history, investors have few reasons to complain: the six biggest US banks boosted their stock buybacks by about 75% in the third quarter to more than $27 billion, making existing shareholders' stakes more valuable.

Read More: Fed Floats Plan With Much Smaller Capital Hikes for Big Banks

Although fewer large banks now exist and each wields proportionately more power, Wall Street is also a very different place for lenders compared with two decades ago, when looser rules allowed gung-ho risk-taking and private credit was considered niche. That means that boards are under more pressure to lock in talent to fight off generous pay packets from higher-paying private equity firms.

"It's not always easy to find a good leader," said **Jason Goldberg**, a Barclays Plc analyst who's covered the sector since 1995. "So when you do find a good one, it behooves the board of directors to make sure they stay in place."

(Updates with Citi shares in fourth paragraph.)

--With assistance from **Hannah Levitt**.

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Adidas Hid Ye's Hate Speech From Investors, 9th Circ. Told

By **Dorothy Atkins**

Law360 (October 23, 2025, 9:07 PM EDT) -- Adidas investors urged the Ninth Circuit on Thursday to revive allegations that the sportswear giant failed to disclose the risks of relying on the rapper Ye for a multibillion-dollar fashion partnership, arguing that executives hid evidence of his "raging" antisemitism, like his proposal for a swastika shoe design.

The investors' counsel, Daniel Tyre-Karp of Rosen Law Firm PA, told a three-judge panel during a hearing in San Francisco that U.S. District Judge Karin J. Immergut of the District of Oregon erred when she tossed the putative securities class action against Adidas AG, its then CEO, Kasper Rørsted, and Chief Financial Officer Harm Ohlmeyer at the pleading stage.

Tyre-Karp argued that although the rapper — the former Kanye West, also known as Yeezy — had made controversial statements in the past, the extent of his antisemitism wasn't fully known to the public, even though executives at Adidas had internally expressed concerns about his antisemitic comments as early as 2013, when he first met with Adidas designers.

Tyre-Karp noted that West and the Germany-based Adidas entered an endorsement partnership in 2013, and by 2021, West had brought in more than $1.7 billion in sales for Adidas, representing 8% of the company's total revenue and over 40% of its profits.

"On the surface, everything seemed rosy and great, but underneath the surface and behind the scenes things were far from perfect," Tyre-Karp said.

During West's first meetings with Adidas in Germany in 2013, West purportedly asked Adidas to design a shoe with a swastika, even though in Germany it's a criminal offense to praise Hitler and his regime and to draw the Nazi swastika symbol.

"It's a very serious matter, but it didn't stop there," Tyre-Karp said of West's behavior. "Throughout Mr. West's tenure as a partner with Adidas, he made extremely antisemitic comments to Adidas executives and employees."

Tyre-Karp argued that West repeatedly praised Hitler, particularly in front of his Jewish colleagues, including an Israeli colleague with whom he almost fought. According to Tyre-Karp, West ultimately settled a colleague's complaint of workplace harassment over his antisemitism for $5 million, which was reported directly to Adidas's executives, including Ohlmeyer.

But it wasn't until West posted a series of racist posts publicly online and made similar statements at public events, including by wearing a "White Lives Matter" shirt to a fashion show in Paris, in the fall of 2022 that Adidas announced that it was canceling West's endorsement deal, causing Adidas' stock to quickly drop, according to Tyre-Karp.

Tyre-Karp argued that West's posts, which included a since-deleted Twitter post that West was going "death con 3" on Jewish people, essentially were corrective disclosures, outraging the public and revealing what Adidas executives had already known about the famous rapper for years.

"The public was not aware of this conduct," Tyre-Karp argued. "The public was not aware that Kanye West was a raging antisemite. They were not aware that he was praising Hitler or that he was disparaging Jews. None of that was known to the public. It was known to Adidas and its executives and as soon as it became public, as soon as consumers … and the market became aware of that in the fall of 2022, there were swift reactions. His endorsement deals were canceled. Adidas' stock plummeted."

The trip to the appellate court is the latest chapter in a lawsuit investors **initially filed** in May 2023. Judge Immergut **tossed** the case in August 2024, finding that none of the corporate statements challenged as misleading in the suit were actionable.

In her ruling, Judge Immergut agreed with Adidas that it was not required to reveal West's derogatory behaviors and that its risk disclosures were sufficient, although the judge also said she does not condone West's conduct.

But during the hearing Thursday, Tyre-Karp argued that the lower court's ruling misapplied the Ninth Circuit's holdings in In re: Alphabet Inc. Securities Litigation in 2021 and In re: Facebook Inc. Securities Litigation in 2023 to conclude that a reasonable investor would not be misled by Adidas' disclosures.

However, U.S. Circuit Court Judge Mary H. Murguia said she doubted Tyre-Karp's argument, noting that both the Alphabet and Facebook cases involved data security breaches that the companies failed to disclose, as opposed to this case, which involves a celebrity business partner "who was exhibiting actions that the public was well aware of as well."

The attorney said "there's no question" that West had said controversial things before the fall of 2022. But he argued that the public was not aware of the extreme nature of West's antisemitism. Tyre-Karp added that there was another stock drop after Adidas disclosed that its executives had been aware of and not disclosed West's behavior for years, or the risks to the lucrative endorsement deal.

Tyre-Karp argued that Adidas' hiding West's 2013 misconduct from investors is akin to Alphabet and Facebook hiding past data breaches from investors. He added that there were news articles reporting certain aspects of the Cambridge Analytica data breach before Facebook fully revealed the scope of the breach, which is similar to West's controversial past comments, which didn't fully reveal the extent of his antisemitism or the risks to his endorsement deal.

"There was no disclosure ever about Kanye West's antisemitism," he said.

But a lawyer for Adidas, Maeve Louise O'Connor of Debevoise & Plimpton LLP, argued that the litigation is "an improper attempt to turn what really is an adverse business development into a claim of securities fraud."

"Obviously this partnership was enormously successful while it lasted, and the ending was unfortunate and dramatic and involved hateful public comments," O'Connor said. "When that happened — when the partnership was terminated — the company's stock price took a hit."

But she argued that federal securities laws don't provide insurance against an adverse business development, and that "perversely," the investors hang their legal theory on Adidas' own risk disclosures, which warned investors that improper behavior of a creative partner could hurt the company, and that Adidas could terminate its contracts with creative partners.

