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This Week in Chancery Court: Corporate Law Changes, Goldendoodle

Nov. 3, 2025, 2:00 AM PST

Summary by Bloomberg AI

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- Delaware's new corporate law amendments will get a fast-tracked hearing before the Delaware Supreme Court this week to discuss provisions covering self-dealing and retroactive language.
- A shareholder is suing a BlackRock Inc affiliate, claiming the law violates the Chancery Court's jurisdiction and Delaware's due process clause.
- The Chancery Court will hear several cases this week, including lawsuits related to alleged fraud, conflicts of interest, and a dispute over a dog's ownership.

Delaware's new corporate law amendments that rigidly define "controlling stockholder" get a fast-tracked hearing before the Delaware Supreme Court this week.

Oral arguments over S.B. 21's provisions covering certain types of self-dealing, as well as language making portions of the law retroactive, will be held Wednesday in Dover. A shareholder suing a BlackRock Inc. affiliate involved in a wind farm acquisition says the law violates the Chancery Court's jurisdiction and Delaware's due process clause. Corporate defense attorneys, private equity lobbyists, and Gov. Matt Meyer (D) have said the legislation would help restore litigation predictability undermined by rulings cracking down on conflicts of interest.

Here's a look at what's going on in the Chancery Court this week:

Tuesday: Shulman v. Kolomoisky, Del. Ch., No. 2019-0678, bench ruling 11/4/25.

At issue: Vice Chancellor Nathan A. Cook will deliver a bench ruling on motions to dismiss a lawsuit claiming two Ukrainian tycoons stole $30 million from an investor, laundered hundreds of millions through an Ohio steel company, and stripped it for parts. The investor has said the full extent of the alleged fraud in 2019 only came to light when Ukraine's PrivatBank filed similar allegations of fraud and money laundering against its former controllers, Igor Kolomoisky and Gennadiy Bogolyubov. In July, a London court held the men responsible for fraud that cost PrivatBank billions of dollars.

Court action: Cook will deliver his ruling by teleconference.

Oligarchs Laundered Cash Through Ohio Steel Plant, Suit Says (1)

Wednesday: Rosenbaum v. Quarles, Del. Ch., No. 2024-0552, oral arguments 11/5/25.

At issue: The former president and CEO of Trecora Resources, which manufactures synthetic wax and other specialty petrochemicals, seeks the dismissal of a lawsuit claiming he misled shareholders about conflicts of interest in the company's $247 million sale to Balmoral Funds LLC in 2022. Neither Texas-based Trecora nor Balmoral were named as defendants in the investor lawsuit.

Court action: Oral arguments will be held in Wilmington, Del.

Trecora Resources Ex-CEO Sued Over $247 Million Balmoral Buyout

Thursday: In re Lottery.com Inc. S'holders Litig., Del. Ch., No. 2023-0395, oral arguments 11/6/25.

At issue: An investor's 2022 lawsuit claims the architects of Lottery.com Inc.'s blank-check merger duped shareholders into approving a lospided deal that gave them a windfall. Vice Chancellor Morgan T. Zurn previously approved a $2.6 million settlement to resolve claims against the backers of Trident Acquisition Corp., the special purpose acquisition company that combined with the former AutoLotto Inc. to take it public as Lottery.com. Zurn now will consider multiple motions to dismiss remaining claims in a second amended complaint.

Court action: Oral arguments will be held in Wilmington, Del.

Lottery.com SPAC Backers Accused of Driving Disastrous Deal (1)

Friday: Callahan v. Nelson, Del. Ch., No. 2024-1099, hearing 11/7/25.

At issue: Vice Chancellor Bonnie W. David previously decided to "partition" Tucker, a Goldendoodle whose estranged owners have been fighting for possesion since 2022. The dog's not being split in two, nor is it being publicly auctioned—David wants the ex-couple to figure out who keeps Tucker and who accepts "a monetary award." As the owners can't agree, and David says the case "presents a matter of first impression in our Court," she's scheduled and evidentiary hearing "to provide the parties an opportunity to supplement their legal arguments with evidence to support their positions on the appropriate partition procedure." One ex seeks a "transparent auction," while the other asks for "a factor-based analysis of Tucker's best interest."

Court action: The evidentiary hearing will be held in Georgetown, Del.

Delaware's Elite Business Court Stumped by Goldendoodle Dispute

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Securities

Air Lease Investor Sues Over $7.4 Billion Take-Private Deal

Oct. 31, 2025, 10:51 AM PDT

Air Lease Corp.'s planned sale requires further disclosures of financial projections and potential conflicts of interest, a lawsuit seeking to hold up the deal said.

Chairman Steven F. Udvar-Házy, CEO John L. Plueger, and other board members could have a huge payday through the $7.4 billion takeover, without similar benefits to public stockholders, said the complaint filed in the US District Court for the Central District of California on Thursday.

Corporate insiders own large amounts of shares, RSUs, and PSUs, some of which will be exchanged in the transaction. Udvar-Házy, for example, beneficially owns almost 5.89 million shares, not counting his restricted and performance stock units, according to a chart in the complaint.

And executives' "golden parachute" packages include millions in payouts, shareholder Lincoln Sise said. Udvar-Házy has an equity acceleration plan worth $17.6 million. Plueger could get a total of about $31.4 million—including $11 million in cash severance and $20.3 million through equity acceleration.

The proxy statement connected with the take-private deal should have disclosed more information about post-merger employment discussions, financial projections for Air Lease, and data underlying adviser JP Morgan Securities LLC's fairness opinion, Sise said.

The proxy statement soliciting shareholders' vote on the acquisition also doesn't discuss the confidentiality agreement between the aircraft leasing corporation and Gladiatora Designated Activity Co., the new Dublin, Ireland, based holding company that will absorb it.

Gladiatoria's shares are held by Sumitomo Corp., SMBC Aviation Capital Ltd., and investment vehicles connected to Apollo Global Management managed funds and Brookfield.

Air Lease shareholders will get $65 a pop in the sale, a "total valuation of approximately $7.4 billion, or approximately $28.2 billion including debt obligations to be assumed or refinanced net of cash," said the September press release announcing the agreement.

Sise wants the court to enjoin the sale. If it goes through, he wants the court to rescind it or award him rescissory damages. And Sise wants the court to make the board release a proxy statement that's not allegedly misleading.

Brodsky Smith represents Sise, who alleged Securities Exchange Act of 1934 violations tied to the purportedly misleading proxy statement.

Billionaire Udvar-Házy, who is expected to retire from Air Lease, founded the company in 2010 after the sale of his co-founded International Lease Finance Corp. He is also known for contributing $65 million for the building of a Smithsonian Institution center that shares his name. The center houses historical aircraft like the space shuttle Discovery, which has recently been in the middle of a dispute trying to relocate it to Texas.

Air Lease didn't immediately respond to an email seeking comment about the lawsuit.

The case is Sise v. Air Lease Corp. , C.D. Cal., No. 2:25-cv-10445, complaint filed 10/30/25 .

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Unicycive Leaders Sued for Touting Kidney Treatment’s Prospects

Oct. 31, 2025, 2:00 PM PDT

Unicycive Therapeutics Inc. leaders are responsible for misrepresenting that its manufacturing arrangements for a chronic kidney disease treatment under FDA review would meet the agency’s requirements, an investor alleges.

The directors and top executives overstated Unicycive’s readiness and ability to satisfy that aspect of the Food and Drug Administration’s new-drug review process, Tacarra Jackson says on behalf of the company. She filed her derivative suit Thursday in the US District Court for the Northern District of California.

Because of those representations, the biotechnology company’s stock suffered a jolt when the FDA issued a “complete response letter” indicating the review cycle had concluded without an approval for drug candidate oxylanthanum carbonate, Jackson says. The letter cited “deficiencies previously identified at a third-party manufacturing vendor,” according to the complaint.

The harm to the company includes the costs and potential liability associated with a proposed class action, unjust compensation of the officers and directors, and loss of reputation, Jackson says.

The suit seeks damages, disgorgement, and corporate governance reforms on its claims of breach of fiduciary duties, gross mismanagement, waste of corporate assets, unjust enrichment, and proxy misstatements.

Unicycive doesn’t comment on ongoing legal disputes, it said in an email.

Wolf Haldenstein Adler Freeman & Herz LLP and Gainey McKenna & Egleston represent Jackson.

The case is Jackson v. Gupta , N.D. Cal., No. 3:25-cv-09338, complaint 10/30/25 .

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$38 million settlement ends Bayer ADR fraud suit over Monsanto acquisition

DJ dailyjournal.com/articles/388342-38-million-settlement-ends-bayer-adr-fraud-suit-over-monsanto-acquisition

Share

Nov. 3, 2025

Judge Richard Seeborg said the recovery--just over 9% of estimated maximum damages--aligns with comparable cases, concluding more than five years of litigation by ADR investors who bought between May 2016 and July 2020.

Judge Richard Seeborg

A Northern District of California judge has granted final approval to a $38 million settlement resolving securities fraud claims against Bayer AG over alleged misrepresentations tied to its 2018 acquisition of Monsanto.

U.S. District Chief Judge Richard Seeborg approved the deal Thursday, ending more than five years of litigation by institutional investors who bought Bayer American Depositary Receipts between May 2016 and July 2020. The recovery--more than 9% of estimated maximum damages--was consistent with comparable securities class actions, Seeborg wrote. *Sheet Metal Workers' National Pension Fund v. Bayer Aktiengesell Schaft*, 3:20-CV-04737-RS (N.D. Cal. July 15, 2020)

Class Counsel Carol Gilden of Cohen Milstein said she was pleased with the settlement, calling the case a "hard-fought dispute."

"This was an important securities class action that reaffirms ADR investor rights and the long arm of Uncle Sam to hold foreign companies accountable to U.S. securities laws," she said. "This resolution will help ensure accountability of a foreign company under U.S. securities laws. It will also provide closure for ADR investors harmed by Bayer's alleged misleading statements."

The suit alleged Bayer misled investors about its due diligence before acquiring Monsanto, which was facing massive Roundup litigation. The class, which bought roughly 600,000 ADRs, won certification in 2023.

Seeborg noted that plaintiffs faced significant hurdles proving falsity, materiality, scienter, and loss causation. The $38 million deal followed two mediations with Miles N. Ruthberg of Phillips ADR Enterprises, who proposed the resolution accepted by both sides. Plaintiffs had sought $417 million; defendants claimed damages were capped at $24.5 million.

By late October, 153,097 claims had been filed with no objections. Payments under $10 will not be issued; residual funds will go to the Council for Institutional Investors.

The parties agreed in February, and the settlement received preliminary approval in June.

A Bayer spokesperson on Friday said the company was pleased to bring an end to the litigation, stating the settlement doesn't imply any admission of wrongdoing or liability, and noted the company's relief at concluding the matter.

#388342

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Securities

Bayer, Investors Get $38 Million Deal on Monsanto Finalized (1)

Oct. 31, 2025, 9:15 AM PDT; Updated: Oct. 31, 2025, 10:58 AM PDT

Bayer AG's $38 million class settlement of US investor claims over its purchase of Roundup maker Monsanto Co. merits final approval, a federal court ruled.

The 9% recovery of maximum potential damages and the risks of continued litigation support the deal's finalization, Chief Judge Richard Seeborg of the US District Court for the Northern District of California said on Thursday. Seeborg also approved 27%, or about $9.4 million, in fees for the investors' attorneys, higher than the 25% benchmark within the Ninth Circuit—along with nearly $3.3 million in expenses—in the five-year-old case.

The pension funds representing the class alleged Bayer didn't adequately vet Roundup herbicide maker Monsanto Co. before buying it for $63 billion and didn't warn them about cancer litigation risks.

The class consists of those who acquired Bayer's American Depositary Receipts, which are a vehicle for US residents to purchase shares traded on foreign exchanges, during a roughly four-year period ending in July 2020. Bayer's ADRs traded over the counter in that period.

"This was an important securities class action that re-affirms ADR investor rights and the long arm of Uncle Sam to hold foreign companies accountable to U.S. securities laws," said Carol Gilden, an attorney for the investors who's with Cohen Milstein Sellers & Toll PLLC.

"Even if investors purchased ADRs on U.S. over-the-counter exchanges, they can still assert their rights to recoup losses under U.S. securities laws if they were misled by that foreign company," Gilden said via email.

"I'm very pleased with the settlement and resolution for our clients and investors who invested in Bayer AG," Gilden said. "This was a hard-fought dispute involving extensive cross-border discovery across multiple continents and legal systems and addressing novel extraterritoriality issues."

Bayer's agreement to settle the suit doesn't "reflect any admission or finding of wrongdoing," the company said in its ownemail. Bayer "is pleased that this litigation has been brought to a conclusion and that it can put this matter behind us."

Cohen Milstein is lead counsel for the investors. Morrison & Foerster LLP and Wachtell, Lipton, Rosen & Katz represent Bayer.

The case is Sheet Metal Workers Nat'l Pension Fund v. Bayer AG , N.D. Cal., No. 3:20-cv-04737, 10/30/25 .

(Updates story with additional context and comment from plaintiffs' counsel.)

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Securities

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Compass Minerals Investors, Board Settle Fire Retardant Suit (1)

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Summary by Bloomberg AI

AI Generated

- Compass Minerals International Inc. will adopt a formal board policy on strategic transactions to end stockholder allegations they misrepresented the quality of its fire retardant in an acquired unit.
- The shareholders sought approval of $850,000 in attorneys' fees and expenses paid by the company's insurers in their Oct. 31 motion.
- Judge Eric F. Melgren preliminarily approved a $4.9 million settlement to resolve related investor class claims this year.

Compass Minerals International Inc. will adopt a formal board policy on strategic transactions to end stockholder allegations they misrepresented the quality of its fire retardant in an acquired unit.

Compass must retain this and other reforms for at least five years, the shareholders said while seeking preliminary approval of the deal from the the US District Court for the District of Kansas. Current and former executives and board members denied wrongdoing in the consolidated derivative suit, which alleges they overhyped the 2024 government contract prospects of its now-shuttered fire retardant business.

The shareholders sought approval of $850,000 in attorneys' fees and expenses paid by the company's insurers in their Oct. 31 motion

Judge Eric F. Melgren preliminarily approved a $4.9 million settlement to resolve related investor class claims this year

Melgren also stamped final approvals of a $48 million class deal and derivative agreement tied to investor claims about a salt mining upgrade

Glancy Prongay & Murray LLP; Beam-Ward, Kruse, Wilson & Fletes LLC; and RM Law PC represent shareholder George Assad. The Brown Law Firm PC and Walters Renwick Richards & Vaughan PC represent shareholder Fabrizio Morelli. Attorneys for both investors declined to comment. Skadden, Arps, Slate, Meagher & Flom LLP and Husch Blackwell LLP represent the leadership and Compass Minerals, a nominal defendant. Neither of these law firms nor Compass immediately responded to emails seeking comment.

The case is Morelli v. Crutchfield , D. Kan., No. 2:24-cv-02496, 10/31/25 .

(Updates to include that another attorney for one of the shareholders declined to comment in the sixth paragraph.)

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Guest Post: Massachusetts as a Safe Harbor from Derivative Suits

dandodiary.com/2025/11/articles/shareholders-derivative-litigation/guest-post-massachusetts-as-a-safe-harbor-from-derivative-suits

Kevin LaCroix November 3, 2025

Sarah Abrams

Choice of law considerations in litigation can sometimes be outcome determinative. In the following guest post, Sarah Abrams takes a look at a distinctive statutory defense that may be available to derivative litigation defendants when Massachusetts law applies and considers the D&O insurance underwriting implications. I would like to thank Sarah for allowing me to publish her article as a guest post on this site. I welcome guest post submissions from responsible authors on topics of interest to this site's readers. Please contact me directly if you would like to submit a guest post. Here is Sarah's article.

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Experienced litigators and D&O claim professionals know that jurisdictional law can be an important factor when an entity selects its state of incorporation. For example, distinct derivative lawsuit defenses may be available to Massachusetts companies that can result in early dismissal of derivative litigation. A recent case involving a derivative lawsuit against Pegasystems, Inc. (Pegasystems) underscores how valuable these defenses may be. The early dismissal of an insured from litigation may also have important D&O insurance underwriting implications.

Pegasystems is a Massachusetts-based software company that specializes in customer relations management software and business process management ("BPM") software, which it sells to major global companies and government agencies. The company has been publicly traded since 1996 as PEGA (NASDAQ). The derivative actions filed against Pegasystems, Inc. were brought in the wake of a competitor lawsuit alleging years-long corporate espionage and a follow-on securities class action alleging violations of 10b, 10b-5, and 20(a) (Pegasystems SCA).