But Judge Murguia questioned whether West's improper behavior had already had a negative effect on the company internally to the point that its executives had considered severing the partnership before West's public statements in the fall of 2022.

O'Connor replied that the investors take issue with West's behavior that "almost entirely, if not entirely," occurred in the very early stages of his partnership with Adidas. That took place between 2013 and 2018, and included a meeting during which executives purportedly discussed ending the endorsement deal and whether Adidas should devote additional resources to managing West, O'Connor said.

"Then there's a four-year gap in time where there are no allegations of anything happening," O'Connor said. "That was problematic and that's a huge problem I think for the plaintiffs, because it just highlights the inherent unpredictability of human behavior, and the danger of trying to pin a disclosure requirement on subjective perceptions of a human being's propensity to be a certain way or act a certain way."

O'Connor said the investors' theory that Adidas executives knew that their business faced "imminent" harm from West can't be reconciled with the fact that there are no allegations of his antisemitic conduct between 2018 and 2022.

But Judge Murguia pressed the attorney on her argument, asking whether Adidas was arguing that it should be "completely off the hook, no matter what the company chooses to disclose or not disclose, no matter what the company knows or doesn't know," because the hypothetical risk only materializes when the improper behavior becomes public.

O'Connor replied that case law suggests that a risk that should be disclosed when the harm occurs or is imminent, but given the four-year gap in internal discussions at Adidas regarding West's behavior, there was no imminent risk. She added that allowing the investors' claims to proceed would create confusion regarding when companies have a duty to disclose the bad behavior of their celebrity partners.

"Then do we have to say, 'Well, this celebrity partner — just so you know — was in the nightclub, and we heard he was using drugs,' she asked rhetorically. "What's the process for the company to know about this? How do we figure out what's disclosable and what does that mean for celebrity partnerships?"

U.S. Circuit Court Judges Mary H. Murguia, John B. Owens and Patrick J. Bumatay sat on the panel for the Ninth Circuit.

The investors are represented by Daniel Tyre-Karp of Rosen Law Firm PA.

Adidas and its executives are represented by Maeve Louise O'Connor of Debevoise & Plimpton LLP.

The case is HRSA-ILA Funds v. Adidas AG et al., case number 24-6655, in the U.S. Court of Appeals for the Ninth Circuit.

–Additional reporting by Katryna Perera. Editing by Karin Roberts.

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Investor Says Biotech Co. Rigged Votes To Expand Share Pool

By **Jarek Rutz**

Law360 (October 23, 2025, 7:50 PM EDT) -- A stockholder of Pennsylvania-based Ocugen Inc. sued the biotech company Thursday in Delaware Chancery Court, alleging that the company's board contrived a "clever" but unlawful scheme to push through a 2024 charter amendment that expanded its authorized share count without the required majority approval.

The complaint, filed by investor Megan Prater, contends that Ocugen breached its binding corporate contract by improperly counting votes from a short-lived Series C preferred stock that the board created solely to ensure passage of a share increase proposal.

Prater, a stockholder of Ocugen since Feb. 8, 2021, says the preferred stock's special voting power violated the company's own governing documents, rendering the amendment and millions of newly issued shares void.

The suit also challenges Ocugen's later attempt to retroactively correct the vote through a backdated certificate of correction that the plaintiff argues exceeds Delaware's statutory limits.

Ocugen, which focuses on gene and cell therapy, was running out of authorized shares by early 2024, Prater claims, and the board sought stockholder approval to lift the cap from 295 million shares to 390 million.

But, Prater says, past efforts to expand the share pool had drawn fierce competition, and in 2020, stockholders rejected a 150% increase after struggling to reach a quorum amid repeated adjournments and meetings.

To avoid another failure, Prater claims, the board declared a dividend granting every common share one-thousandth of a Series C preferred share. Each fractional unit carried a thousand votes, compared with one vote per common share, but was automatically redeemed if the stockholder was not present or represented by proxy at the meeting.

Prater says the structure ensured that only participating shareholders' votes counted, effectively replacing the charter's "majority of all outstanding shares" standard with a far easier "majority of votes cast."

At Ocugen's June 28, 2024, annual meeting, management announced that the increase had passed, Prater says. But it only appeared to succeed because the company tabulated 80 billion "yes" votes from Series C preferred stock, mirroring about 80,000 common-share votes.

"Because shares of Series C preferred stock were not 'entitled to vote generally in the election of directors,' their inclusion in the tabulation of votes on the share increase proposal was improper," Prater said in the complaint.

Since the preferred shares had no such right, she says, the measure failed by nearly 50 million common-share votes.

By counting ineligible preferred-vote shares, Prater alleges, the board breached its contract and violated the company's statutory obligations.

She also challenges the company's correction certificate, in which the company claimed that the earlier filing had inaccurately recorded the preferred stock's voting rights. Prater argues that Delaware law only allows minor clerical fixes, not retroactive rewrites of voting provisions.

Prater wants the Chancery Court to determine the true result of a stockholder vote, a declaration that the amendment is void, an injunction blocking further issuance of unauthorized shares and confirmation that more than 17 million already issued shares exceeds the lawful limit.

An Ocugen representative could not be reached for comment Thursday. Counsel information for Ocugen was not immediately available.

Megan Prater is represented by Peter B. Andrews, Andrew J. Peach, David Sborz, Craig J. Springer and Jackson Warren of Andrew & Springer LLC.

The case is Megan Prater v. Ocugen Inc., case number 2025-1214, in the Delaware Chancery Court.

--Editing by Karin Roberts.

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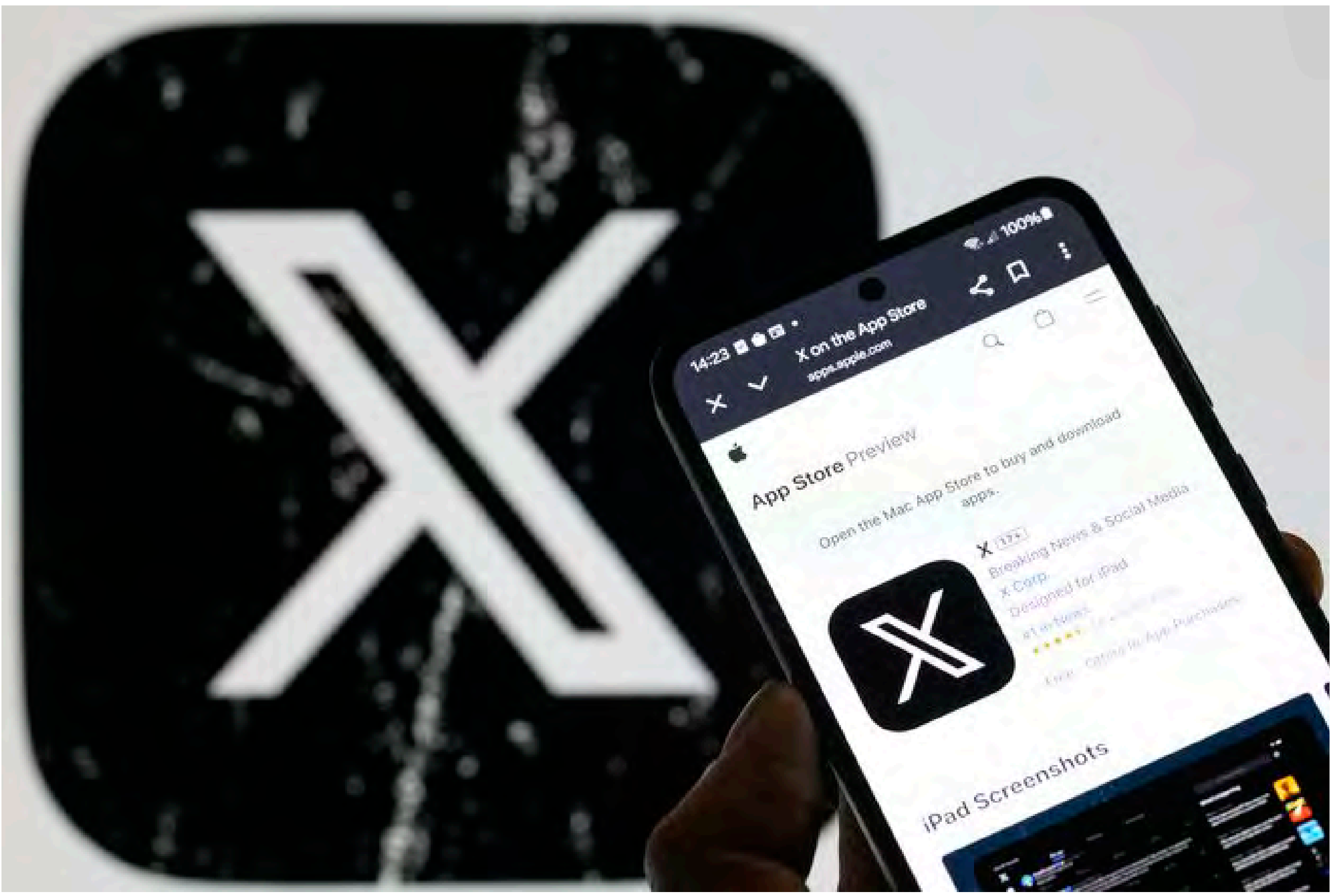
Musk Can't Lean On Atty Defense In Twitter Investor Dispute

By **Jessica Corso**

Law360 (October 23, 2025, 4:15 PM EDT) -- A New York federal judge on Thursday blocked Elon Musk from asserting that he relied on his attorneys' advice in deciding when to disclose that he had taken an ownership interest in Twitter, saying it wouldn't be fair to the platform's former shareholders to allow him to move forward with that defense.



The proposed class action accuses Elon Musk of waiting too long to alert the market that he had purchased more than 5% of Twitter's shares in 2022. He later bought the platform for $44 billion, took it private and renamed it X. (Jonathan Raa/NurPhoto via AP)

U.S. Magistrate Judge Gabriel Gorenstein said that Musk can't both claim that he relied on his attorneys' advice on the filing of a mandatory disclosure form and assert attorney-client privilege to block the investors from asking about that advice.

"Here, it would obviously be unfair for defendants to be permitted to offer evidence or argue that they had a good faith belief that their alleged conduct was lawful while at the same time barring plaintiff from examining the evidence that would most obviously put that claim to the test: the advice defendants' attorneys gave them about that very conduct," Judge Gorenstein said.

So the judge barred Musk and his fellow defendants from relying on the argument that he had a good faith belief in the lawfulness of his actions.

The other defendants include Musk's wealth manager, Jared Birchall, and the family office that Birchall manages on Musk's behalf.

The proposed class action accuses Musk of waiting too long to alert the market that he had purchased more than 5% of Twitter's shares in 2022, saving him an estimated $200 million as he continued to buy shares after the deadline for disclosure had passed.

He later bought the platform for $44 billion, took it private and renamed it X.

Musk had previously told the court that he followed counsel's guidance in making proper disclosures, but withdrew the statement in an Oct. 10 letter to the court after Judge Gorenstein **expressed confusion** over whether he did indeed plan to offer an advice of counsel defense.

In that letter, Musk said he didn't intend to rely on the advice of counsel defense.

But in another letter two days later, Musk said he may still argue that he believed in good faith that his actions were lawful following consultation with his attorneys, "but only if the court determines that defendants may do so without waiver of the attorney-client privilege."

The court said Thursday that Musk could not simultaneously rely on that defense and avoid certain discovery questions by asserting attorney-client privilege.

"The reasoning behind this rule is that 'the attorney-client privilege cannot at once be used as a shield and a sword,'" Judge Gorenstein said.

The present dispute **popped up in August**, when the former Twitter shareholders said Musk was attempting to shield his communication with his attorneys while potentially asserting an advice of counsel defense that would make the disclosure of those discussions important to the case.

"This is a classic effort by defendants to rely on their counsel as a shield and a sword, which is unfair and prejudicial to plaintiff," lead investor Oklahoma Firefighters Pension and Retirement System told Judge Gorenstein in a letter asking that Musk be forced to explain himself.

An attorney for the investors declined to comment on Thursday's ruling. Attorneys for Musk didn't immediately respond to a request for comment.

The private litigation mirrors one brought by the government against Musk **earlier this year**, in which the U.S. Securities and Exchange Commission argues that Musk's failure to timely disclose his initial buy-up of Twitter stock allowed him to buy shares at artificially low prices.

The investors are represented by Salvatore Graziano, Katherine Sinderson, Jeremy Robinson, Jonathan D'Errico, Emily Tu and Rebecca Temkin of Bernstein Litowitz Berger & Grossmann LLP and Frank Partnoy of Bishop Partnoy LLP.