The Pegasystems SCA alleged, in part, that from 2012 to 2020, Pegasystems engaged in a long-running campaign to spy on a competitor by employing consultants and contractors who accessed Appian's confidential systems and product information and settled for $35M in 2024. However, despite the corporate espionage allegations against Pegasystems and a $2B jury verdict in Virginia (overturned on appeal due to procedural errors), the Pegasystems derivative actions were dismissed under Massachusetts' Safe Harbor Act.

The following will discuss the allegations against Pegasystems, including the Pegasystems SCA, and the court's decision, to determine what, if any, D&O underwriter lessons can be learned from the disposition of the Pegasystems investor lawsuits.

Pegasystems Litigation

In June and November 2024, shareholders of Pegasystems brought derivative suits against CEO Alan Trefler and other directors and officers, alleging breach of fiduciary duty in connection with a "corporate espionage" scheme targeting competitor Appian Corp., and failure to timely disclose Appian's 2020 trade-secret lawsuit filed against Pegasystems (Appian Lawsuit).

Because it is relevant to the Pegasystems shareholder litigation and Pegasystems SCA, a brief disposition of the Appian lawsuit is as follows: in May 2022, a jury found Pegasystems had misappropriated Appian trade secrets through illicit means and, as a result, awarded Appian $2.036 billion. In July 2024, the Virginia Court of Appeals issued an opinion vacating the jury's award and remanding the cases back to the trial court for a new trial. Appian petitioned the Supreme Court of Virginia for review of this decision, and the Court agreed to hear the case.

Shortly after the $2B jury award was returned in the Appian Lawsuit, the Pegasystems SCA was filed in the U.S. District Court for Massachusetts. Within months of the securities case being filed, shareholders sent demand letters to the Pegasystems board requesting an internal investigation into the alleged espionage scheme and the company's delayed disclosure of the Appian Lawsuit. Pegasystems board purportedly responded to the shareholder demand by forming a Demand Review Committee (DRC) composed of three independent directors appointed, in part, by CEO Trefler and advised by Fried Frank.

In October 2024, Pegasystems' DRC allegedly rejected shareholder demands to sue Trefler and other officers and moved to dismiss the derivative actions filed against it under Massachusetts General Laws, Chapter 156D, Section 7.44 (Mass Safe Harbor Act). Briefly, the Mass Safe Harbor Act allows dismissal of a rejected derivative demand if an independent committee, acting in good faith after reasonable inquiry, concludes that derivative litigation is not in the company's best interest.

Important for Pegasystems and other Massachusetts-incorporated entities, the Act gives corporate boards a robust defense against derivative litigation, provided they follow the formal process: appoint an independent committee, retain separate counsel, document their inquiry, and issue a detailed report.

Mass Court's Ruling

In granting Pegasystems Inc.'s motion to dismiss its investor derivative litigation, the Massachusetts Superior Court found, in part, that the DRC and its appointed directors were independent despite being nominated by Trefler. The Court further held that the appointed directors did not participate in the alleged illicit conduct, had no personal benefit from the corporate espionage, and were exculpated for ordinary-care breaches under Pegasystems' charter. In addition, the Court found that the shareholders' argument regarding the directors' compensation did not rebut the statutory presumption of independence.

The Court also determined that the 116-page DRC report showed extensive investigation, document review, and interviews that indicated Pegasystems' "competitive intelligence" practices were *imprudent but not illegal* and that the Board reasonably believed no earlier disclosure regarding the Appian Lawsuit was required. The Pegasystems' DRC did recommend enhanced oversight of risk and intelligence programs, which the Court viewed as evidence of diligence, not bad faith. Finally, the Court held that the shareholders' reliance on the vacated $2 billion verdict was insufficient to show a lack of good faith; thus, the business-judgment rule protected the DRC's decision to reject Pegasystems' investors' derivative demand.

Discussion

As an initial matter, I think that the Pegasystems SCA settlement makes the dismissal of similarly pled derivative litigation noteworthy. As D&O Diary readers may recall, nearly half of the securities class actions filed between 2019 and 2024 involved parallel derivative actions. And, according to an August 2025 study from Cornerstone Research, among the parallel derivative actions involving monetary settlements, the median settlement amount was approximately $9.2 million.

Thus, a seemingly obvious takeaway from the Pegasystems litigation and recent derivative dismissal is that where a company is incorporated is important. Pegasystems, and likely its D&O insurers, still paid $35 million to settle the companion securities class action. Considering the increase in parallel derivative action filings and monetary settlements, D&O underwriters may want to be mindful that the Mass Safe Harbor Act potentially can help effect the dismissal of derivative litigation.

In addition, an appellate court decision highlights how valuable this Massachusetts defense could be. In 2023, the Fifth Circuit Court of Appeals, citing the Mass Safe Harbor Act, affirmed the dismissal of a shareholder derivative suit filed against the manager and trustees of a Massachusetts business trust and SEC-registered investment company. In doing so, the Court provided favorable appellate authority regarding the standard for trustee independence in Massachusetts, underscoring the deference and weight that should be accorded to good faith business judgments reached by an independent board.

Finally, the Pegasystems Court also focused on rigor in the DLC process, noting that an independent committee, well-documented investigation, recusal of conflicted directors, and detailed written findings support a Mass Safe Harbor Act shield. Applying this standard as a basis for dismissal under the Mass Safe Harbor Act may be noteworthy to D&O underwriters of a prospective risk that is incorporated in Massachusetts; consideration of an entity's formalized demand-review protocols and an independent-director infrastructure may warrant consideration.

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The U.S. Securities and Exchange Commission's September 2025 policy shift allowing companies to include mandatory arbitration clauses in their IPO registration statements seeks to redefine the litigation landscape for public issuers. For the first time in decades, the SEC will not block or delay a company's registration statement merely because it requires investors to arbitrate federal securities law claims. SEC Chair Paul Atkins framed this as a deregulatory move to "make IPOs great again," arguing that public markets have been burdened by excessive litigation and compliance costs.

From policy reversal to practical uncertainty

This decision overturns the SEC's long-standing practice -- rooted in the view that mandatory arbitration somehow undermines the public interest and investors' ability to vindicate federal rights. Under the new guidance, the SEC's review now focuses solely on the adequacy of a company's disclosures regarding arbitration, rather than on the propriety of the clause itself.

While the move provides regulatory clarity, it stops short of endorsement. The SEC explicitly stated that "nothing in this statement should be understood to express any views on whether arbitration provisions are appropriate or optimal for investors."

Legal and political reactions

The policy has polarized stakeholders. Senators Elizabeth Warren and Jack Reed warned that forcing investors into arbitration "would eliminate a critical tool for accountability" and "hide misconduct behind closed doors." Democratic Commissioner Caroline Crenshaw dissented, cautioning that the change "fails to address numerous legal and economic issues" and risks under-enforcement of securities laws. The public advocacy group Save our Savings Coalition wrote: "the issues in a typical case of financial fraud are too complex, and the costs of discovery and expert testimony are too high, for these claims to be dealt with effectively through individual arbitration."

Corporate advocates and some market participants, however, argue that arbitration can reduce abusive class actions and align with the Federal Arbitration Act's (FAA) preference for private dispute resolution.

Delaware's restriction will be tested by upcoming IPOs

Despite the SEC's new policy, Delaware law (for the time being) remains a major barrier. Section 115(c) of the Delaware General Corporation Law prohibits bylaws that force all securities claims into arbitration without allowing access to at least one Delaware court. This effectively bars Delaware-incorporated companies, which represent the majority of U.S. public issuers, from adopting mandatory arbitration clauses for federal securities claims.

As Delaware faces competition from Texas and Nevada, both of which are creating more permissive corporate regimes, a new "race to the bottom or top" in corporate governance may emerge. The ultimate resolution may depend on whether courts find that the FAApreempts state law restrictions -- a question we predict will be tested by IPO filings by the end of October. The ultimate resolution will likely be decided by the Supreme Court, which has recently balanced similar issues in favor of the FAA.

Governance and insurance implications

Boards considering these provisions must weigh governance optics and D&O insurance impacts. While arbitration may reduce claim frequency, it introduces uncertainty for insurers and complex new underwriting considerations. Early adopters should expect heightened scrutiny from proxy advisors who have historically opposed such clauses as limiting shareholder rights.

Arbitration vs. Litigation: The practical trade-off

For companies, arbitration promises speed, confidentiality, and cost control, avoiding the massive costs and disruptions inherent in securities class actions. In reality, arbitration is not without issues:

Arbitration costs can be substantial, especially since issuers typically cover arbitrator and filing fees.

Limited appellate review means limited oversight and potential inconsistency in outcomes.

Limited transparency could fuel investor distrust, as arbitration proceedings are private and do not create binding legal precedent.

Yet most of the potential drawbacks with arbitrating securities fraud cases can be easily addressed by requiring that the selected arbitrators are experienced in securities litigation and by carefully crafting arbitration agreements with the proper procedural architecture.

The expertise of arbitrators is paramount to ensure that proceedings focus on dispositive legal and factual issues, with discovery confined to matters material to resolution. Such discipline minimizes procedural inefficiencies and aligns arbitration with the policy objectives of prompt and equitable adjudication. Former federal district court judges and seasoned securities litigators, who understand the jurisprudential evolution of securities litigation, are best at applying the substantive protections of the securities laws and managing cases efficiently.

Proper procedural architecture

Issuers might want to ensure that their arbitration provisions explicitly incorporate the provisions of the Private Securities Litigation Reform Act (PSLRA) to maintain established securities litigation best practices -- such as elevated pleading standard for securities fraud claims and an automatic stay of all discovery unless and until plaintiffs defeat a motion to dismiss. At a minimum, they should designate arbitral institutions whose procedural rules expressly permit dispositive motions -- such as motions to dismiss and other summary mechanisms.

Unfortunately, most legacy arbitration providers are poorly equipped to administer large-scale or "mass arbitration" claims. Legacy arbitration systems were designed to address individualized disputes, and their recent attempts to adapt to mass claims through the creation of "batch" or "bellwether" procedures have proved problematic and unwieldly. These hybrid approaches, while innovative, have been criticized for inconsistency in outcomes and protracted timelines -- sometimes extending resolution of thousands of claims to well over a decade.

To overcome the deficiencies of legacy arbitration, a more thoughtful model that enables individualized arbitrations to proceed based on binding decisions that are common to all claimants. Under this framework, inspired by federal MDL, an arbitral panel with demonstrated expertise in securities law would render binding determinations on common issues of fact, law and damages applicable to all claimants. Subsequent individualized adjudications -- limited to individual issues (liability or quantum) -- could then be arbitrated efficiently, often through the submission of standardized claims forms. The foregoing process can be completed in less than a year.

Key takeaway -- expertise is paramount.

The emphasis of the SEC's policy statement is on the adequacy of the arbitration remedy, and therefore the enforceability of an arbitration provision hinges on the quality of the arbitration remedy provided. Hence, it is vital that any arbitration process be provided by arbitrators with demonstrated expertise in securities litigation who adhere to a process and rules that are fair and equitable to all participants.

Despite differing opinions on the wisdom of arbitrating securities claims, how arbitration is implemented -- not whether it exists -- will determine whether arbitration fulfills its promise as a streamlined, fair and expert-driven process for prompt resolution of securities disputes.

#388338

Litigation

Manage Newsletters

IBM Hit With Class Suit Over Fund Performance in Worker 401(k)

Nov. 3, 2025, 8:24 AM PST

International Business Machines Corp. cost its employees' 401(k) plan more than $1.9 billion by offering poorly-performing funds managed by an in-house committee, four former workers said in a proposed class complaint.

The IBM plan's target-date and target-risk funds consistently lagged meaningful benchmarks while paying fees to an investment manager affiliated with the technology company, the employees said in an Oct. 31 complaint. IBM evaluated the performance of these funds by favorably comparing them to "custom benchmarks," but these are flawed comparisons that shouldn't be relied upon, the employees alleged.

"Defendants administer these custom benchmarks, which are not used or recognized outside this specific context, and which can be easily manipulated by Defendants to manufacture a performance and measure the benefits the IBM TDF Series purportedly provide," they said in a complaint filed in the US District Court for the Southern District of New York.

Target-date funds, which are designed to gradually shift investment strategies as investors approach retirement, have driven dozens of recent lawsuits alleging fiduciary breach under the Employee Retirement Income Security Act. Target-risk funds are calibrated to different investment risk tolerances.

The lawsuit, which also challenges the performance of three investments from non-party Vanguard, brings ERISA claims on behalf of a proposed class of about 150,000 plan participants.

IBM declined to comment on the allegations.

Kahn Swick & Foti LLC represents the employees.

The case is Arechiga v. Int'l Bus. Machines Corp. , S.D.N.Y., No. 7:25-cv-09067, complaint 10/31/25 .

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Alaska fires law firm Motley Rice in opioid litigation, joining Utah

reuters.com/legal/litigation/alaska-fires-law-firm-motley-rice-opioid-litigation-joining-utah-2025-10-31

David Thomas, Mike Scarcella October 31, 2025

The logo of law firm Motley Rice LLC is seen in their office in Cherry Hill, New Jersey, U.S., September 3, 2020. REUTERS/Andrew Kelly Purchase Licensing Rights, opens new tab

Oct 31 (Reuters) - The state of Alaska has terminated a contract with a national plaintiffs law firm it hired eight years ago to pursue a lawsuit over opioid painkillers, claiming it violated confidentiality and conflict-of-interest provisions.

Law firm Motley Rice failed to disclose that it was representing other clients in separate opioid litigation at the same time it represented the state, Republican Alaska Attorney General Stephen Cox's office said in an October 23 letter to the firm.

Alaska has "reason to believe that the firm may have shared confidential information obtained through its representation of the state," Cox's office said. The letter, obtained by Reuters through a records request, said the state would hire new counsel.

Alaska's move is the latest setback for Motley Rice, after Utah's attorney general terminated a similar contract with the firm on October 16. Motley Rice had been representing the states in lawsuits alleging that pharmacy benefits managers prioritized opioid access for patients despite the drugs' high risk of addiction and harm.
Motley Rice in a statement said it had represented Alaska in opioid litigation for nearly a decade and helped the state recover tens of millions of dollars to benefit Alaskans. It said it was proud of its work for the state.

The firm has responded to the attorney general's letter, but it said it could not comment on its response, and a copy was not immediately available.

In an earlier court filing in the Alaska opioid litigation, lawyers at Motley Rice said they were representing plaintiffs in lawsuits in Ohio over opioids. Those plaintiffs include local and state government entities.

A lawyer with the Alaska attorney general's office declined to comment.

It is common for Republican and Democratic-led state attorneys general offices to hire outside lawyers to work on major lawsuits. Private law firms can often devote greater resources to large, complex cases.

Some companies have balked at such arrangements, contending that states are unfairly outsourcing their responsibilities.

Founded in 2003, South Carolina-based Motley Rice employs more than 100 lawyers and has worked on high-profile cases against tobacco companies, paint manufacturers and medical device makers, securing billions of dollars in settlements and judgments.

Alaska hired Motley Rice in July 2017 to pursue potential opioid litigation after the state declared a state of emergency concerning opioid abuse.
The state sued pharmacy benefits manager Express Scripts in federal court in 2023, accusing it of unfair and deceptive practices and causing a public nuisance for its alleged role in the opioid crisis.

Express Scripts, which has denied any wrongdoing, had not sought to disqualify Motley Rice in the Alaska litigation, court records show. Express Scripts' parent company Cigna did not immediately respond to a request for comment.

In court filings in Utah's case, pharmacy benefits manager OptumRx alleged Motley Rice obtained confidential information about the company's operations through its work for other public entities in other investigations. Express Scripts is also a defendant in the Utah case.

Utah and Motley Rice in a September court filing denied, opens new tab that there was anything improper about the work the law firm was providing. Motley Rice said in the filing that OptumRx was seeking to revive a "six-times discredited argument" to disqualify the law firm.
Republican Utah Attorney General Derek Brown's office did not say why it had fired Motley Rice earlier this month. A spokesperson said the contract was terminated in the state's "best interest."

Motley Rice called OptumRx's arguments "meritless" in a statement to Reuters last week about Utah terminating the firm.

Read more:

Optum picks new fight to kick law firm Motley Rice off opioids case
Optum, Express Scripts bid for judge's ouster from opioid cases denied

Top law firms in US opioid lawsuits to get hundreds of millions in fees

Reporting by David Thomas and Mike Scarcella

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

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LAW.COM

Commentary | **Class Actions**

Arguing Class Actions: Criminalizing the Plaintiffs—Defendants' Tactical Discovery Attacks on Class Representatives

Arguing Class Actions is a monthly column for the National Law Journal.

November 03, 2025 at 06:00 AM By **Adam J. Levitt**

Adam J. Levitt, founding partner of DiCello Levitt. Courtesy photo

Discovery in civil litigation is intended to give all parties fair access to the evidence necessary to litigate the claims and allow for the trial to proceed on a full record of all the relevant evidence. In practice, however, defendants often use discovery as a weapon to distract the court from their alleged wrongdoing and to impugn the motives of plaintiffs seeking accountability. This litigation strategy, often employed in class action litigation, takes two common forms: deflecting from their own discovery failures by turning discovery disputes into "both sides" problems; and undermining the perceived legitimacy of the claims themselves. The result is a distortion of the discovery process and a subtle but potent shift in how the litigation is framed in the eyes of the court.

One of the oldest tricks in the defense playbook is to attack the plaintiff in order to redirect the court's attention away from the defendant. In complex litigation, where corporate defendants may control millions of documents—ranging from internal communications to regulatory submissions and product testing data—discovery productions may expose serious misconduct or negligence. To help keep this evidence in the dark, defendants often go on the offensive.

The strategy is simple: shift the narrative. Defendants make aggressive, often overbroad, discovery demands of plaintiffs—requests for entire medical histories, irrelevant tax records, whole social media archives, decades of employment records, or forensic images of entire computers or mobile devices. When plaintiffs resist these disproportionate demands or cannot perfectly comply, defendants argue that plaintiffs are the ones obstructing discovery. The objective isn't necessarily to win these fights outright, but to create a procedural fog that distracts the court from the defendant's own deficiencies and reframes the discovery landscape as one in which both sides are at fault.

In many cases, this can frustrate the court into treating discovery misconduct as mutual. Judges in class actions have limited resources and are often unable to devote those resources refereeing prolonged, granular discovery battles. When defendants inundate the docket with endless discovery letters and motions to compel, the cumulative effect is "both sides fatigue": The court begins to view discovery disputes as nothing more than mutual intransigence. When a judge concludes, "Both parties are being unreasonable," defendants neutralize scrutiny of their own discovery conduct. Even more frustrating, the court may respond by tightening deadlines for both sides, issuing reciprocal sanctions, or making broad, ineffective admonitions—all of which tends to generate more motion practice and discovery disagreement, and which ultimately fails to address the underlying asymmetry of the misconduct.

This plays to the defendants' typical advantage in resources by forcing plaintiffs counsel to allocate their relatively limited resources to both advancing the merits of the case and responding to manufactured discovery battles. This imbalance not only slows litigation, but can subtly shape judicial perception. If one party appears polished and the other is constantly defending against discovery complaints, the optics alone can influence rulings on class certification, bellwether case selection, or even dispositive motions.

Beyond procedural maneuvering, defendants also attack the plaintiffs themselves by turning routine aspects of plaintiffs' lives into supposed "evidence" of unreliability. For example, defendants may:

- Comb through social media posts, browser histories, medical and tax records, and email and text communications for anything that can be taken out of context;
- Identify other suits where plaintiffs have served as class representatives in an effort to portray plaintiffs as "frequent fliers" whose claims should be viewed with suspicion; or
- Request discovery into how plaintiffs came to know about their claims in an effort to portray the case as "lawyer-led," painting the plaintiffs as hapless, unknowledgeable, and incapable of leading the case.

Even when these accusations are baseless, their mere assertion can shift perceptions. Judges and mediators are human, and most are predisposed to assume that litigants, and their counsel, are acting in good faith. If they repeatedly hear that "plaintiffs are withholding information," "plaintiffs are not cooperating," or "plaintiffs are not serious about their claims," these allegations can give them pause.

When these tactics succeed, it is because the litigation structure itself often enables them. Defendants typically control the bulk of relevant information: internal documents, research, testing, compliance records, and communications. Plaintiffs, by contrast, are often required to provide personal and individualized records, which are inherently incomplete or less formalized. In addition, Rule 26 requires proportionality of discovery between the parties, rather than permitting discovery that is proportional to the needs of the case. Defendants use their production of thousands, if not millions, more pages of documents than the plaintiffs to support invasive, overbroad discovery into the plaintiffs' lives—despite the fact that the majority of documents produced by the defendants may not actually be helpful or relevant.

The damage these tactics inflict extends well beyond discovery itself. A judge frustrated by perceived "plaintiff noncompliance" may be less inclined to grant discovery sanctions against defendants or to view defense delays critically. If plaintiffs are viewed as disorganized or unreliable, defendants may perceive less settlement risk, leading to lower offers and harder negotiations. When plaintiffs are aggressively targeted in discovery, it can feel invasive and intimidating, leading some to disengage or abandon their claims altogether. Ultimately, if defendants can make plaintiffs look like the problem, they've already scored a strategic win—before trial, before class certification, and sometimes before meaningful discovery of the defendant's own conduct has even begun.

Fortunately, Rules 26 and 37 of the Federal Rules of Civil Procedure provide clear frameworks for addressing abusive or bad-faith discovery practices. Rule 26(b)(1) emphasizes proportionality, limiting discovery to what is relevant and proportional to the needs of the case. Rule 26(g) requires attorneys to certify that their discovery requests are not interposed for improper purposes. Rule 37 empowers courts to impose sanctions for failure to comply with discovery obligations.

Plaintiffs must be willing and properly prepared, however, to move under these rules. Because courts are often unable, or unwilling, to referee the early skirmishes in discovery disputes, plaintiffs attorneys must engage in a steady creation of a sound record that shows defendants' attempts to distract, obfuscate, delay, and misdirect. Creating this record is vital for engaging the court in an honest and candid conversation about how discovery should be conducted, and how defendants may have tried to frustrate that purpose.

The discovery process is supposed to illuminate the facts, not distort them. When they encounter these defense tactics, plaintiffs attorneys have the opportunity to refocus the court's attention on discovery's true purpose: to ensure that the parties, and the court, hear a cause on a fulsome record. Deliberate litigation strategies aimed at shifting power, perception, and pace toward the defendants have no place in our system. And while it is on plaintiffs counsel to meet defendants' abusive tactics, the courts must also be willing to push back, using the tools the rules already provide.

Thankfully, judicial skepticism toward overbroad or invasive requests of plaintiffs appears to be increasing. Courts now routinely reject attempts to compel unrestricted access to plaintiffs' social media profiles, browser histories, and hard drives, and frequently restrict access to unrelated medical records or financial information. See, e.g., *Cherry v. Walkin Billboard,* No. 1:17-CV-3714-LMM-JKL, 2018 WL 11483095, at *3 (N.D. Ga. Sept. 28, 2018) (denying request for the plaintiff's entire Facebook data and holding that "a party is no more entitled to such unfettered access to an opponent's social networking communications than it is to rummage through the desk drawers and closets in his opponent's home") (cleaned up and quotations omitted); *McArdle v. City of Ocala*, 451 F. Supp. 1304. 1313 (M.D. Fla. 2020) (denying request for 10 years of plaintiffs' medical records in light of "the burden of the proposed discovery and the privacy concerns of plaintiffs"). These decisions reflect a growing awareness of how defendants weaponize discovery to shift narratives rather than uncover facts. The question is what happens next.

Adam J. Levitt *is a founding partner of DiCello Levitt, where he heads the firm's class action and public client practice groups. He can be reached at alevitt@dicellolevitt.com.* *Thank you to DiCello Levitt senior counsel James Ulwick for contributing to this column.*

Deep Dive

Scouts Lawyer Seeks to 'Shine a Light' on Mass Tort System Flaws

Nov. 3, 2025, 2:30 AM PST

Summary by Bloomberg AI

AI Generated

- Larry Friedman, a 69-year-old part-time litigator, is representing Boy Scouts abuse victims who claim they were ripped off and lied to by a firm with more than 14,000 claimants in a multibillion-dollar settlement.
- Friedman has filed a motion to take over some clients of Slater Slater Schulman LLP and reduce or deny the firm's 40% contingency fees, which he estimates could top $50 million.
- A Delaware judge is scheduled to hear Friedman's motion, which he says is an opportunity to shine a light on problems with mass tort firms in the bankruptcy system and potentially recover more money for the abuse victims.

At this stage of his career, Larry Friedman didn't envision being a finger-pointing court reformer.

The part-time litigator and bankruptcy services consultant had settled into a comfortable routine, splitting his time between his northern Michigan home and the Florida waterfront condo that affords him morning walks on the beach.

But now Friedman, 69, finds himself unexpectedly representing Boy Scouts abuse victims who assert they were being ripped off and lied to by a firm with more than 14,000 claimants in the multibillion-dollar settlement that emerged from the organization's 2020 bankruptcy.

That's opened a window to what the onetime trustee has long asserted is a blight on the bankruptcy system: the growth of factory-like mass tort operations designed to lock down mountains of potential plaintiffs at high fees and provide minimal representation, at best.

In the Boy Scouts case, former clients of Slater Slater Schulman LLP approached Friedman, he said, after the settlement trustee said she stopped processing thousands of Slater claims for irregularities. The New York-based firm acknowledged its claims were being investigated over "procedural and factual problems."

A Delaware judge next week is scheduled to hear Friedman's unusual request to take over some Slater clients and, more pointedly, reduce or outright deny Slater's 40% contingency fees in the case, which he estimates could top $50 million.

Slater on Thursday lashed back at Friedman, filing a response that called his motion an improper bid to interfere with their clients and "wholly untethered to any recognized legal authority."

Friedman insists he didn't seek out the role or the clients, saying that they approached him after reading his past public criticisms about mass tort firms gaming the system.

"I didn't ask for this," he told Bloomberg Law last week in an interview near his Stuart, Fla. home.

But the lawyer sees it as a golden opportunity to go beyond talking and writing about the need for change. With clients in the case, he can actively litigate the problems he says have followed mass torts into the bankruptcy system.

"If I don't shine a light on this, it won't get fixed," he said.

Trustee With a Camcorder

Friedman became a student of the US bankruptcy code as a young lawyer in the 1990s, taking trustee assignments in Chapter 7 cases in the Eastern District of Michigan.

He grew skeptical, he said, after noticing a surge of personal bankruptcies in which people listed no assets beyond what was exempt from being liquidated, like a home and standard furnishings.

Some were residents in affluent Detroit suburbs who claimed their household goods and furnishings were worth just $1,500, Friedman recalled.

In one case of someone with a manicured lawn and nice cars in a neighborhood he knew, Friedman drafted a motion seeking approval to search the home with a camcorder. He later showed the packed courtroom footage of assets worth more than 20 times what the individual had attested to, including a large porcelain doll collection.

The tactic won him accolades from seasoned Chapter 7 trustees, he said, but some also warned him that devoting time and resources to root out fraud in consumer cases wasn't a path to a profitable practice.

He didn't care, he said.

"It was wrong, and it didn't make sense to me," he said. "That's what the law said to do."

Over the next decade, Friedman spent time testifying in support of legislation to improve the bankruptcy code, including making it more stringent towards consumer debtors.

In 2002, he was appointed executive director of the US Trustee Program—the Justice Department's cop on the bankruptcy beat.

While there, he shepherded into law the Bankruptcy Abuse Prevention and Consumer Protection Act and created enforcement divisions to increase vigilance in cracking down on consumer fraud.

"I am about not letting people exploit the efficiencies of the bankruptcy system—whoever you are—for your own benefit," he said.

Aviva Lehmann of Heritage Auctions and Boy Scouts of America's settlement trustee, Barbara Houser, discuss paintings being put up for sale as part of the youth organization's bankruptcy plan.
Photographer: Alex Wolf/Bloomberg Law

Mass Tort 'Shakedown'

Friedman left the public role for private practice in 2005, taking a job at Bear Stearns and later, other corporate roles. In recent years he has become more vocal about bankruptcy policy, often railing against mass tort trial lawyers.

Several of his public papers have taken aim at the Boy Scouts case, which Friedman has called a "mass tort shakedown."

It's not unusual for lawyers working on more typical civil litigation to charge clients contingency fees up to 40% on favorable outcomes because they are "fronting all the expenses and taking the risk that they may get nothing," said Friedman.

"We don't have any of that in a mass tort bankruptcy case," he said.

Instead, with tens or hundreds of thousands of potential victims, such settlements often end with most claimants getting some form of compensation, and their lawyers having much less to do—but still collecting 30% or more of the payout.

More than 60,000 Boy Scouts abuse victims are set to share a settlement that is expected to be at least $2.4 billion but could grow higher, with individual payments owed ranging from $3,500 to more than $1 million.

The diatribes against firms like Slater and others that banded together to form their own majority bloc in negotiations during the Boy Scouts case are easy to find online.

Friedman's writings put him on the radar of Boy Scout claimants who have grown outraged over dimming prospects that they'll recover more than just a fraction of what they've been told their claims are worth.

Attorney ethics prevent a lawyer from soliciting another firm's clients, so Friedman said he has told people who contact him that he can't represent them unless or until they fire their attorneys.

"It's all inbound traffic," he said. "I didn't send a solicitation."

Still, he saw the request as his chance to lean into the issue he had been railing about.

"This Motion is the culmination of what happens when you let trial lawyers run amok in the bankruptcy system," his filing began. "After the Boy Scouts filed this bankruptcy case, the race was on amongst a group of technology firms and law firms to bundle or aggregate as many claims as humanly possible to be filed in the bankruptcy case to take the largest portion of available funds they could."

Friedman said he threw a 20% fee contingency into the agreements, but the primary intent of his motion is to prove the allegations, get relief and get compensated in the form of sanctions against Slater.

"If that is to occur, our clients won't pay any other fee because the whole point is to put money back in the pocket of survivors, not to pile on," he said.

Tom Patton, a claimant in Maine who defected from Slater in September after the firm informed clients of the claim investigation, said he was encouraged by Friedman's approach and his willingness to take calls at any time of the day.

"It's a completely different type of attorney," said Patton, 50.

In its reply last week, Slater said Friedman lacked standing to weigh in, failed to provide any evidence of its failures or clients who wanted to join him and said his argument was flawed in multiple ways. At its base, Slater called it a flimsy publicity campaign.

"The transparent purpose of this opportunistic effort by movants' counsel is to wrongfully interfere with SSS's relationships with its clients, to alienate them from the firm and induce them to retain movants' counsel in its stead," it said.

First Steps

With a hearing less than two weeks away, Friedman is confident that the facts are on his side and that Judge Laurie Selber Silverstein is obligated to rule on whether Slater has the right to seek a share of the payouts from clients who fire them.

"The question is: How deep and how broad is she going to go?" he said.

Friedman doesn't expect a decision at the Nov. 13 hearing, but a sense of how the motion will proceed, and next steps for when and how she'll take evidence.

If all goes as he hopes, the court will agree to take on the question of what constitutes a reasonable fee for Slater's work in the case, he said. That's the key to moving his goal forward.

"We have clients from other firms and we'll be going there," he said. "We're not going away if we get relief here."

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Drugmakers must face skincare drug price-fixing lawsuit, US judge rules

reuters.com/legal/litigation/drugmakers-must-face-skincare-drug-price-fixing-lawsuit-us-judge-rules-2025-10-31

Jonathan Stempel October 31, 2025

U.S. flag and Judge gavel are seen in this illustration taken, August 6, 2024. REUTERS/Dado Ruvic/Illustration Purchase Licensing Rights, opens new tab

Oct 31 (Reuters) - A federal judge on Friday said 36 drugmakers and executives must face nearly all claims in an antitrust lawsuit brought by most U.S. states, accusing them of conspiring to fix prices of 80 generic drugs.

Chief Judge Michael Shea of the federal district court in Connecticut rejected claims that 45 states, the District of Columbia and four U.S. territories waited an unreasonably long time to pursue federal antitrust claims, and missed formal deadlines to file similar claims under state laws.

Led by Connecticut, the states accused drugmakers including Pfizer (PFE.N), opens new tab, Perrigo (PRGO.N), opens new tab and Sandoz (SDZ.S), opens new tab of conspiring to raise prices, limit competition and allocate customers for drugs, primarily for skin ailments, between 2009 and 2016.
In a 130-page decision, Shea said the defendants failed to show that the states "lacked diligence" in pursuing their case, citing evidence that the defendants pursued "affirmative acts" to conceal their alleged collusion.

"A reasonable juror could find that the defendants' 'blaming supply,' making uncompetitively high bids, and falsely citing production costs for increased prices were aimed at concealing their alleged conspiracy," the Hartford-based judge wrote.

Lawyers for Pfizer, Perrigo and Sandoz did not immediately respond to requests for comment after market hours. A spokeswoman for Connecticut Attorney General William Tong did not immediately respond to a similar request.