Musk and the other defendants are represented by Alex Spiro, Sarah Heaton Concannon, Jesse Bernstein, Jacob Waldman, Brenna Nelinson, Nathan Goralnik and Rachel Frank of Quinn Emanuel Urquhart & Sullivan LLP.

The case is Oklahoma Firefighters Pension and Retirement System v. Musk, case number 1:22-cv-03026, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Lauren Berg. Editing by Brian Baresch.

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Chancery Maps Out Math For Hefty Drug Co. Breach Interest

By **Jeff Montgomery**

Law360 (October 23, 2025, 9:22 PM EDT) -- A Delaware vice chancellor late Thursday issued a road map for calculating tens of millions of dollars in interest due after a ruling in June that Alexion Pharmaceuticals failed a "best efforts" duty to fulfill an autoimmune drug candidate deal with Syntimmune Inc.

The **decision** by Vice Chancellor Morgan T. Zurn on Thursday left it to the two sides to "do the math," regarding interest on the various awards, but observed that Syntimmune's approach for one breach alone — rejected by the decision — would have produced a $46 million windfall.

The court issued a **posttrial ruling** in September 2024 that initially awarded $130 million sought for former Syntimmune stockholders based on one of eight missed milestones at issue in the suit, which was filed in late 2020 by Shareholder Representative Services. **In June**, that starting point was pegged at $180.9 million for "expectation damages."

High stakes hurdles remained, however. The case stems in part from an alleged failure by Alexion Pharmaceuticals Inc. — acquired by AstraZeneca for $39 billion in July 2021 — to conduct trials and make agreed-upon development-step payments for an autoimmune drug candidate, ALXN1830, purportedly worth billions.

Past court findings settled damages issues that included failures to pay development milestones and breaches of efforts agreements, and set interest at a floating legal rate compounded quarterly, for pre- and postjudgment interest.

"When determining expectation damages, Delaware courts award an amount that gives the injured party 'the benefit of its bargain' by putting 'the nonbreaching party in as good a position as he would have been had the contract been performed, and no better,'" the vice chancellor wrote.

In subsequent decisions, the vice chancellor ruled that the merger agreement called for a prime-based interest rate for late earn-out payments for some milestones after achievement. During the time periods involved, however, Delaware's statutory interest rate has been approximately 1% higher than the contract's prime-plus-1% rate.

"Syntimmune's stockholders bargained for that [lower] rate in the event of delayed payments, so they should not now receive the windfall of a higher interest rate," the vice chancellor wrote in a decision that also declared that interest should run from the date each milestone payment was due, rather than the date efforts provisions were breached.

"This is a matter of law, not discretion. Where the underlying obligation to make payment arises from contract, the court looks to the contract itself to determine when interest should begin to accrue," the vice chancellor found.

SRS had proposed $755 million in additional damages in November 2024. The vice chancellor subsequently issued rulings that took into account the probability of reaching milestones and the potential value,

Representatives for the sides did not immediately respond to requests for comment.

Shareholder Representative Services is represented by Michael A. Barlow, Andrew M. Berdon, Angus Chen, Courtney C. Whang, Alexandria Deep Conroy, Joseph M. Paunovich, David M. Elihu and James Bieber of Quinn Emanuel Urquhart & Sullivan LLP.

Alexion Pharmaceuticals is represented by David E. Wilks and Scott B. Czerwonka of Wilks Law LLC and Deborah E. Fishman, Carson D. Anderson, Daniel L. Reisner, Jeffrey A. Fuisz, Angela R. Vicari and Matthew M. Wilk of Arnold & Porter Kaye Scholer LLP.

The case is Shareholder Representative Services LLC v. Alexion Pharmaceuticals Inc., case number 2020-1069, in the Court of Chancery of the State of Delaware.

--Additional reporting by Dorothy Atkins, Rose Krebs and Matthew Perlman. Editing by Linda Voorhis.

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EV-Maker Rivian Will Pay $250M To End Investors' Fraud Suit

By **Lauren Berg**

Law360 (October 23, 2025, 11:27 PM EDT) -- Rivian Automotive Inc. investors asked a California federal judge Thursday to greenlight a $250 million settlement resolving their claims that the company underpriced its electric vehicles and misrepresented its profitability ahead of a blockbuster 2021 initial public offering, just one day before a summary judgment hearing.

Rivian Automotive Inc. on Thursday said that resolving a lawsuit that alleges it misrepresented its profitability will enable it "to focus its resources on the launch of its mass market R2 vehicle in the first half of 2026." (Matthias Balk/picture-alliance/dpa/AP Images)

In a **motion** for preliminary approval, the investors told the court that Rivian, its executives and board directors have agreed to pay $250 million in cash to settle the lawsuit, which claims **Rivian miscalculated** how much it actually cost to build its electric vehicles and knew before its November 2021 initial public offering that it would have to increase the vehicles' retail prices by nearly 20% to make up for the losses.

Rivian announced price hikes in March 2022, and the investors say they were left holding the bag when Rivian's stock took a beating.

The investors tell the court Thursday that the settlement "is an excellent result" for the **pair of classes**, which include investors who bought Rivian stock between Nov. 10, 2021, and March 10, 2022.

"While plaintiffs and their counsel believe the classes' claims against defendants are meritorious and supported by substantial evidence developed during discovery, they also recognize the significant risks they faced, including that the court would grant, in whole or in part, defendants' summary judgment motion, or that a trial of the action could have precluded any recovery for the classes," the motion states.

"The settlement amount represents a substantial percentage of the classes' potential recoverable damages as estimated by plaintiffs' damages expert," it adds.

A hearing on the Rivian defendants' summary judgment bid was scheduled for Friday.

In a statement Thursday, Rivian denied the allegations in the suit, noting that the settlement is not an admission of wrongdoing. But the company said resolving the litigation will enable it "to focus its resources on the launch of its mass market R2 vehicle in the first half of 2026."

The company added it will pay the settlement, if approved, through a combination of directors' and officers' liability insurance, about $67 million, and cash, about $183 million.

Rivian, which counts Amazon.com Inc. as its largest shareholder, in November 2021 priced an **upsized $11.9 billion IPO**, which was the **largest IPO of 2021**. The operative complaint contends that Rivian had been struggling with bringing its so-called bill of materials costs down for years before the IPO without success. The bill of materials refers to the total amount for parts and materials to build each vehicle.

Rivian announced March 1, 2022, that it would raise the price of its R1T pickup truck from roughly $67,500 to approximately $79,500, and the price of its R1S SUV would be bumped up from roughly $70,000 to approximately $84,500. Rivian said at the time that the price hikes would apply to all future orders as well as existing preorders because of "inflationary pressure on the cost of supplier components and raw materials across the world."

Rivian's stock price fell from $67.56 per share Feb. 28, 2022, to close at $53.56 per share March 2, 2022.

Amid fierce customer backlash, Rivian promptly walked back the price increase for customers with preorders placed before March 1, 2022. The EV-maker said it would honor the original configured price for anyone with a Rivian preorder as of the March 1, 2022, pricing announcement.

Within weeks, the company's stock price fell to $35.83 per share March 14, 2022, according to the suit.

In the motion for preliminary approval of the settlement Thursday, the investors say that after the defendants moved for summary judgment in July, the parties reengaged with a mediator to try to reach a settlement. On Sept. 19, "following hard-fought, arm's-length negotiations," the parties agreed to the mediator's recommendation to resolve the dispute for $250 million, the motion states.

The investors say the deal represents a "meaningful percentage" of the classes' damages, noting that their expert had estimated aggregate damages to range from about $1.87 billion to about $2.04 billion.

"If defendants had one of more of the alleged corrective disclosures dismissed at summary judgment, or in proving that plaintiffs had not adequately disaggregated the price impact of any confounding information, damages would be reduced if not eliminated," the motion says.

The settlement represents about 12.3% to 13.4% of the potential damages, according to the investors.

Class counsel says it will seek no more than 24% of the settlement fund for legal fees, which they note is below the 25% benchmark in the Ninth Circuit.

The investors are represented by Sharan Nirmul, Darren J. Check, Richard A. Russo Jr., David A. Bocian and Jennifer L. Joost of Kessler Topaz Meltzer & Check LLP, and Stephen G. Larson and Paul A. Rigali of Larson LLP.

Rivian, its executives and board directors are represented by Boris Feldman, Doru Gavril, Eunice Leong and Rebecca Lockert of Freshfields LLP.

The case is Charles Larry Crews Jr. v. Rivian Automotive Inc. et al., case number 2:22-cv-01524, in the

U.S. District Court for the Central District of California.

--Additional reporting by Craig Clough, Linda Chiem and Tom Zanki. Editing by Kristen Becker.

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Rio Tinto Investors Get Final OK On $139M Deal, Atty Fees

By **Katryna Perera**

Law360 (October 23, 2025, 8:28 PM EDT) -- A New York federal judge on Thursday awarded $17.7 million in attorney fees and granted final approval for a $139 million settlement reached in a securities class action that accused mining giant Rio Tinto of concealing delays and cost overruns in a $7 billion copper-gold mine development in southern Mongolia.

U.S. District Judge Lewis J. Liman issued an **order** stating that **the settlement** was fair, reasonable and adequate and the product of arm's-length negotiations. The judge also certified a class of investors who purchased or acquired Turquoise Hill Resources common stock, call options or swaps replicating a purchase of the company's common stock in domestic transactions or on U.S. exchanges between July 17, 2018, and July 31, 2019.

In addition to awarding roughly $17.7 million in attorney fees, the judge approved approximately $2.2 million in litigation expenses.

The suit, brought by private investment funds advised by Pentwater Capital Management LP, alleged that Rio Tinto schemed to hide "massive cost overruns and delays" concerning the development of the Oyu Tolgoi underground mine in Mongolia, which was expected to rank among the largest copper mines in the world.

According to the complaint, the mine, jointly owned by Turquoise Hill and the Mongolian government, was operated "almost exclusively" by Rio Tinto as Turquoise Hill's controlling shareholder.

The Pentwater funds asserted that senior Rio Tinto executives repeatedly assured investors that the underground expansion project was "on plan and on budget," when in reality, it was several months behind schedule and "hundreds of millions of dollars over budget."

The Pentwater funds claimed the project was later revealed to be over budget by $1.2 billion to $1.9 billion and up to 30 months behind schedule.

The Pentwater funds and the settlement class are represented by Salvatore J. Graziano, James A. Harrod, Michael D. Blatchley and Alexander M. Noble of Bernstein Litowitz Berger & Grossmann LLP.

Rio Tinto is represented by Corey Worcester, Sarah Heaton Concannon, Renita Sharma, Jesse Bernstein, Hope Skibitsky and Leigha Empson of Quinn Emanuel Urquhart & Sullivan LLP.

The case is In re Turquoise Hill Resources Ltd. Securities Litigation, case number 1:20-cv-08585, in the U.S. District Court for the Southern District of New York.

--Editing by Melissa Treolo.

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Derailment Counsel Fee Provision 'Troubles' 6th Circ. Judge

By **P.J. D'Annunzio**

Law360 (October 23, 2025, 4:17 PM EDT) -- A three-judge Sixth Circuit panel on Thursday seemed skeptical that counsel representing victims of the fiery 2023 train derailment in East Palestine, Ohio, was blindsided by a "quick-pay" provision in the attorney fee agreement that saw class lawyers get paid before their clients.

Even though the judges seemed to agree that Morgan & Morgan PA knew about the provision and could have objected when it was first considered, U.S. Circuit Judge Amul R. Thapar said the lawyers getting paid before the victims of the **disaster**, some of whom were experiencing health issues, wasn't a good look.

"The quick-pay troubles me," Judge Thapar said, adding later that it "just looks bad for the legal profession."

Morgan & Morgan appealed a lower court's ruling denying its request to halt co-counsel from allocating attorney fees from the **$600 million settlement**, a process that the firm said lacked transparency because it was left to the lawyers to determine who got what without court oversight. The firm singled out the quick-pay provision, claiming that Morgan & Morgan was kept out of the decision-making process when it came to determining how the money was to be distributed.

Aaron M. Herzig of Taft Stettinius & Hollister LLP, representing Morgan & Morgan, told the panel that it was a case of "trust but don't verify" because the lower court put the process in the hands of the attorneys and didn't review it any further.

U.S. Circuit Judge Chad A. Readler said the lower court allowed Morgan & Morgan to participate in fairness hearings regarding attorney fee allocation.

"In terms of the structure, your clients were there for all of them," Judge Readler said.