Brand names of some products in the case included the acne medication Differin, anti-fungal medicine Lotrimin AF Cream, and Ritalin for attention deficit disorder and attention deficit hyperactivity disorder.

The case is Connecticut et al v. Sandoz Inc et al, U.S. District Court, District of Connecticut, No. 20-00802.

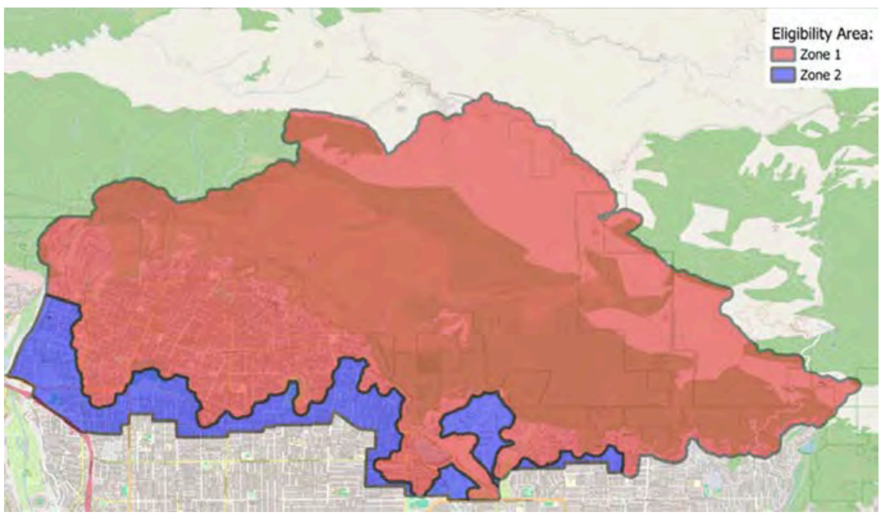
Edison expands eligibility, finalizes Eaton Fire settlement protocols

DJ dailyjournal.com/articles/388328-edison-expands-eligibility-finalizes-eaton-fire-settlement-protocols

LA Fires

Oct. 31, 2025

Southern California Edison finalized its Eaton Fire settlement plan, doubling eligible properties to 18,000, expanding coverage beyond the fire perimeter, increasing compensation, and revising procedures to streamline out-of-court claims.



New Eligibility Area Map. Photo: Southern California Edison

Southern California Edison has doubled to 18,000 the number of properties eligible for its out-of-court settlement program for victims of January's Eaton Fire, following more than a month of feedback sessions and release of its final program details.

Edison said on its website that the eligibility area was expanded beyond the Cal-Fire-designated fire perimeter to include properties affected by smoke, soot, or ash, nearly doubling the number of qualified properties with nonburn damage. Zone 1 includes the original fire perimeter and extends about 400 feet beyond it, while Zone 2 covers more properties based on proximity to the smoke plume, destroyed structures, and the fire's origin.

Previous Fire Perimeter Map. Photo: Southern California Edison

Based on listening sessions and community workshops, "We did have more than 50 changes" to the proposed protocols issued on Sept. 17, Edison spokesperson Gabriela Ornelas said in a phone call Thursday. "Now the eligibility area includes more than 18,000 properties. So that's nearly double from the previous version of the protocol."

The final version was issued Wednesday, and it set Nov. 30, 2026, as the deadline for fire victims to make their claims. "This is the timeline we are working with. If there are changes, we will work with that," Ornelas said.

Aiming to reduce litigation, Edison is offering a 10% bonus to help applicants represented by counsel recover legal costs, but the protocols have procedures for claim-filing by lawyers.

However, several plaintiffs' attorneys who have filed lawsuits have criticized the program, predicting that those who lost relatives, homes and businesses will get less than they might in trials. *The lead case is Gursey v. Southern California Edison*, 25STCV00731 (L.A. Super. Ct., filed Jan. 13, 2025).

Several of the attorneys were contacted Thursday for comment on the final protocol but did not respond by press time.

Earlier this month, Frantz Law Group said in a statement, "Punitive damages, intended to punish bad corporate actors through their profits, are alleged in these lawsuits and Edison knows it. Now, the same company that caused the destruction in the first place is trying to circumvent the victims' lawyers with categorically unfair settlement parameters as if anyone can trust them to be competent and fair."

The Eaton Fire burned more than 14,000 acres in Altadena, Pasadena and the Angeles National Forest and damaged or destroyed over 9,400 structures over the course of three weeks. Plaintiffs claim that sparks emanating from Edison's power lines in Eaton Canyon started the fire on the night of Jan. 7, a charge the utility denies. Approximately 6,000 people, more than 250 subrogation plaintiffs and more than 25 public entities have filed lawsuits, according to Edison, which is represented by Hueston Hennigan LLP.

The updated settlement program guidelines clarify procedures and introduce several substantive changes.

One change in procedure is that all claimants will start on the Fast Pay track, with streamlined documentation and an offer within 90 days. A complex claim requiring more documentation or the property owner desiring to add more information would trigger a detailed review procedure. Previously, the protocol gave claimants a choice of starting with Fast Pay track or detailed review.

The company said claims will be paid 30 days after finalization.

"This is the final program that has been launched, and they can start submitting their claims," Ornelas said. "At this time this is the protocol that's available and set; folks who have feedback are welcome to communicate."

Some of the changes involved different wording, such as replacing a list of non-economic damages such as emotional suffering and loss of consortium with a broader category called "personal impact."

At the same time, non-economic compensation has increased. Residents of a destroyed structure will now receive $115,000 per adult (previously $100,000) and $75,000 per child (previously $50,000). For structures that are damaged or have non-burn damage from smoke, soot or ash, compensation has doubled to $10,000 per child.

"This is in addition to all other applicable types of economic compensation (property damage, personal property, loss of use, business interruption, physical injury, etc.) and the Direct Claim Premium," Edison said. The document changed "business disruption" to "business interruption."

It specifies that neither Fast Pay nor Detailed Review offers are negotiable. All claims will first be considered under Fast Pay, then proceed to Detailed Review if declined--a change from prior procedures.

Edison highlighted that the final protocol includes increased calculation of monthly fair rental value by nearly 17% and improved valuation of personal property losses for tenants and owners of multifamily dwellings.

The previous version stated that the amount offered would be offset by insurance payments the claimants receive. Added language says, "The insurance offset will include both the total amount paid by the insurer and any remaining available benefits under the policy. Where amounts are not offset by insurance, these amounts are assumed to compensate for uninsured losses."

Another change is that those in Zone 1 will automatically receive $10,000 for burned landscaping, while those in the extended area of Zone 2 can receive up to that amount with proof.

#388328

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News | **Commercial Litigation**

Judge's Order Against Use of LinkedIn for Research on Potential Jurors Led to Alston & Bird's $10,000 Fine, Sanction for Violating Ban

"The prospective juror is still notified as a result of the investigator's search, even if the juror can't tell who was viewing her information," wrote U.S. District Judge William Orrick of the Northern District of California.

October 31, 2025 at 03:00 PM By **Thomas Spigolon**

What You Need to Know

- A federal judge's objection to use of LinkedIn for voir dire and his order prohibiting its use led to fining Alston & Bird $10,000.
- The judge said he considered use of LinkedIn to be a form of prohibited juror contact by a lawyer before a trial.

LinkedIn sign is seen at its campus in Sunnyvale, California, June 8, 2023. Credit: JHVEPhoto/Adobe Stock

A judge's objection to LinkedIn's automatic notification that someone is visiting a user profile—even if done anonymously to research potential jurors—and his order prohibiting its use led to Alston & Bird's $10,000 fine this week for violating the ban.

U.S. District Judge William H. Orrick of the Northern District of California wrote Tuesday that he ordered the sanction and fine—due by Nov. 12—after the firm failed to fulfill its “obligation” to follow his standing order against use of LinkedIn and did not “adequately inform and supervise its consultants” before they used it to find information on prospective jurors.

“It appears that the violation of the standing order was the use of LinkedIn in a way that might not be traced back to this litigation,” Orrick wrote. “I recognize that I may be one of only a few judges who consider automatic notifications on LinkedIn to be juror contact.”

“This penalty is far more modest than I originally contemplated,” he wrote.

The issue evolved from Alston & Bird's employment of a jury consultant as it defended client GoPro against patent infringement claims by Contour IP Holding in a long-running federal court case involving a video camera.

Orrick said he allows use of publicly available information in researching prospective jurors but issued his standing order because he considered use of LinkedIn to be a form of prohibited juror contact by a lawyer before a trial.

“When [the firm] hired its jury consultant, it did not advise it of its obligation to comply with the standing order, and when the consultant hired an investigator to conduct background research, the investigator was unaware of the standing order,” Orrick wrote.

“The investigator has indicated that it follows strict standards to only access publicly available information, but it used LinkedIn for its research, which I prohibit even for ‘anonymous’ searches because of the automatic notification setting employed by LinkedIn,” Orrick wrote. “The prospective juror is still notified as a result of the investigator’s search, even if the juror can’t tell who was viewing her information.”

Orrick noted that Alston & Bird’s attorney “did the responsible thing” after realizing the order had been violated and provided the information she received to opposing counsel “so that his firm would not be disadvantaged by not having access to the information her firm possessed.”

“She did not share it with the lawyer at her firm who was conducting voir dire. And she notified me of the violation at her first opportunity before jury selection,” he wrote. “It did not seem to me that a mistrial would be appropriate, so I proceeded with voir dire."

A jury decided Oct. 10 that GoPro should pay $8.2 million in damages after Contour had originally asked for $174 million.

The judge wrote that lawyers generally have an ethical duty not to contact prospective jurors "so they must be careful not to inadvertently use an investigative technique that notifies a juror that their information is being reviewed." He said "because this is an evolving area and different judges have varying perspectives on it" he issued the standing order in August 2023 against use of LinkedIn.

Orrick explained he imposed the sanction against Alston & Bird for two reasons, including its "obligation to comply with my standing order, whether it agreed with it or not, and its failure to adequately inform and supervise its consultants, intentional or not."

The judge wrote he remained "convinced that the standing order is appropriate" and the "advent of various surveillance tools" and the internet, smartphones and social media had "eroded" individual privacy since the mid-1990s.

"I do not think that jurors should lose any remaining privacy interests simply because they are called to do their civic duty, any more than I think that jurors should be able to investigate the lawyers in a case before agreeing to serve," he said. "And I think the ethical rule that lawyers not contact jurors should be strictly enforced."

Alston & Bird did not immediately respond to a request for comment.

Fox's Tubi ends lawsuit against Keller Postman over mass arbitration claims

reuters.com/legal/government/foxs-tubi-ends-lawsuit-against-keller-postman-over-mass-arbitration-claims-2025-11-03

Mike Scarcella November 3, 2025

Workers clean up outside the Fox News building in New York City, New York, U.S. December 8, 2021. REUTERS/Eduardo Munoz Purchase Licensing Rights, opens new tab

Nov 3 (Reuters) - Fox Corp (FOXA.O), opens new tab streaming unit Tubi has ended a lawsuit it filed against law firm Keller Postman for allegedly manufacturing thousands of arbitration claims over Tubi's advertising practices.
Tubi in a filing, opens new tab in the federal court in Washington, D.C., on Friday said it was dismissing the lawsuit after reaching a confidential settlement resolving the underlying arbitration claims.
Keller Postman's Warren Postman in a statement said Tubi unilaterally dropped the lawsuit against the firm and that no money was exchanged.

"Tubi’s suit was meritless from the start, and we believe it was filed as a tactic to smear Keller Postman’s reputation in the hopes that would pressure us to recommend settlement of our clients’ claims for less than they were worth," Postman said.

Tubi in a statement said the underlying arbitration claims have been resolved.

San Francisco-based Tubi sued Keller Postman last year, claiming the law firm had schemed to induce tens of thousands of Tubi subscribers to lodge arbitration claims against Tubi under a California law that bans using age and gender to target advertising.
Keller Postman had called, opens new tab the case a tactical lawsuit that Tubi pursued to evade its own contractual provisions that require users to bring arbitration claims to resolve consumer grievances. The firm has denied any wrongdoing.

In mass arbitrations like those Keller Postman spearheaded against Tubi, hundreds or thousands of individuals bring identical arbitration claims. The tactic emerged in recent years as an alternative to class action litigation as corporate defendants found success forcing claims into arbitration under customer or user agreements.

Tubi and Keller Postman in September said in a court filing, opens new tab that the two sides had reached an agreement to settle claims by Keller Postman clients who brought an arbitration demand against Tubi.
As part of the arbitration settlement, Keller Postman dismissed its appeal on behalf of ten individuals in a state court class action in Illinois against Tubi, a court filing showed.

Tubi in the class action agreed, opens new tab to pay nearly $20 million to settle advertising-related claims. The company denied any wrongdoing.
Tubi, which is free and supported by ads, in June said it had reached more than 100 million monthly active users.

The case is Tubi Inc v Keller Postman LLC, U.S. District Court for the District of Columbia, No. 1:24-cv-01616-ACR.

For Tubi: Brandon Fox, Kelly Morrison and Sati Harutyunyan of Jenner & Block

For Keller Postman: Warren Postman, Fred Messner and Kiran Bhat of Keller Postman

Read more:

Tubi mass arbitration to move forward after Keller Postman drops lawsuit
WarnerMedia resolves case against law firm in fight over mass arbitration
Meta case yields Texas-size fees as more firms ink state contracts
Fox's Tubi sues law firm over 'manufactured' mass arbitration claims

NewsRoom

11/1/25 Akron Beacon J. (Ohio) B1
2025 WLNR 28517236

Akron Beacon Journal (Ohio)

November 1, 2025

Section: News

Pretrial hearing in FirstEnergy briberycase

Patrick Williams

November 1, 2025

The hearing focused on testimony Maureen Willis, Office of the Ohio Consumers' Counsel director, could provide against former FirstEnergy executives Chuck Jones and Michael Dowling.

A pretrial hearing in the bribery case against former FirstEnergy executives Chuck Jones and Michael Dowling drew Ohio's attorney general to Summit County Common Pleas Court on Oct. 31 as the defendants outlined their request to certain witness testimony impermissible at trial.

The hearing focused on testimony that Maureen Willis, Office of the Ohio Consumers' Counsel director, could provide against Jones and Dowling at a jury trial scheduled for January. The OCC advocates on behalf of Ohio's residential utility customers.

Judge Susan Baker Ross and attorneys on both sides agreed to end the hearing after about three hours and continue it at a later date. Earlier in October, the judge decided on several other requests to allow or exclude testimony and evidence at the upcoming trial.

Ohio Attorney General Dave Yost and Summit County Prosecutor Elliot Kolkovich attended the Oct. 31 hearing but did not speak in official capacities regarding Jones' and Dowling's alleged $4.3 million bribe payment as part of the House Bill 6 scandal. Prosecutors are accusing Jones and Dowling of bribing Sam Randazzo, the former top state utility regulator at the Public Utilities Commission of Ohio, who died in April 2024.

Carol Rendon, co-counsel for Jones, said Willis should not be permitted to suggest at trial that the actions the defendants are accused of taking part in have affected jurors' finances. Rendon said this testimony could "inflame the passions of the jury improperly," even though FirstEnergy previously admitted guilt to bribing public officials.

Principal Assistant Attorney General Matthew Meyer said, "We are not going to direct any of our witnesses or ask any of our witnesses to argue that the effect of these regulatory decisions or the effect of provisions in House Bill6 cost jurors money.

"But we have to acknowledge that these things affect electricity prices. One of the key things that Sam Randazzo is accused of doing is intervening and working to eliminate and voting to eliminate (an electric) rate case. By necessity, we have to acknowledge the fact that that was a PUCO case about setting electricity prices."

Rendon also called into question the possibility of Willis interpreting Jones' and Dowling's text messages and emails, stating that the jury should be able to determine for themselves what was said because the defendants and their contacts were not speaking in code.

"These text messages and emails — and you've seen many of them already — are not written in code," Rendon said. "They're in plain, clear English. Nobody needs to interpret them for the jury."

Meyer said he believes the text messages need some interpretation.

"There's a lot of acronyms used in these messages. There's a lot of shorthand used between Mr. Dowling and Mr. Randazzo and Mr. Jones," Meyer said. "And without detailed knowledge and understanding about what they're bantering about in these text messages, it can be sometimes difficult to follow."

Overall, Meyer said of Willis, "We primarily want her to testify because she can explain these complicated regulatory concepts in plain English."

After about an hour and a half of Meyer questioning Willis and the defense making objections and arguments to Meyer's approach, Rendon called into question Meyer's focus on the timeline for acts that he said Jones and Dowling participated in.

Steve Grimes, an attorney for Dowling, said Meyer "needs somebody to be a mouthpiece for them, and he's trying to use this witness — and it's inappropriate."