Judge Thapar added that Morgan & Morgan signed off on the agreement, adding it seemed "a little rich" for Herzig's client to be complaining.

Despite that, Herzig repeated his assertion that Morgan & Morgan was kept in the dark about the matter.

"A judge has given unfettered discretion to self-interested parties," he said.

In their appellate brief, class counsel said that Morgan & Morgan's objection amounted to "sour grapes," and their attorney, Paul D. Clement of Clement & Murphy PLLC, argued as much before the panel. He called Morgan & Morgan's complaints "opaque" and noted "there was time to object, and the district court retained jurisdiction over the objections."

"He was perfectly happy to get paid quickly as long as he got paid what he wanted," Clement said of attorney Michael Morgan.

The attorney fee dispute stems from the $600 million settlement resolving claims from multiple plaintiffs affected by the derailment of Norfolk Southern train 32N on Feb. 3, 2023, in the town of East Palestine on the Ohio-Pennsylvania border. The resulting derailment caused a vinyl chloride chemical spill. Norfolk Southern opted to burn the chemicals to mitigate the risk of a chemical reaction causing an explosion.

Smoke from the burning chemicals, plus the threat of an explosion, triggered an evacuation of the area around the derailment. The incident prompted an avalanche of lawsuits from residents and property owners claiming ill effects from the accident.

The settlement was approved in September 2024.

U.S. Circuit Judges Amul R. Thapar, Chad A. Readler and Whitney D. Hermandorfer sat on the panel for the Sixth Circuit.

Morgan & Morgan was represented at argument by Aaron M. Herzig of Taft Stettinius & Hollister LLP.

Class counsel were represented at argument by Paul D. Clement of Clement & Murphy PLLC.

The case is In re: East Palestine Train Derailment, case number 24-4086, in the U.S. Court of Appeals for the Sixth Circuit.

--Additional reporting by Matthew Santoni and Lauren Berg. Editing by Dave Trumbore.

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Apple Hit With Another Suit Alleging Copyright Theft For AI

By **Rae Ann Varona**

Law360 (October 22, 2025, 11:48 PM EDT) -- Apple is using pirated copies of authors' works to train its artificial intelligence models, one author alleged Wednesday in yet another class action filed in California federal court against the Cupertino company, saying Apple's alleged copyright infringement was an act of desperation to avoid falling behind competitors.

Author Tasha Alexander alleged in her **Wednesday complaint** that Apple scrapes the internet, downloads pirated works and then reproduces the works to train its models to generate human-like text and images, all without seeking authors' permission or offering them compensation.

Alexander alleged that "large-scale infringement" is a "core part" of Apple's business model for building its flagship commercial Apple Intelligence product and that the company turned to the alleged infringement to avoid getting left behind in the AI business.

She said that Apple previously touted advanced AI tools when unveiling Apple Intelligence last year, causing the company's value to soar, but then sold a product that "failed to meet its grandiose promises."

Apple's "rapacious advertising behaviour directly coincides with their unscrupulous copying of plaintiff's and the class's copyrighted works," Alexander asserted in her complaint. "Defendants disregarded the rights of consumers in order to catch up with its competitors in AI, and they have similarly disregarded the rights [of] copyright holders for the same reason."

Alexander's lawsuit comes shortly after two **neuroscientists** lodged a putative class action against Apple earlier this month alleging their copyrighted materials were used to train its Apple Intelligence product by using books from a controversial pirated data set known as "Books3."

That suit followed a proposed class action filed by a pair of **authors** in September that also pointed to Apple's alleged unauthorized reproduction of Books3.

The Books3 dataset has been central to **lawsuits** against other companies like Meta Platforms Inc.

Alexander is the pseudonym of Anastasia Grant and the author of the Lady Emily Ashton book series, of which three novels she said Apple copied by downloading Books3.

Alexander seeks to represent all owners of a registered U.S. copyright in any work that Apple used or is using in the "compilation or creation of training datasets or in the training, research, or development of any of Apple's AI models" during a relevant class period.

She said in her complaint that Apple deprived her of revenues she could have obtained and that the company trained its AI models on "verbatim copies" of her work so that the models can generate content that ultimately displaces work she gets paid to create.

Apple's alleged actions "further diminishes the demand for books, text, visual art, and original, human-produced content," Alexander said.

Apple's alleged infringement also can't be deemed fair use, she asserted.

Alexander said that Apple's use of the alleged pirated works, for instance, was not for a transformative purpose but rather for a "commercial endeavor to aggregate a massive library of valuable copyrighted works that helped add billions to Apple's market cap."

She said that her works are also highly creative and thus entitled to broader copyright protections.

"The piracy that defendant engaged in is infringement without a defense," Alexander wrote. "It strains reason to believe that a defendant could satisfy the burden of fair use when stealing and copying at least thousands of copyrighted works, regardless of any subsequent use. Pirating otherwise purchasable works is copyright infringement."

Alexander is represented by Joseph W. Cotchett, Brian Danitz, Gia Jung, Caroline Yuen, Karin B. Swope, Thomas E. Loeser, Andrew Fuller and Jacob M. Alhadeff of Cotchett Pitre & McCarthy LLP, and Lesley E. Weaver, Anne K. Davis and Joshua D. Samra.

Counsel information for Apple was not immediately available.

The case is Tasha Alexander v. Apple Inc., et al., case number 5:25-cv-09090, in the U.S. District Court for the Northern District of California.

--Additional reporting by Elliot Weld. Editing by Michael Watanabe.

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Buyers Sue Colgate Over Lead Found In Kids' Toothpaste

By **Mike Curley**

Law360 (October 23, 2025, 2:17 PM EDT) -- A proposed class of buyers is suing Colgate-Palmolive Co. in California federal court, alleging that it sold children's toothpaste that contains substantial amounts of lead without warning consumers.

In **a complaint filed Wednesday**, the proposed class, led by Nathan Barton and Cynthia Fahrnkopf, said the company's "hello" brand of children's toothpaste presents itself as healthy and safe and appeals to children with bright colors, flavors and cartoon creatures, but contains at least double the federal limit on lead that can be present in candy aimed at small children.

According to the complaint, the boxes, in addition to cartoon creatures such as unicorns, mermaids and dragons, tell buyers the toothpaste contains "natural flavors" and claims not to have artificial sweeteners, dyes or other undesirable ingredients.

Those representations tell parents that the products are a premium toothpaste designed to be safe for young children, according to the complaint, which alleges that is misleading because of the lead content.