Patrick Williams covers growth and development for the Akron Beacon Journal. He can be reached by email at pwilliams@gannett.com or on X, formerly known as Twitter, @pwilliamsOH. Sign up for the Beacon Journal's business and consumer newsletter, "What's The Deal?"

The hearing focused on testimony Maureen Willis, Office of the Ohio Consumers' Counsel director, could provide against former FirstEnergy executives Chuck Jones and Michael Dowling.

---- Index References ----

Company: FIRSTENERGY CORP

News Subject: (Crime (1CR87); Criminal Law (1CR79); Fraud (1FR30); Government Litigation (1GO18); Judicial Cases & Rulings (1JU36); Legal (1LE33); Social Issues (1SO05))

Industry: (Electric Utilities (1EL82); Energy & Fuel (1EN13); Utilities (1UT12))

Region: (Americas (1AM92); North America (1NO39); Ohio (1OH35); U.S. Midwest Region (1MI19); USA (1US73))

Language: EN

Other Indexing: (Summit County Common Pleas Court; OCC; FirstEnergy)

Edition: 1

Word Count: 659

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NewsRoom

10/31/25 cleveland.com (Cleveland, Ohio) (No Page)
2025 WLNR 28502299

cleveland.com (Cleveland, OH)

October 31, 2025

FirstEnergy case drags on as issues over secrecy remain unresolved

David Gambino; cleveland.com

AKRON, Ohio — Prosecutors and defense attorneys in the corruption case against two former FirstEnergy executives will reconvene on Nov. 21 as issues over secret evidence remained unresolved on Friday.

The disagreements between lawyers include whether potential trial evidence should be public.

Last year, Ohio Special Assistant Attorney General Matt Meyer and attorneys representing ex-FirstEnergy CEO Chuck Jones and former top company lobbyist Mike Dowling agreed that either side could mark exhibits "confidential."

Since then, however, Meyer has accused defense attorneys of abusing the agreement to selectively keep evidence from public view. Among those documents include interviews with Jones' successor as FirstEnergy CEO, Steve Strah.

In response, Carole Rendon, Jones' attorney, argued such evidence should remain secret until after the trial, so as not to taint potential jurors.

The hearing ended before attorneys could argue about that issue. Rendon and Dowling's attorney, John McCaffrey, are seeking to limit the testimony of Maureen Willis, the executive director of the Ohio Consumers' Counsel.

Rendon asked the judge to bar Willis from testifying at trial, set for Jan. 26, about text messages between Jones, Dowling and the former utilities regulator they are accused of bribing: Sam Randazzo.

She also argued that Willis shouldn't be allowed to testify about FirstEnergy's financial condition. Additionally, she contended Willis shouldn't discuss whether Jones' and Dowling's actions directly caused jurors' energy bills to increase.

"Who paid the cost is irrelevant to whether or not, and how, (the actions) benefited FirstEnergy," she said. "It's designed simply to inflame the jury and should not be permitted."

Meyer said the defense was essentially seeking to bar evidence of what the case is about.

"This is a defining issue of the case," he said. "We have to acknowledge that these things affect electricity prices."

Ohio Attorney General Dave Yost attended Friday's hearing, he said, to observe "the corruption trial of the century."

"The evidence we're talking about today is critical," he said. "If you remove the background - what was going on with Randazzo, the PUCO and the money flow - then you're left with no context for the actions of the defendants."

Prosecutors say Jones and Dowling engaged in a years-long scheme to pay off Randazzo in order to secure favorable treatment from the Public Utilities Commission of Ohio.

Jones and Dowling have pleaded not guilty to more than two dozen felony counts, including engaging in a pattern of corrupt activity, bribery and money laundering.

In addition, Jones and Dowling are facing federal charges that they arranged to pay $60 million in FirstEnergy bribes to former Ohio House Speaker Larry Householder to pass and defend House Bill 6, a 2019 state energy law that gave a $1 billion-plus ratepayer bailout to two FirstEnergy-owned nuclear power plants.

Householder is currently serving a 20-year prison sentence for accepting the bribes.

Randazzo, who was also indicted in Summit County and in federal court, took his own life in April 2024.

---- Index References ----

Company: FIRSTENERGY CORP

News Subject: (Business Management (1BU42); Corporate Events (1CR05); Crime (1CR87); Criminal Law (1CR79); Employment Law (1EM67); Executive Personnel Changes (1EX23); Financial Fraud (1FI18); Fraud (1FR30); Government Litigation (1GO18); HR & Labor Management (1HR87); Legal (1LE33); Social Issues (1SO05))

Industry: (Electric Utilities (1EL82); Energy & Fuel (1EN13); Utilities (1UT12))

Region: (Americas (1AM92); North America (1NO39); Ohio (1OH35); U.S. Midwest Region (1MI19); USA (1US73))

Language: EN

Other Indexing: (Public Utilities Commission of Ohio; FirstEnergy)

Word Count: 486

End of Document

News from Bloomberg Terminal

DOJ Probes Trading in Herbal Medicine Firm That Surged 46,000%

Oct. 31, 2025, 3:53 PM PDT

Summary by Bloomberg AI

AI Generated

- The US Department of Justice is probing market volatility at Regencell Bioscience Holdings Ltd. after a stock surge briefly made its value soar 46,000%.
- The DOJ sent a subpoena to Regencell to turn over documents and communications concerning trading in the company's shares and other matters.
- Regencell says it is cooperating with the investigation, but cannot predict its ultimate resolution, and believes the volatility may be caused by a "short squeeze" or other anomalous trading activity.

By Nicola M White

(Bloomberg) --

The US Department of Justice is probing market volatility at a Hong-Kong based traditional Chinese medicine company after a stock surge briefly made its value soar 46,000%.

The DOJ sent a subpoena to Regencell Bioscience Holdings Ltd. to turn over documents and communications concerning trading in the company's shares "and other corporate operational, financial and accounting matters," according to the company's financial report filed with the US Securities and Exchange Commission on Friday in Washington.

"We are cooperating with this investigation, but we cannot predict its ultimate resolution," the filing states. Company representatives didn't immediately respond to a request for comment sent after business hours on Friday. A spokesperson for DOJ also didn't immediately respond to a request for comment.

Read More: Mystery $33 Billion Medicine Fortune Collapses in Days

Regencell made headlines in June when its stock price soared despite no apparent news from the company, which markets and licenses traditional treatments for ADHD and autism spectrum disorder. The rally briefly vaulted its chief executive officer's net worth to among the world's largest fortunes.

The firm, which debuted on the Nasdaq Capital Market in 2021, is in the research and development stage and has not generated any revenue in any years since, according to its filing.

“We have no saleable products and have not generated any revenue from product sales,” it states.

The company addressed the volatility in its securities filing. “We believe this volatility may be caused in substantial part by a ‘short squeeze’ or other anomalous trading activity causing demand for, and price of, our Ordinary Shares to increase,” it said.

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Peter Blumberg

JPMorgan Alerted U.S. to Epstein Transfers Involving Wall St. Figures

static01.nyt.com/ads/tpc-check.html

Matthew Goldstein, David Enrich, Jessica Silver-Greenberg, Steve Eder October 31, 2025

Weeks after Jeffrey Epstein died in federal custody in 2019 awaiting prosecution on sex-trafficking charges, JPMorgan Chase filed a report alerting the U.S. government to tens of millions of dollars of potentially suspicious transactions involving him and prominent Wall Street and business figures.

The so-called suspicious activity report that JPMorgan filed identified transactions with Leon Black, the co-founder of private equity firm Apollo Global Management; Glenn Dubin, a well-known hedge fund manager; the lawyer Alan Dershowitz; and trusts controlled by Leslie Wexner, the retail tycoon.

The nature of the transactions, as well as Mr. Epstein's role in them, is unclear.

JPMorgan said in its report that it was flagging about 4,700 transactions, totaling more than $1 billion, because they were potentially related to reports of human trafficking involving Mr. Epstein. It also mentioned Mr. Epstein's wire transfers to Russian banks and sensitivities around "his relationships with two U.S. presidents." Mr. Epstein at times was close with President Trump and former President Bill Clinton.

None of the men mentioned in the report have been charged with crimes in connection to Mr. Epstein.

The report was included in hundreds of pages of previously sealed court records that JPMorgan released on Thursday at the instruction of a federal judge, Jed S. Rakoff. He ordered the documents unsealed in response to requests from The New York Times and The Wall Street Journal.

Several other suspicious activity reports that JPMorgan filed in the years before Mr. Epstein's 2019 arrest were also included in the documents released on Thursday. They notified federal regulators to some of Mr. Epstein's voluminous cash withdrawals, which experts say are a potential hallmark of money laundering and human trafficking.

Yet JPMorgan continued to do business with Mr. Epstein for years. The bank lent him money, moved his funds overseas and enabled payments to some of his sex-trafficking victims, The Times reported in September. Bank employees repeatedly raised concerns about the risks of being associated with Mr. Epstein, but senior executives decided to keep his accounts open.

The 2019 suspicious activity report provided scant details about the transactions in question or why they were considered suspicious, aside from apparently being connected to Mr. Epstein.

In the case of Mr. Wexner's trusts, it described $65 million of wire transfers from the mid-2000s that appeared to move between multiple banks. Mr. Epstein served as a trustee for some of Mr. Wexner's trusts.

For nearly two decades, until around 2007, Mr. Epstein was a close financial adviser to Mr. Wexner, whose company controlled retailers like the Limited and Victoria's Secret. Soon after Mr. Epstein's death, Mr. Wexner accused him of having misappropriated "vast sums" of his money.

The suspicious activity report pointed to unidentified transactions with Mr. Black, his wife and a Black family partnership. The Times recently reported that Mr. Black had paid Mr. Epstein about $170 million and hundreds of thousands of dollars to at least three women who were associated with Mr. Epstein.

Mr. Epstein's relationship with Mr. Dubin was multifaceted. Mr. Epstein helped broker the sale of Mr. Dubin's hedge fund to JPMorgan, for which Mr. Epstein received a $15 million fee. Mr. Epstein previously dated Mr. Dubin's wife, Eva Andersson-Dubin, and was the godfather to the Dubins' children.

The suspicious activity report that JPMorgan disclosed on Thursday did not provide details about the transactions involving the Blacks, the Dubins or Mr. Dershowitz.

Devon Spurgeon, a spokeswoman for the Dubins, said the transactions in question were “related to charitable giving, personal gifts or business matters” and unrelated to Mr. Epstein’s crimes.

Mr. Dershowitz, who was one of Mr. Epstein’s criminal defense lawyers, said, “The only funds I ever received from Jeffrey Epstein were payments for my legal services based on my hourly rates.”
The 2019 suspicious activity report also flagged a number of people who worked closely with Mr. Epstein over the years and several of his corporate entities.

A JPMorgan spokeswoman, Patricia A. Wexler, said the documents showed that JPMorgan had repeatedly alerted regulators to red flags surrounding Mr. Epstein by filing suspicious activity reports.

“It does not appear that anyone in the government or law enforcement acted on those SARs for years,” she said.

In preparing the 2019 suspicious activity report, the bank pulled together every transaction that Mr. Epstein had any involvement with or that had gone through one of his accounts, Ms. Wexler said.

JPMorgan, the nation’s largest bank, served Mr. Epstein for more than a decade, a period during which he is believed to have sexually abused some 200 young women and girls, some as young as 14.

The role of JPMorgan in financing Mr. Epstein’s sex-trafficking operation has drawn new scrutiny after an article in The Times detailed how the bank had repeatedly disregarded red flags about his activities, including frequent large cash withdrawals and other suspicious transactions.

Some lawmakers in Congress have called for hearings into JPMorgan’s role, including demands that Jamie Dimon, the bank’s chief executive, answer written questions or testify before a Senate panel.

The financial records made public on Thursday were produced by JPMorgan during litigation in 2023 that was brought on behalf of victims of Mr. Epstein and by the U.S. Virgin Islands, where he maintained a private island residence that served as a base for most of his financial advisory businesses.

In 2023, JPMorgan agreed to pay $75 million to the Virgin Islands government to settle the litigation. The bank also paid $290 million to settle the victims’ lawsuit.

JPMorgan has said it regretted its involvement with Mr. Epstein but was not aware of his sexual abuse.
The unsealed documents include emails in which Mr. Epstein helped to recruit the founders of Google to be JPMorgan clients in the early 2000s. The Times previously reported that one of the founders, Sergey Brin, ultimately put more than $4 billion into a JPMorgan account. The emails also show a JPMorgan executive discussing the potential use of complex trusts to reduce the taxes of Mr. Brin and his co-founder, Larry Page.

A Google representative did not immediately respond to a request for comment on Thursday night.

The documents released on Thursday shed little new light on what Mr. Dimon knew about his bank's relationship with Mr. Epstein. Mr. Dimon has said he was not aware of the bank's extensive work for him until 2019, though at least one top executive has said under oath that he discussed the Epstein relationship with Mr. Dimon.

Mr. Dimon clearly knew by the summer of 2019. On the Saturday in August that Mr. Epstein was found dead in his Manhattan jail cell. a JPMorgan employee emailed colleagues with a link to a Times article about his death. That afternoon, an employee forwarded the message to Mr. Dimon.

House Oversight Chair Asks Acosta to Clarify Epstein Testimony

B **bloomberglaw.com**/bloombergterminalnews/bloomberg-terminal-news/T50LR8GOYMTD

Jason Leopold October 31, 2025

- Email trove reveals details of 2007-08 money-laundering probe
- Democrats urge bank subpoenas to seek information on accounts

The Republican chairman of the House oversight committee on Friday asked , the former US Attorney who signed off on disgraced financier Jeffrey Epstein's controversial 2007 plea deal, if he wanted to clarify his recent testimony to the panel.

Representative 's request follows a report by Bloomberg News that cited emails from Epstein's private Yahoo account to show that Acosta's office investigated Epstein for money laundering as part of a sex-crimes probe 17 years ago.Acosta told the House Oversight and Government Reform Committee in September that he didn't recall any discussion of "potential financial crimes" as part of his office's Epstein investigation.

Acosta's attorney, Jeffrey Neiman, responded on Friday to Comer in a letter, which was obtained by Bloomberg. "Mr. Acosta's recollection was, and is, that the Southern District's investigation was focused on the sex crimes that took place in Palm Beach, yet given the passage of time, this does not rule out prosecutors' seeking financial records and investigating potential financial crimes as part of the ongoing sex crimes investigation."

Neiman's letter also said that Acosta approved the terms of a plea deal that federal prosecutors offered Epstein in July 2007. And, citing Bloomberg's reporting, he said, "the cadence of financial records requests increased in August 2007." Neiman declined to make any additional comment on Friday.

Bloomberg's report, which was based on a trove of 18,000 emails sent to and from Epstein's private Yahoo account, also cited a former law enforcement official familiar with the matter to reveal previously undisclosed details of the probe's financial-crimes aspect: It lasted 18 months and turned up at least tens of millions of dollars in questionable financial transactions, according to the former official, who asked not to be named to discuss a sensitive investigation. Emails show the investigation also examined allegations that Epstein operated an unlicensed money transmittal business.

The federal investigation ended with a non-prosecution agreement; Epstein pleaded guilty to two state-level sex offenses in Florida in 2008.

Democratic members of the oversight panel also cited Bloomberg's story Friday in calling upon Comer to authorize a series of subpoenas to nearly two-dozen major banks about any accounts they held forEpstein.

A federal prosecutor requested that a grand jury issue subpoenas for "every financial transaction conducted by Epstein and his six businesses" dating to 2003, the emails show. Bloomberg's Jason Leopold explains.
Source: Bloomberg

In a letter to Comer, Representative , the panel's ranking member, and his 20 Democratic colleagues said the new details about the financial-crimes probe warranted further scrutiny of the banks and any dealings they had with Epstein.

"Over decades, Epstein used his vast wealth to exploit young girls and women," the letter said. "Evidence indicates that his finances were managed by several premier financial institutions and numerous other banks that had complete visibility into his transactions. Epstein remained a prized client at these firms due to the magnitude of his financial assets and his prominent social connections, despite increasingly serious evidence of his misconduct."

The lead prosecutor on the case, Assistant US Attorney Marie Villafaña, prepared an 82-page prosecution memo in May 2007 that recommended Epstein be charged with financial crimes including money-laundering.

"These facts generate new questions regarding Epstein's financial activities, and Congress must obtain all relevant information by issuing subpoenas to the responsible financial institutions," the committee's Democratic members wrote.

"Chairman Comer has been clear he intends to get bank records," said a statement from Jessica Collins, Comer's communications director on the oversight committee. "The Treasury Department is fully cooperating and providing suspicious activity reports; we are in active discussions with the banks already; and we've released over 44,000 pages of documents. Democrats didn't need to send a letter. Democrats should instead focus on reopening the government."

The committee has been probing the government's handling of the Epstein case since the Department of Justice and Federal Bureau of Investigation concluded in July that no new records from the 300 gigabytes of data that make up the Epstein files would be released. That decision reversed promises that President and Attorney General had made to do so.

The oversight committee has received and released numerous documents about Epstein that it received from his estate, notably a 2003 book celebrating Epstein's 50th birthday that contained lewd messages sent to him by his friends and associates, including Trump.

In September, the panel's Republican members said in a statement that they planned to "pursue additional Epstein bank records," but so far they have yet to issue any subpoenas to the financial institutions. In their letter, committee Democrats identified 21 banks that they want Comer, a Kentucky Republican, to authorize subpoenas to, including JPMorgan Chase & Co, Bank of New York Mellon; Bank of America; Deutsche Bank and Goldman Sachs.

"These financial institutions had extensive roles in managing his financial accounts that are critical to our investigation," Garcia, a California Democrat, said in a statement. "Full bank records will tell us much more about the network of Epstein's illegal activities, identify his associates, highlight questionable transactions, and reveal people and institutions who made his crimes possible.

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As Fiserv CEO, Frank Bisignano overinflated sales projections before quickly cashing out with a $500M stock sale.

Now, Fiserv's market value has collapsed — and Trump has put Bisignano in charge of Social Security.

Be warned. www.commondreams.org/news/fiserv-...

Demand for Trump's Social Security Chief Bisignano to Resign After $30 Billion Implosion of Former Company | Common Dreams

The former CEO of Fiserv has been accused of causing chaos, with the company's stock plummeting by 40% and $30 billion i

www.commondreams.org

October 31, 2025 at 1:15 PM · Everybody can reply

1K reposts **65** quotes **2K** likes **50** saves

138 1.1K 2K

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RFK Brain Worm Jr. @planetofdinosaurs.bsky.social · 2d

Trump will bankrupt SS and for some reason no one in this country will be able to stop him.

JFC, every horrible thing is more unbelievable than the last and we've got the churches filled with morons every Sunday thanking Trump for not taking a penny in salary.

I hate how dumb America is.

2 17 77

Demand for Trump's Social Security Chief Bisignano to Resign After $30 Billion Implosion of Former Company

commondreams.org/news/fiserv-ceo-frank-bisignano

https://www.facebook.com/32109457015 October 30, 2025

The new CEO of the financial services technology company Fiserv said Wednesday that the firm's financial outlook was grim, sending its stock collapsing by more than 40% and erasing $30 billion in market value—and laid the blame squarely with a Trump administration appointee whom the president has praised as "amazing."

When nominating former Fiserv CEO Frank Bisignano as Social Security administrator earlier this year, President Donald Trump said the executive frequently "takes troubled entities and turns them around."

RECOMMENDED...

[Defenders of Social Security Furious Over Trump Plan for Part-Time Commissioner]

['Straight Grift': Trump Reportedly Wants $230 Million From Taxpayers for DOJ Probing Him]

With current Fiserv chief Mike Lyons [warning] on Wednesday that Bisignano had made major missteps as CEO, overinflating its sales projections and relying on short-term cost-cutting before selling his stock for $500 million, the advocacy group [Social Security Works] said beneficiaries of the government's anti-poverty program for senior citizens should be alarmed that the former executive is now in charge of their crucial benefits.

"Fiserv lost 40% of its value because the former CEO, Frank Bisignano, is a liar," [said] SSW. "But Bisignano is Trump's buddy, so he can only fail up. He's now in charge of your Social Security."

Lyons told analysts and investors that when Bisignano was leading Fiserv from 2020 until earlier this year, the company made sales projections that "would have been objectively difficult to achieve even with the right investment and strong execution."

He added that Bisignano made "decisions to defer certain investments and cut certain costs [which] improved margins in the short term but are now limiting our ability to serve clients in a world-class way, execute product launches to our standards and grow revenue to our full potential."

Translating Lyons' comment, Brett Arends wrote at *MarketWatch* that "under Bisignano, the company made forecasts it could not plausibly have achieved" and that the former CEO "was chasing short-term quarterly results, not building the business."

"Did Bisignano know that Fiserv's stock was about to tank, and ask his friend Donald Trump for a life raft?"

Lyons broke the news to investors weeks after a police pension fund sued Fiserv and Bisignano, as well as the new CEO, for "artificially inflating [Fiserv's] growth numbers."

But along with causing his former company's value to plummet, emphasized SSW president Nancy Altman on Thursday, Bisignano personally benefited from overestimating his firm's performance—selling more than three million shares after he was appointed Social Security administrator for at least $500 million.

"That sale saved him $300 million (and counting) in stock value," said Altman. "Did Bisignano know that Fiserv's stock was about to tank, and ask his friend Donald Trump for a life raft?"

Altman demanded that Bisignano "resign immediately" from his roles at the Social Security Administration and the Internal Revenue Service, where he was also named the first-ever CEO earlier this month.

"Bisignano is in charge of the American people's hard-earned Social Security benefits, as well as the collection of our taxes—despite his total lack of expertise, or even basic knowledge, of either," said Altman. "He infamously admitted that he had to Google 'Social Security' when Trump offered him the job. If he engaged in wrongdoing, the people need to know."

Altman called on the US Department of Justice and Congress to launch "immediate" investigations into Bisignano's conduct as CEO of Fiserv, but noted that with Republican allies of Trump running the government, the former executive is unlikely to be held accountable."

"The only recourse," said Altman, "is for Democrats to win control of Congress and make investigating Bisignano a top priority."

Securities

Short Seller Andrew Left Sues Hedge Fund, Alleging Lies to SEC

Oct. 31, 2025, 10:21 AM PDT

Andrew Left, the prominent short seller indicted by the US over trading tied to social media posts, is suing a Toronto-based hedge fund, alleging its executives lied to federal investigators about payments made to him in order to “save their own skins.”

Left accused Anson Advisors Inc., Anson Funds Management and two of its leaders in a federal lawsuit Thursday of defamation and business disparagement. Left alleges that they falsely told the Securities and Exchange Commission that he came up with an idea to funnel the proceeds of a short-selling strategy through a third party. The payments are evidence of wrongdoing in the government’s cases against him.

Andrew Left
Photographer: Eric Thayer/Bloomberg

The Los Angeles lawsuit is the latest turn in a years-long crackdown by the US on bearish researchers, hedge funds and short sellers, which Left said in the heavily-redacted complaint started as early as 2018. The probe, which looked at trading in advance of online short seller reports, became public in 2021 after Bloomberg reported that Left and others were under investigation.

The Justice Department also subpoenaed other financial firms seeking communications, calendars and other records relating to almost 30 investment and research firms, as well as three dozen individuals associated with them, people familiar with the investigation told Bloomberg.

Among those that received subpoenas was Anson, which eventually resolved two SEC probes without admission of wrongdoing, including one involving payments to Left. In his complaint, Left alleges Anson received a soft penalty from the securities regulator because the fund's leaders — **Moez Kassam** and Sunny Puri — bolstered the cases against him.

"Defendants knew, or consciously disregarded a substantial risk, that their lie would result in civil and criminal charges against plaintiffs but told these lies anyway to save their own skins," Left says in the complaint. "It worked."

An outside spokesman for Anson said Kassam and Puri testified truthfully under oath and that Anson intends to file a motion to dismiss, "laying out in detail the legal defects and absurdity of Mr. Left's complaint."

"Mr. Left's meritless complaint is nothing more than a desperate and extreme attempt to manipulate the legal system ahead of his criminal trial that starts in just a few months," the spokesman said in an emailed statement. "Faced with 19 federal criminal counts and a dwindling list of options ahead of his day in court, Mr. Left is willing to say anything to try to escape accountability."

Read More: Andrew Left Case Spooks Short Sellers to Add Research Warnings

The SEC didn't comment, citing the government shutdown. The Justice Department declined to comment.

"We believe as alleged that there was a real miscarriage of justice here and we're doing everything in our power to correct it," Eric Rosen of Dynamis LLP, who represents Left, said in an interview.

The lawsuit seeks to cast doubt on the government's evidence.

Left, who publishes stock tips through his Citron Researchthat are closely watched by thousands of investors, was charged by federal prosecutors with securities fraud in July 2024. The indictment, and a parallel civil case brought by the SEC, accuses Left of using false and misleading posts about his trading intentions in more than a dozen companies to try to nudge their stock up or down and make a quick profit. Companies named in the cases include American Airlines Group Inc. and Tesla Inc.

He was also charged by prosecutors with making false statements for allegedly lying to investigators about compensation from hedge funds. That allegation, according to Left's lawsuit, is based on his dealings with Anson in 2018 related to a Canadian cannabis company called Namaste Technologies.

During the government's probe, it became clear that "false invoices" for payments by Anson to Left, and who directed their creation, were critical to the government's decision on who to charge, the complaint says. Left claims he was wrongly blamed.

Left alleges that those dealings began when Kassam, Anson's co-founder and chairman, and Puri, the firm's co-head of investments, reached out to him about Namaste seeking his help in an effort to have him publicly say the cannabis company was fraudulent, according to the complaint. Left, who said he had done his own research on Namaste, told Kassam that he was interested in shorting its stock, but he didn't have a Canadian brokerage account to hold the shares. He said Kassam offered to have Anson short it for him and send him a check, according to the complaint.

$840,000

Left and Anson then collaborated on a report, which Left published. Namaste's stock plummeted and Anson made $5 million on the trade. Left said he was owed $840,000 for the shares Anson shorted on his behalf, according to the complaint.

In his lawsuit, Left alleges that Kassam or Puri suggested using a third-party. Left said he didn't care how he was paid. He then asked the third-party in a direct message who he should invoice and was told the third-party's company.

Left in his lawsuit alleges Anson didn't want to pay him directly because at the time of the negative report, Anson was involved in a "bought deal offering" for Namaste and would be taking a long position on the stock. "Defendants therefore did not want to make it appear that they paid a short seller to drive the price down so that the financing would be more favorable for them, while they profited off the price dip on a short position," Left said in the lawsuit.

Several paragraphs in the complaint that come after a description of meetings Kassam and Puri had with investigators are redacted, as are other portions throughout the 30 pages. Left's lawyers told the court the redactions were necessary because the information involves nonpublic material from the government's investigations.

Anson paid $3.3 million in 2023 to resolve SEC allegations that it bought stock in public offerings for private fund clients after shorting the same stock. The following year, the firm agreed to pay $2.25 million to resolve additional SEC allegations, including one for not disclosing to investors its payment to Left. In both matters, Anson didn't admit or deny wrongdoing.

Left claims he learned what Puri and Kassam told investigators upon receiving documents from the government in preparation for his trial, which is scheduled for March.

The civil lawsuit is Left v. Anson Funds Management, US District Court for the Central District of California, No. 2:25-cv-10432

--With assistance from **Nicola M White**.

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Tesla sales resume fall in European markets in October

reuters.com/business/autos-transportation/tesla-sales-plunge-again-some-european-markets-october-2025-11-03

Nick Carey November 3, 2025

- Tesla sales rise around 2.4% in France in October
- Drop in Norway after rising for several months
- Tesla outsold by Chinese brands in Denmark and Spain

LONDON, Nov 3 (Reuters) - Tesla's (TSLA.O) , opens new tab sales plunged in October in a number of European countries including Spain, the Netherlands and Nordic markets in the latest sign that the U.S. electric vehicle maker's struggles on the continent continue.

Tesla had seen sales rise in a number of European markets in September, after falling for most of this year due to increasing competition to its ageing lineup from newer EV models.

The automaker's new car registrations - a proxy for sales - dropped 89% in Sweden, 86% in Denmark, 50% in Norway and 48% in the Netherlands, local industry data showed. Its sales in Spain were down 31% in October, while industry-wide sales of fully-electric and plug-in hybrid models jumped 119%.

In France, however, Tesla posted a small gain in sales for a second consecutive month.

STILL DOMINANT IN NORWAY

The drop in Norway came after several months of growth in a market where almost all new cars sold were EVs and Tesla has remained the country's largest automaker.

Tesla's sales have fallen in Europe this year because it has a small, ageing lineup of models at a time when legacy manufacturers and Chinese rivals are releasing new EV models at a rapid clip. Through September Tesla's sales were down 28.5% in Europe versus the first nine months of 2024.

The company has also faced a backlash from some European consumers against CEO Elon Musk, who helped bankroll Donald Trump's U.S. presidential election victory last year and has championed European far-right parties.

Item 1 of 2 Tesla electric vehicles are pictured at one of the company's delivery centers in Valenton, near Paris, France, April 24, 2025. REUTERS/Benoit Tessier

[1/2]Tesla electric vehicles are pictured at one of the company's delivery centers in Valenton, near Paris, France, April 24, 2025. REUTERS/Benoit Tessier Purchase Licensing Rights, opens new tab

"Car buyers have more choice than ever, with an influx of new EVs from established manufacturers and ambitious newcomers from China," said Ginny Buckley, CEO of electric-car buying and advice site Electrifying.com.

"Tesla no longer has the market to itself and that seems to be showing in its sales figures in Europe."

CHINESE EVS OUTSELLING TESLA

In Denmark, Tesla was outsold by several Chinese EV brands, including BYD (002594.SZ), opens new tab, Xpeng (9868.HK), opens new tab and Geely's (GEELY.UL) Zeekr. In Spain, its October sales of 393 cars were dwarfed by those of SAIC's (600104.SS), opens new tab MG brand (3,725 cars) BYD (2,806 cars) and Chery's (9973.HK), opens new tab Omoda and Jaecoo brands - which sold 1,433 and 974 cars respectively.

Tesla sold just 133 vehicles in Sweden, lagging not just mainstream brands but also luxury German automaker Porsche (P911_p.DE), opens new tab, which sold 172 cars. Through October, Tesla's sales in Sweden are down 67% versus the same period last year.

Ciara Cook, research manager at research firm New AutoMotive said registrations for mainstream brands such as Fiat, Volvo (VOLVb.ST) , opens new tab, Suzuki (7269.T) , opens new tab and Mazda (7261.T) , opens new tab were down 15 to 18% in the year through to September in the European Union "as they work to update their vehicle offerings to match consumer demand".
But Tesla's sales in the EU were down nearly 39% during the same period.

"The Musk factor looks like it is contributing the difference," Cook said.

Litigation

Manage Newsletters

Tesla Sued Over Claim Faulty Doors Led to Deaths in Fiery Crash

Nov. 3, 2025, 8:07 AM PST

Summary by Bloomberg AI

AI Generated

- Tesla Inc. was sued over a crash in Wisconsin that killed five occupants of a Model S who allegedly became trapped in a fast-moving inferno when the doors wouldn't open.
- The lawsuit accuses Tesla of negligence, arguing that the company was aware of the dangers of its door handle designs and the risk of post-collision fire hazards but did nothing to address either issue.
- Lawyers for the Bauer family members argue that Tesla disregarded principles of crashworthiness protection, manufacturing vehicles prone to fires that ignite and spread rapidly upon impact, and from which escape depends on electronic systems that are liable to fail.

Tesla Inc. was sued over a crash in Wisconsin last November that killed all five occupants of a Model S who allegedly became trapped in a fast-moving inferno when the doors wouldn't open, adding to scrutiny over whether a design choice by the automaker is a fatal flaw.

The suit was filed on behalf of a couple who died when the four-door sedan hit a tree and caught on fire. Jeffrey Bauer, 54, and Michelle Bauer, 55, survived the initial impact, but were unable to escape because the doors locked them inside, according to the complaint brought by their children in state court.

A nearby homeowner who called 911 said she could hear people screaming from within the vehicle, according to the lawsuit. A report by the local sheriff's office said a cluster of bodies in the front seat suggested there may have been a struggle to escape.

A Tesla Model S door.

Photographer: Graham Hughes/Bloomberg

"Tesla's design choices created a highly foreseeable risk: that occupants who survived a crash would remain trapped inside a burning vehicle," lawyers for the children said in the complaint.

The lawsuit accuses Tesla of negligence, arguing that Elon Musk's electric vehicle maker was aware of the dangers of its door handle designs and the risk of post-collision fire hazards from the EV's lithium-ion battery pack but did nothing to address either issue.

Tesla didn't immediately return a request for comment. The suit was filed on Friday in state court in Wisconsin.