The complaint said the U.S. Food and Drug Administration sets a limit of 100 parts per billion of lead that can be present in candy frequently eaten by small children, but independent testing of Colgate's "hello" toothpastes showed they contain between 236 ppb and 658 ppb.

Barton and Fahrnkopf said the same testing showed competitors' toothpastes had insubstantial or undetectable levels of lead, showing that Colgate had the capability of performing similarly.

The complaint says there is no safe amount of lead for children and noted that lead has been known to cause severe health problems including kidney damage and seizures. In addition, lead absorbed through tissue in the mouth bypasses the body's digestive system, which can help filter out harmful toxins, allowing the lead to go directly into the bloodstream.

The pair aim to represent a class of California residents who purchased the products and they bring claims for unfair and unlawful business acts and practice, deceptive advertising practices and violations of the Consumer Legal Remedies Act.

Representatives for the parties could not immediately be reached for comment Thursday.

The proposed class is represented by Naomi Spector of KamberLaw LLP.

Counsel information for Colgate was not immediately available Thursday.

The case is Barton et al. v. Colgate-Palmolive Co., case number 3:25-cv-02833, in the U.S. District Court for the Southern District of California.

--Editing by Stephen Berg.

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Judge Stays Discovery In Berkshire Subsidiary Antitrust Case

By **Zach Dupont**

Law360, Denver (October 23, 2025, 9:16 PM EDT) -- A federal judge on Thursday opted to stay the majority of discovery in a proposed antitrust class action against a Berkshire Hathaway-owned maker of calcium silicate insulation, or calsil, finding the cost of discovery in the case would be too "voluminous" to sort through with a pending motion for dismissal.

Berkshire subsidiary Johns Manville Corp. asked the court to stay discovery until the resolution of its motion to dismiss the complaint, while Midwest Insulation Services Inc. told the court an expected year-long delay in discovery would be highly prejudicial to its case.

Midwest Insulation's counsel, R. Stephen Berry of Berry Law PLLC, asked U.S. Magistrate Judge N. Reid Neureiter to move forward with discovery so they can file a motion for class certification early next year.

"This case extends over nearly a decade of evidence … the court should allow limited discovery now so the class certification motion can be brought at an early, practicable time," Berry told the court. "If the court grants the motion … delay for one year is not early and not practicable."

Kevin Yoshiwo Teruya of Quinn Emanuel Urquhart & Sullivan LLP, counsel for Johns Manville, told the court that the need for such an "aggressive" timeline on class certification runs counter to Midwest Insulation's decision to file the complaint after the conclusion of the 2024 antitrust trial against Johns Manville.

In May 2024, a jury issued **$6.7 million in damages** against Johns Manville, later trebled to more than $20 million, after finding the company made monopolistic threats to deter a smaller rival, Thermal Pipe Shields Inc., from breaking into the calsil market. A judge later trimmed the $20.3 million judgment by 10% after finding the jury made an improper inflation adjustment.

Judge Neureiter said he didn't understand Midwest Insulation's need to "go, go, go" when the company "could have filed this lawsuit six years ago," referencing the fact that Thermal Pipe Shields filed its antitrust case against Johns Manville in 2018.

Teruya also expressed concern about the cost of discovery for both sides in the case due to the "complexity" of it being both an antitrust case and a class action.

"You need to show an impact that's common to the class … There's no way that [discovery] is going to be limited," Teruya said. "We would need a lot of the same information to respond to a motion for class certification."

Although the court acknowledged Berry's point that the U.S. District Court for the District of Colorado generally tries to avoid staying discovery, Judge Neureiter said the expenses and the burden on the court that would occur during discovery when there's no guarantee the case will move forward creates a reason for an exception to grant Johns Manville's motion to stay.

"This strikes me as the kind of case where viewing and reconsidering that prohibition against stays is appropriate," Judge Neureiter said. "This is a unique case because it would be so expensive to move forward … These kinds of discovery disputes would probably impose a burden on the court compared to a normal case where we're inclined to stay discovery. This is a different kind of case."

Although Judge Neureiter granted the motion to stay discovery, he did carve out one exception, despite opposition from Teruya, to release all discovery to Midwest Insulation from the 2024 trial.

Johns Manville filed its motion to dismiss on Wednesday for failure to state a claim. The motion to dismiss alleged the complaint should be dismissed with prejudice because Midwest Insulation's claims are time-barred, and the company lacks standing to assert its state and federal claims.

The February complaint **alleged** that Johns Manville, which is based in Denver, has 97% of the calsil market share in the United States and owns the only two calsil factories in North America.

Midwest Insulation is represented by Edward Normand and Richard Cipolla of Freedman Normand Friedland LLP and R. Stephen Berry of Berry Law PLLC.

Johns Manville is represented by Kevin Yoshiwo Teruya, Adam B. Wolfson, Brantley I. Pepperman and Melissa J. Baily of Quinn Emanuel Urquhart & Sullivan LLP.

The case is Midwest Insulation Services Inc. v. Johns Manville Corp., case number 1:25-cv-00534, in the U.S. District Court for the District of Colorado.

--Editing by Dave Trumbore.

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Top Calif. Judge Warns Attys On AI, Eyes Antitrust Changes

By **Bonnie Eslinger**

Law360 (October 23, 2025, 11:42 PM EDT) -- Speaking at an antitrust law conference Thursday, California Supreme Court Chief Justice Patricia Guerrero warned Golden State lawyers to use artificial intelligence "cautiously and not cut any corners," and talked about "important work" by the California Law Revision Commission that could result in the state's antitrust law being "untethered" from federal law.

Justice Guerrero's remarks came during a 45-minute keynote conversation with Steve Vieux of Bartko Pavia LLP at the California Lawyers Association's daylong antitrust and unfair competition law conference, an event that brought together private and public sector attorneys, academics, economists and judges.

Vieux asked Justice Guerrero about courts and lawyers using artificial intelligence in their work.

"I would warn you to use it cautiously and not to cut any corners," said Justice Guerrero. "But that's true with anything you do."

She noted that in July, the Judicial Council of California **approved** a policy for rules and standards on the use of generative AI for judges and court staff.

"What they were looking at were concerns about privacy, concerns about potential bias in the use of AI, confidentiality concerns," Justice Guerrero said. "There were all these foundational questions that led them to pursue this path of coming up with policy."

Local California courts now have until mid-December to draft and enact policies based off of the rules and standards.

"They can utilize the guidance," Justice Guerrero said. "But like many things that we do as part of the Judicial Council, it's up to the local courts ... to come up with a system that works best for them."

The task force is now moving forward, looking at evidentiary challenges posed by AI-generated content, she said.

"Their work was so good, we've kept them in place," Justice Guerrero told the audience.

There were multiple motivations behind the Judicial Council's adoption of a framework for AI, Justice Guerrero said.

"Another reason we are doing it this way is because if we don't, the legislature will take action," she said. "No offense to the legislature, we'd rather do our own work ourselves."

Vieux then asked Justice Guerrero about the current work of the California Law Revision Commission, which is reviewing possible changes to the state's antitrust law, the Cartwright Act. There are several proposed reforms, one of which is a change to target alleged monopolies by single companies, since the law presently applies to multicompany action only.

Justice Guerrero called it "important work" and noted that some of it is designed to "ensure" that state law is "untethered" from federal law.

She added that it wasn't her place to discuss the pros and cons of the proposals.

Vieux pressed, asking about the federal enforcement of antitrust laws versus cases pursued under state law.

"Do you see the role of state antitrust laws and state antitrust trust enforcers as going beyond what the federal laws or federal enforcement agencies proscribe?" Vieux asked

"I think there's always room for California to do its own thing," Justice Guerrero said.

She also underscored that California's Supreme Court has said in the past when discussing the Cartwright Act that it's "broader in range and deeper in reach" and that they're not required to follow federal law.

"But we can consider it to be persuasive," she told the audience.

A California Law Revision Commission document on the proposed single-firm revision notes that the California Chamber of Commerce and others have raised "significant concerns about any draft provisions untethering the proposed options from federal law," with CalChamber saying any such move "is likely to outlaw common pricing and distribution practices that are generally viewed as good for competition, consumers, and workers."

During Thursday's talk, Judge Guerrero also said she's a proponent of remote court proceedings. She said the authority for courts to provide remote appearance options has been extended to Jan. 1, 2027, and that a recent survey of court users and court staff found a 98% positive response in favor of having a remote option.

"I'm hopeful that we can continue to explain all the benefits of remote proceedings," she said.

--Editing by Jay Jackson Jr. and Emily Kokoll.

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Judges Admit AI Missteps After Grassley's Oversight Push

By **Courtney Bublé**

Law360 (October 23, 2025, 2:09 PM EDT) -- Federal judges in New Jersey and Mississippi admitted their staff used artificial intelligence in faulty orders they had to redo over the summer, according to correspondence released Thursday by Sen. Chuck Grassley, R-Iowa, chair of the Senate Judiciary Committee, who is investigating the matter.

Grassley released the correspondence from U.S. District Judges Julien Xavier Neals of the District of New Jersey and Henry T. Wingate of the Southern District of Mississippi, as well as Administrative Office of the Courts Director Robert Conrad Jr. following an inquiry **launched earlier this month.**

"I commend Judges Wingate and Neals for acknowledging their mistakes and I'm glad to hear they're working to make sure this doesn't happen again," Grassley said in a statement. "The judicial branch needs to develop more decisive, meaningful and permanent AI policies and guidelines."

Both judges responded to Grassley's questions via letters to Conrad.

The situation with Judge Neals involves a securities class action against biopharmaceutical company CorMedix Inc. The suit alleges that directors and officers misled investors in press releases, earnings calls and regulatory filings as the company pursued U.S. Food and Drug Administration approval of a remedy for catheter-related infections.

In July, Judge Neals withdrew an opinion declining to dismiss the class action after an attorney for the company pointed out to the court that the **decision had a "series of errors,"** such as quotes with incorrect attribution and incorrect court decisions. CorMedix attorney Andrew Lichtman of Willkie Farr & Gallagher LLP did not mention the possible use of AI in his letter to the court.

In late August, Judge Neals **filed a corrected opinion** in which he once again declined to dismiss the suit.

Judge Neals wrote to Conrad in **response** to Grassley's inquiry that the initial opinion was released due to "human error" and was withdrawn as soon as the error was brought to his attention.

"A law school intern used ChatGPT to perform legal research in connection with the CorMedix decision," Judge Neals wrote in the Oct. 20 response. He later said: "In doing so, the intern acted without authorization, without disclosure, and contrary to not only chambers policy but also the relevant law school policy."

Judge Neals said his chambers policy does not allow the use of generative AI to draft opinions or orders. The policy used to be communicated verbally to staff and interns, but now it is given in writing.

"The standard practice in my chambers is for every draft opinion to undergo several levels of review, including through cite checking tools, before being finalized and docketed," Judge Neals said. "In this case, however, the opinion that was mistakenly docketed on June 30, 2025, was an early draft that had not gone through the standard review process."

As for Judge Wingate, he granted a temporary restraining order in July pausing enforcement of a Mississippi law prohibiting diversity, equity and inclusion in public schools, following a lawsuit by various teachers associations.

Nine days later, Mississippi Attorney General Lynn Fitch **asked the judge** to explain the "indisputable factual inaccuracies" in his decision. Specifically, Fitch said the order had false allegations, identified the plaintiffs and defendants incorrectly and misquoted the legislative text.

In early August, Judge Wingate **said in an order** that his "prompt amendment" to the inaccuracies in the initial TRO was enough, and he didn't have to explain anything further.

Judge Wingate said in his **response** to Grassley's inquiry on Oct. 21 that a law clerk used the AI tool Perplexity "strictly as a foundational drafting assistant to synthesize publicly available information on the docket" for a draft of the order.

The order did not go through the standard review protocol, and it was a "mistake" that it was docketed, he added. Judge Wingate said he has implemented a more stringent review process as a result of this situation.

In his **letter** to Grassley on Oct. 21, Conrad described the AI task force he established earlier this year, which is working on identifying problems AI poses for the judiciary and coming up with recommendations on new policies.

The task force released interim guidance July 31 that "cautions against delegating core judicial functions to AI, including decision-making or case adjudication, and it recommends that users exercise extreme caution especially if using AI to aid in addressing novel legal questions," he wrote.

As for the situations with Judges Neals and Wingate, Conrad said the judiciary is aware of incidents like this, but "currently [does] not systematically track such activity at the national level."

--Additional reporting from Hailey Konnath, Lauren Berg, Katherine Smith and Gina Kim. Editing by Amy French.