Read More: Tesla Doors Can Trap People Desperate to Escape

Tesla's door handles have drawn increased attention after a Bloomberg News investigation uncovered a series of incidents in which people were seriously injured or died after they were unable to open doors following a loss of power, particularly after crashes. The Wisconsin crash was one of several such incidents reviewed as part of the investigation. The company is being sued over the deaths of three college students who allegedly were trapped inside a burning Tesla that crashed last November in a San Francisco suburb.

Read More: Tesla Owner Complaints Rise in US Door-Handle Defect Probe

The National Highway Traffic Safety Administration, the US auto safety regulator, disclosed in September that it's investigating whether some Tesla doors are defective, citing incidents in which exterior handles stopped working and trapped children and other occupants inside. Franz von Holzhausen, Tesla's design chief, told Bloomberg that the company is working on a redesign of its door handles to make them more intuitive for occupants "in a panic situation."

In the Wisconsin crash, the Dane County Sheriff's Office determined that road conditions, excess speed, and impaired driving were factors that contributed to the cause of the crash.

Lawyers for the Bauer family members argue that vehicle manufacturers have a responsibility to provide adequate "crashworthiness protection," ensuring that their vehicles provide reasonable safeguards against injury both during and after a collision.

"Regardless of the cause of a crash, the manufacturer's obligation includes designing vehicles that permit timely escape and rescue in the event of fire," they said in the lawsuit, arguing that Tesla "disregarded these principles, instead manufacturing vehicles prone to fires that ignite and spread rapidly upon impact – and from which escape depends on electronic systems that Tesla knew were liable to fail in precisely the conditions when escape is most critical: collision and fire."

Tesla vehicles have two batteries: one for low-voltage power to windows, doors, the touchscreen and other functions, and the high-voltage pack that propels the car. If the low-voltage battery dies or is disabled – which can happen after a crash – the doors may not unlock and must be opened manually from the inside. While there are mechanical releases inside Teslas, many owners and passengers are unfamiliar with where they're located.

--With assistance from **Craig Trudell**, **Steve Stroth** and Misyrlena Egkolfopoulou.

Tesla Owner Complaints Rise in US Door-Handle Defect Probe (1)

Nov. 3, 2025, 4:00 AM PST

Summary by Bloomberg AI

AI Generated

- The US auto safety regulator received more complaints about Tesla door handles after initiating its probe, with owners describing exterior door handles becoming inoperative due to issues with their vehicle's low-voltage battery.
- The regulator is seeking information from Tesla about consumer complaints, reports involving a crash, fire, injury or fatality, and lawsuits and arbitration proceedings relating to door operability issues.
- NHTSA received complaints about children being locked inside Tesla vehicles, including incidents where parents were unable to retrieve their children from the back seat and had to call for emergency assistance.

The US auto safety regulator investigating whether certain Tesla Inc. door handles are defective received more complaints within days of initiating its probe from consumers who were unable to enter or exit their vehicles after battery failures.

The National Highway Traffic Safety Administration cited the additional complaints in an Oct. 27 letter to Tesla about the investigation the agency initiated in mid-September. Owners of the manufacturer's best-selling Model Y described exterior door handles becoming inoperative due to issues with their vehicle's low-voltage battery. In several cases, this locked children inside Tesla vehicles.

The exterior handle of a Tesla Model Y.

Photographer: Sarah Anne Ward/Bloomberg

The letter provides a glimpse into how NHTSA is proceeding with an investigation launched days after Bloomberg News uncovered a series of incidents in which people were injured or died after they were unable to open the doors of Teslas following battery-power losses or crashes. Tesla's longtime design chief later told Bloomberg that the company was working on changes to its door handles.

A Tesla representative didn't respond to a request for comment on NHTSA's information request. The automaker's shares rose 0.4% as of 7 a.m. Monday in New York, before the start of regular trading.

Read More: Tesla Doors Can Trap People Desperate to Escape

NHTSA is seeking information from Tesla not only about the 2021 Model Ys that are subject to its investigation, but also about cars it refers to as "peer vehicles." The agency says in its letter that this refers to 2017-2022 Model 3 sedans, as well as 2020 and 2022 Model Y sport utility vehicles.

The regulator asks Tesla to state the number of consumer complaints it has received that relate to the alleged defect, as well as reports involving a crash, fire, injury or fatality. NHTSA also seeks information about lawsuits and arbitration proceedings relating to door operability issues.

NHTSA opened the defect investigation on Sept. 15, citing nine complaints submitted as far back as July 2023. In several cases, parents told the agency they were unable to reopen the doors of their Tesla to retrieve a child from the back seat.

Read More: Tesla Doors Probed by US Regulator After Trapping Occupants

The regulator received seven more complaints in the 10 days after opening the probe. One Model Y owner in Chula Vista, California, described being trapped along with their son strapped in his car seat for 30 "agonizing" minutes before a tow truck arrived and jump-started the battery.

Another Model Y owner in Coral Springs, Florida, told NHTSA they strapped their son into their car seat and were then unable to get into the car after the 12-volt battery died.

“My infant son was trapped,” the Tesla owner wrote of the December 2023 incident. “We live in Florida and this was an 80 degree day. With no other recourse I was forced to call 911 to have my son removed from the vehicle.”

The most recent complaint, submitted Sept. 26, recounts an incident involving an 8-month-old child who was trapped inside a Model Y for approximately 30 minutes.

“My infant was flushed, diaphoretic and crying while stuck in his car seat with an indoor temperature exceeding 104 degrees Fahrenheit,” the Tesla owner wrote to NHTSA.

Police officers and firefighters arrived at the scene in Santa Barbara, California, and smashed the window to rescue the infant, according to the complaint.

“My baby was found screaming in a pool full of sweat and was carried to an ambulance, where the paramedic warned me of concerning vital signs and advised me to go to the Santa Barbara Cottage Hospital to have his condition assessed and treated, if necessary,” the Model Y owner wrote.

Tesla must submit its response to NHTSA by Dec. 10, according to the agency’s letter.

(Updates to add share move in the fourth paragraph.)

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Craig Trudell, Richard Clough

Securities

Meta, xAI Spread Risks of AI Splurge With Off-Balance-Sheet Debt

Oct. 31, 2025, 8:48 AM PDT

Just this month, Meta Platforms Inc. has secured about $60 billion in capital to build data centers, part of its spending to get ahead in the artificial intelligence race. Half of that won't show up on the social media giant's balance sheet as debt.

Meta is among firms popularizing a way for debt to sit completely off balance sheet, allowing enormous sums to be raised while limiting impact on its financial health. Morgan Stanley structured a $30 billion deal — the largest private capital transaction on record — where the debt would sit in a special purpose vehicle tied to Blue Owl Capital Inc. That made it easier for Meta to raise another $30 billion this week the usual way, in the corporate bond market.

Off-balance-sheet debt, through an SPV or a joint venture tied to assets like chips or real estate, is becoming the go-to for AI data center deals, bankers say. Morgan Stanley estimates that tech firms and others will need as much as $800 billion from private credit in deals tied to specific assets, including in SPV format, by 2028.

As big tech companies report earnings this season, some of their liabilities may be hidden in deals they're responsible for, indirectly. The rapid buildup of debt tied to AI — about $100 billion a quarter — "raises eyebrows for anyone that has seen credit cycles," said UBS strategist **Matthew Mish** in an interview. And the capital raises are accelerating.

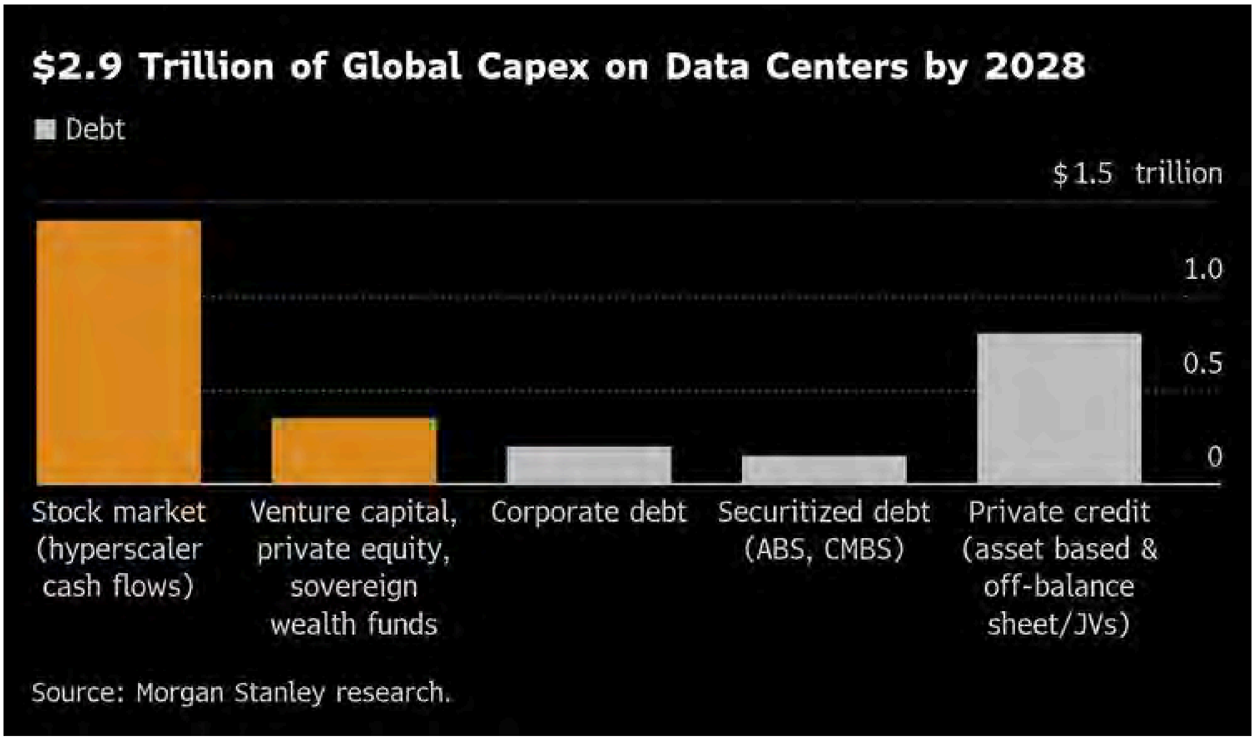
Off-balance-sheet debt and separate financing vehicles have a notorious history, linked to several high-profile scandals where the scale of debt surprised investors. In 2001, Enron Corp.'s off-balance-sheet entities triggered the energy company's collapse. Later that decade, banks had a common practice of moving mortgages and other kinds of debt into off-balance-sheet vehicles before financing them, which ultimately resulted in crisis when the banks were forced to bring the liabilities back onto their balance sheets.

Accounting and rating standards have changed since, but financial engineering is back in style, making some analysts wonder if all the commitments will be easy to spot.

“We are in the very early stages of capital being raised,” said Anish Shah, Morgan Stanley’s global head of debt capital markets. Across the AI ecosystem, “around $1.5 trillion of external financing is needed, and issuers are going to tap a broad range of financing sources.”

That may require some creativity in who holds the debt. Elon Musk’s xAI Corp., for instance, is pursuing a $20 billion SPV deal for its data center where its commitment will just be to pay rent on the Nvidia Corp. chips.

Read more: OpenAI, Nvidia Fuel $1 Trillion AI Market With Circular Deals



Traditional Debt

Most firms, especially those that are considered blue chip, or very safe, can just borrow in the corporate debt markets. Oracle Corp. has taken advantage of that route: the firm sold $18 billion in publicly traded bonds in a day in September to fund its massive cloud infrastructure deals. And Meta on Thursday had the biggest investment-grade offering of the year, the day after saying in an earnings report that it plans to spend even more in 2026.

Read More: Meta Defies AI Spending Gloom With Its Record-Breaking Bond Sale

The problem with those debt raises is that they can often weigh on companies’ future borrowing power, because of how much risk they have already taken on. If Oracle were to raise several billions more relative to their earnings, it could potentially be downgraded from investment-grade to junk, which would lead lenders to charge higher interest rates to compensate for more risk.

Companies racing to keep up in AI also don't want to limit themselves with long-term corporate debt for these assets, in case they have no use for them in a few years.

"These tech giants don't know what the world is going to look like in five years for AI," said S&P Global Ratings' analyst **Naveen Sarma**. "That's part of the reason why they don't only issue corporate debt; they want flexibility in case they do not need that data center anymore."

Data center owners can also raise so-called structured debt; bonds that are tied to a pool of assets such as consumer loans or mortgages. For instance, Switch Inc., a data center developer, has borrowed millions of dollars by repackaging receivables tied to its data centers into asset backed bonds, an efficient way to get cash against financial assets it already owns.

But this type of the debt still often appears on the company's balance sheet: a data center developer would sell its leases, loans or receivables tied to its assets to a financial entity which issues bonds.

Off-Balance Sheet

Enter Wall Street's latest solution: companies like Meta and xAI can get the capital they need, with limited impact on their balance sheets and ratings, by having third party investors take on a big chunk of the risk.

The strategy borrows from energy firms, who have long used similar structures to pay for their oil or gas pipelines and renewable plants. By creating an SPV, or joint venture with money from third-party investors, banks have made a new legal company that owns some assets — chips or data centers, for example — and also takes equity investments from asset managers or venture capital firms.

The new entity can then issue bonds — typically investment-grade because a fast-growing AI company is associated with the deal — to raise even more capital and finance a project on behalf of that tech company. The AI company in turn pays rent or other fees to that entity, limiting its financial exposure to the new data center, but still enjoying the spoils as an exclusive renter of the project.

"The market value and strength of hyperscalers puts these deals in a whole different dimension," said Morgan Stanley's Shah, pointing at how Meta, for instance, is a $2 trillion blue chip tenant. "It opens up the possibility to raise significantly more capital than has been raised in project financing."

In the case of xAI, Musk's startup has limits on how much secured debt it can borrow, so in order to finance billions in new AI-caliber computing chips, it has turned to an SPV. The new financing vehicle, which is led by **Antonio Gracias**' Valor Equity Partners and Apollo Global Management, is raising $20 billion via an entity separate from xAI. That entity will then buy Nvidia chips, and rent them out exclusively to Musk's startup. Valor and Nvidia are among the firms that put in equity. Apollo and others are the lenders to the company via investment grade-debt the SPV issues.

And xAI's exposure? Just a 5-year lease; nothing else.

Alphabet Inc. has taken a different route: Google is backstopping the debt tied to the data centers of several crypto miners, and records them as credit derivatives in its books. That means that the tech giant guarantees the credit if the company defaults.

Read more: Crypto Miner Evokes 'Barbarians at the Gate' With Huge Junk Deal

Lenders Jump In

Private credit lenders have been waiting for this moment for years. They fundraised billions from insurance firms and pension funds, which are interested in higher-yielding, investment-grade debt. But it was difficult to find projects to finance or infrastructure to develop.

More of the action was in equity markets, especially in tech. Nvidia, for instance, is worth 45% more now than it was a year ago.

Those gains used to be plenty to fund business expansion. Today, though, needs for AI data center infrastructure are outpacing companies' revenue growth and stock growth. They're in an arms race to beat each other to the next milestones in artificial intelligence, and capture more of the resulting business.

These financings do have some risks, though; namely that the leases are cut short or don't protect investors and that the assets they buy into become obsolete faster than they expect. For instance, most cloud providers estimate that the chips have a lifetime of five to six years. But in reality, the usefulness of chips can expire within three years; a data center can be completely technologically obsolete within 5 years.

Thirst for debt is starting to worry market participants, such as the Bank of England. Others remember the dot-com boom and wonder if the US is heading that way.

"During the dot-com era, most of the growth was financed with equity not debt. So when it burst, the impact in the economy was manageable," UBS's Mish said. "Now, there's a rapid growth of capex in AI firms driven by debt and it's starting to be kept off balance sheet."

Debt isn't the only way to fund the expansion. Big tech companies generate billions in profit that they reinvest in their own operations. Venture capital firms, sovereign wealth funds and private equity will also put money to work — mainly in firms that are still closely held — to the tune of $350 billion, according to Morgan Stanley estimates. That'll be deals such as Anthropic's equity raise of about $13 billion by firms like Iconiq Capital and Qatar Investment Authority.

But the rest — more than $1.15 trillion of capital — will be in the form of debt.

--With assistance from **Dina Bass**, **Kurt Wagner**, **Isabella Farr** and Riley Griffin.

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FirstEnergy Asks 6th Circ. To Deny Bid For Bribery Probe Info

By **Tom Lotshaw**

Law360 (October 31, 2025, 3:07 PM EDT) -- FirstEnergy Corp. asked the Sixth Circuit to make clear that investors suing it over a billion-dollar bribery scandal aren't entitled to depose its directors, officers and employees about internal investigations undertaken by Jones Day and Squire Patton Boggs.

The utility company said the investors are trying to "gut" a writ of mandamus the court issued in early October through **a rehearing petition** seeking "clarification," and by wrongly asserting that the decision shielded documents but did not bar depositions about facts learned from the investigations.

"Ordinarily, FirstEnergy would respond to plaintiffs' meritless petition by asking the court to deny rehearing — which is not warranted. Under the circumstances here, this court should not just deny rehearing, but in so doing, should also specify that its mandamus order does not distinguish between documentary evidence and deposition testimony," FirstEnergy said in a court filing Thursday.

According to FirstEnergy, the **writ of mandamus** was issued after a district court wrongly held that its internal investigations were not entitled to attorney-client privilege, directing the company to turn over previously withheld documents and witnesses to answer fact-related questions about the investigations.

While the Sixth Circuit vacated that decision completely, FirstEnergy said, the investors have since asserted to a special master overseeing the case that the writ of mandamus still allowed them to depose its directors, officers and employees about facts related to the investigations, and the special master appears likely to adopt their interpretation.

"This court should stop this now, by denying rehearing and issuing a short statement — as it has done in other similarly rare cases — confirming that the district court's order was vacated in full, and that plaintiffs may not discover, through documents or depositions, factual information learned solely through a privileged internal investigation," the company said.

According to FirstEnergy, the investors pointed largely to the Sixth Circuit's reference to a 2022 decision in United States v. Sadler, a case in which the court held that communications were not protected when attorneys conveyed facts acquired from other persons or sources to clients.

"That proposition has zero relevance here," the company told the court.

"Indeed, this court distinguished Sadler, which stands for the uncontroversial proposition that the attorney-client privilege does not extend to a lawyer acting as a mere conduit for facts received from third parties. By contrast, information that external counsel acquires from a client-company during an internal investigation conducted to advise the company is at the core of the attorney-client privilege," the company added.

The investors filed suit against FirstEnergy after former Ohio House of Representatives speaker Larry Householder was arrested and subsequently convicted and sentenced to prison for accepting tens of millions of dollars from the company to push through a bailout for two nuclear power plants.

The company admitted to bribing Householder and others in a deferred prosecution agreement that called for it to pay **$230 million** to avoid a federal wire fraud conspiracy charge, and argued **bribery is not securities fraud** in a successful bid to **overturn a class certification** for the investors.

FirstEnergy told the Sixth Circuit the investors can access plenty of "facts" for their case "without undermining established privilege law."

More than a million pages of documents have already been turned over, and more than 40 witnesses have already sat for depositions, according to the company, and the investors have the benefit of discovery by the U.S. Department of Justice, the Securities and Exchange Commission, the Federal Energy Regulatory Commission and the Ohio Attorney General's Office.

"Permitting plaintiffs to reopen depositions simply to obtain the fruits of Jones Day's and Squire's work would misread nearly half a century of authority and upend Upjohn by depriving corporations of the ability to seek confidential legal advice whenever that advice includes a factual component," the company said, referring to a decision the U.S. Supreme Court issued for Upjohn v. United States in the early 1980s.

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

FirstEnergy is represented by Robert J. Giuffra Jr., Sharon L. Nelles, David M.J. Rein, Nicholas F. Menillo, Maxwell F. Gottschall and Morgan L. Ratner of Sullivan & Cromwell LLP.

The investors are represented by Jason Forge, Darren Robbins and Mark Solomon of Robbins Geller Rudman & Dowd LLP and Joseph Murray and Brian Murphy of Murray Murphy Moul & Basil LLP.

The case is In re: First Energy Corp., case number 24-3654, in the U.S. Court of Appeals for the Sixth Circuit.

--Additional reporting by Jessica Corso, Gina Kim and Lauren Berg. Editing by Alyssa Miller.

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Alphabet Investors Seek Class Cert. In Google Probe Suit

By **Katryna Perera**

Law360 (October 31, 2025, 5:30 PM EDT) -- Alphabet Inc. investors have asked a California federal judge to grant class certification in a suit against the Google parent company and its CEO, Sundar Pichai, over an allegedly false statement made to Congress in 2020 about the fairness of ad auctions, arguing it is a "textbook example of a case warranting class action treatment."

The investors filed a **motion** Thursday seeking to certify a class of all individuals and entities who purchased or acquired Alphabet's Class A and/or Class C shares between Sept. 14, 2020, and Jan. 23, 2023.

According to the investors, class treatment is "especially appropriate" in the current action because many class members have relatively small losses, "making it unfair and inefficient to force them to vindicate their claims individually."

The motion states certification is warranted because the class is numerous, with potentially thousands of class members across the globe, there are common factual and legal questions in the suit, the class members' claims are typical of each other, there aren't any potential conflicts among class members and class counsel from Pomerantz LLP is experienced in complex class action litigation.

The suit alleges Pichai falsely represented to Congress the fairness of Google's ad auction platform. According to the investors, the auctions favored bids submitted through Google-owned platforms or the Facebook Advertising Network, which had an agreement with Google.

The investors claim those "connected" bidders received extra time, nonpublic information and other advantages during the bidding process. In addition, the suit claims Pichai made the statement with scienter, since he was deeply involved in the negotiations regarding the Facebook Advertising Network.

The suit followed an **antitrust lawsuit** filed by the U.S. Department of Justice and eight states against the tech company in January 2023, accusing Google of pursuing a "systematic campaign to seize control of the wide swath of high-tech tools used by publishers, advertisers, and brokers, to facilitate digital advertising."

Much of the DOJ's complaint centers on "header bidding," a technique it says publishers developed to make sure multiple advertising exchanges, not just Google's AdX, could bid on their ad inventory, thus increasing their chances of finding the best match.

According to the Justice Department, Google devised ways to tackle header bidding, including developing an initiative called Project Poiret, which the DOJ asserts is aimed at shifting transactions away from ad exchanges that use header bidding and to Google's AdX by "artificially manipulating bids sent to rival ad exchanges so that AdX could win those transactions more often."

The DOJ's suit recently **finished** bench trial proceedings, with closing arguments set for next month.

According to the investors' complaint, following news of the DOJ's suit, Alphabet's Class A shares fell from $149.84 per share on Nov. 18, 2021, to $95.22 per share on Jan. 25, 2023. They claim its Class C shares fell from $150.71 to $96.73 during the same period. Alphabet then "lost hundreds of billions of dollars in market capitalization," the suit states.

In March, a California federal judge **largely dismissed** the investors' second amended complaint, including claims tying Google president and Chief Investment Officer Ruth M. Porat, Chief Business Officer Philipp Schindler, and Chief Legal Officer Kent Walker to the litigation.

The only claim allowed to proceed was Pichai's allegedly false statement to Congress, finding the investors adequately alleged its falsity.

The response at issue was to former Democratic Rep. David Cicilline's question regarding what percentage of the time Google won bids on its own ad exchange, AdX, which serves as an intermediary between publishers and advertisers.

Counsel for the defendants declined to comment Friday. Counsel for the investors did not immediately respond to requests for comment.

The investors are represented by Jeremy A. Lieberman, Emma Gilmore, Jennifer Pafiti, Villi Shteyn, Orly Guy and Eitan Lavie of Pomerantz LLP and Robert D. Klausner of Klausner Kaufman Jensen & Levinson.

Alphabet, Google and the executives are represented by Boris Feldman, Doru Gavril, Elise M. Lopez, Elena Hadjimichael and Mia Tsui of Freshfields LLP.

The case is AMI - Government Employees Provident Fund Management Co. Ltd. et al. v. Alphabet Inc. et al., case number 3:23-cv-01186, in the U.S. District Court for the Northern District of California.

--Additional reporting by Lauren Berg. Editing by Drashti Mehta.

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Bayer Investors Get Final OK For $38M Settlement, Atty Fees

By **Jessica Corso**

Law360 (October 31, 2025, 6:43 PM EDT) -- A California federal judge has finalized a $38 million settlement between Germany-based Bayer AG and a class of investors who claim the company deceived them about the litigation risks of acquiring Roundup producer Monsanto, with the lead plaintiffs' attorney saying the deal reaffirmed investors' ability to hold foreign companies responsible for violating U.S. securities laws.

Bayer was sued in 2020 by pension funds that collectively purchased close to 600,000 of the company's American depositary receipts, which trade on U.S. exchanges in lieu of a foreign company listing its shares directly.

U.S. District Judge Richard Seeborg gave final approval to the $38 million settlement on Thursday following years of litigation in which Bayer lost **a bid to dismiss** the case and **failed to defeat** class certification.

Judge Seeborg also approved a separate request to award Cohen Milstein Sellers & Toll PLLC, lead attorneys for the class, $9.3 million, or 27% of the settlement amount, for their work on the case as well as an additional $3.2 million to reimburse them for expenses incurred over the past five years.

The judge said the case had been "hard fought" and noted that, in settling, investors were able to avoid facing a defense at trial that the ADR transactions were beyond the reach of U.S. securities laws.

In granting class certification in 2023, Judge Seeborg said he found those arguments "not persuasive" and that "there are no significant extraterritoriality concerns on the record presented."

Carol Gilden of Cohen Milstein, the attorney who led the case, said that the settlement reaffirms the power of "the long arm of Uncle Sam to hold foreign companies accountable to U.S. securities laws."

"Even if investors purchased ADRs on U.S. over-the-counter exchanges, they can still assert their rights to recoup losses under U.S. securities laws if they were misled by that foreign company," Gilden said in an email to Law360 Friday.

A Bayer spokesperson told Law360 on Friday that the settlement "does not reflect any admission of wrongdoing or liability."

"The company is pleased that this litigation has been brought to a conclusion and that it can put this matter behind us," according to the spokesperson.

The lawsuit alleged that Bayer downplayed "the significance of the Roundup cancer lawsuits against Monsanto" when it announced its decision to buy the agrochemicals giant in 2018. The two pension funds say the purchase hasn't benefited the proposed class and led to artificially inflated stock prices.

The certified class includes all individuals and entities that purchased or acquired Bayer's publicly traded ADRs from May 23, 2016, to July 6, 2020.

The investors are represented by Carol V. Gilden, Steven J. Toll, Christopher Lometti and Benjamin F. Jackson of Cohen Milstein Sellers & Toll PLLC and Nicole Lavallee and Alexander S. Vahdat of Berman

Tabacco.

Bayer and the other defendants are represented by Jordan Eth and David J. Wiener of Morrison Foerster LLP and William Savitt, Noah B. Yavitz and Emily R. Barreca of Wachtell Lipton Rosen & Katz.

The case is Sheet Metal Workers National Pension Fund et al. v. Bayer AG et al., case number 3:20-cv-04737, in the U.S. District Court for the Northern District of California.

--Additional reporting by Katryna Perera. Editing by Rich Mills.

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A Shift To Semiannual Reporting May Reshape Litigation Risk

By **Pavithra Kumar** (November 3, 2025, 12:40 PM EST)

Pavithra Kumar

The U.S. Securities and Exchange Commission's **proposed shift** from quarterly to semiannual reporting has reignited debate over the role of disclosure in shaping investor behavior.

Proponents argue that less frequent reporting will reduce compliance burdens and discourage short-termism. Critics warn of diminished transparency and increased risk of securities fraud.

But both camps may be missing the deeper truth: Changing the cadence of reporting won't alter the fundamental nature of how markets price securities. It will, however, reshape litigation risk and market dynamics in ways that legal practitioners must prepare for.

The Myth of Short-Termism: Reporting Frequency Isn't Culprit

The debate over shifting from quarterly to semiannual reporting is not new, but recent momentum from regulators and executives has put it back in the spotlight.

Quarterly reporting has long faced criticism for encouraging so-called short-termism, i.e., prioritizing short-term earnings targets to the detriment of the longer-term shareholder interests.[1] Studies have indicated that managers sometimes defer or cancel value-accretive projects with long-term value because the costs would reduce quarterly earnings per share.[2]

Despite this commonly espoused rhetoric, the periodicity of reporting is not the root cause of short-termism. Stock prices reflect the present value of long-term expected future cash flows — not just next quarter's earnings.

Rational investors, especially institutional ones, anchor their decisions in long-term fundamentals. Whether updates arrive every three or six months, the valuation lens remains forward-looking and perpetual.

What truly fuels short-termism is the culture of earnings guidance and the pressure to meet or beat consensus estimates. Changing the reporting schedule won't eliminate that dynamic, but it will just make it occur twice a year instead of four times a year. If anything, it may push companies toward more frequent voluntary — and sometimes more informal — disclosures, which carry their own litigation risks if deemed misleading or incomplete.

Economic Impacts of Shifting From Quarterly to Semiannual Reporting

Industry commentary and academic literature reveal a nuanced landscape of the benefits and drawbacks of shifting to semiannual reporting. Potential benefits include the following.

- Reduced short-term pressure: Fewer reporting cycles and less attention paid to near-term earnings per share performance may allow management to focus on strategic initiatives rather than quarterly earnings choreography. This could foster innovation, long-term capital allocation and more thoughtful guidance.[3]

- Lower compliance costs: Preparing and auditing quarterly reports is resource-intensive. Semiannual filings could reduce administrative burden, especially for smaller firms, freeing capital for growth and investor engagement.[4]

- Global alignment: Many jurisdictions — including the EU, U.K. and Australia — already operate under semiannual reporting norms. Harmonizing U.S. standards could enhance cross-border comparability and reduce competitive disadvantages.[5]

- Smoother volatility: With fewer earnings day shocks and a longer-term lens for viewing events, markets may experience less speculative trading and more stable pricing, benefiting long-term investors.[6]

However, the major drawback of shifting to less frequent reporting is an increased information gap between disclosures and reduced transparency. Fewer mandated disclosures would leave investors with fewer data points upon which to assess performance and risk,[7] impairing informational efficiency, particularly for retail investors and smaller issuers with limited analyst coverage. Reducing the frequency of the regular quarterly reporting schedule may also reduce comparability across companies and result in greater market uncertainty for investors.[8]

Further, longer gaps between disclosures may obscure emerging risks, making it harder for investors to monitor performance and boards to exercise oversight.[9] Quarterly scrutiny provides a form of ongoing accountability, pressuring management teams to correct underperformance quickly. With only two reporting windows each year, underperforming strategies could persist unmonitored for longer.[10]

Another key disadvantage of less frequent disclosures is greater informational asymmetry. Specifically, corporate insiders would continue to have access to detailed, current data, while public shareholders would have to wait months longer for official numbers. This may create a greater potential for insider trading and selective disclosures.[11]

In the absence of regular updates, companies may also feel pressure to provide informal guidance to select stakeholders.[12] Prices may become more sensitive to alternative data sources — press releases, social media or earnings whispers — raising questions about selective disclosure and Regulation FD compliance.[13] In addition, when earnings are released less frequently, the magnitude of surprises — positive or negative — may be larger, potentially increasing volatility rather than reducing it.[14][15]

Finally, the market's appetite for information won't shrink with fewer filings. Investor relations teams may face intensified demands for interim updates, press releases and non-generally accepted accounting principles metrics to fill the void.[16]

In sum, this potential reform introduces many economic complexities. While semiannual reporting may ease operational burdens and encourage longer-term and more strategic focus, it also introduces new risks — particularly around market efficiency, volatility and transparency, and corresponding litigation.

Legal teams should anticipate increased scrutiny of forward-looking statements and earnings guidance, especially when market reactions are outsized.

Litigation Risk: Fewer Reports, More Exposure

Quarterly earnings reports serve as anchor points for investor expectations and regulatory oversight. Moving to semiannual disclosures creates longer gaps between official updates — gaps that may become fertile ground for securities fraud claims under the SEC's Rule 10b-5. If material misstatements or omissions persist undetected for six months, plaintiffs may argue that the harm was compounded by the absence of timely corrective disclosures.

This shift also raises questions about the timing and scope of materiality.

Under the U.S. Supreme Court's 1988 decision in Basic Inc. v. Levinson, materiality hinges on whether a reasonable investor would consider the information important in making an investment decision.[17] With fewer mandated disclosures, plaintiffs may argue that any interim statements — press releases, investor presentations or social media posts — carry heightened weight and thus greater liability if found to be misleading.

The litigation landscape could shift toward scrutinizing informal communications more aggressively.

Moreover, insider trading enforcement may become more complex as a result of shifting to less frequent reporting. Quarterly information released by companies serves to prevent fraud and market manipulation in general.[18] Earnings release dates traditionally anchor blackout periods and insider trading policies.

Thus, a semiannual cadence could create ambiguity around when insiders possess material nonpublic information, especially if companies issue voluntary updates or guidance between formal reports. This ambiguity could increase exposure to SEC enforcement actions under Section 10(b) of the Securities Exchange Act and Rule 10b-5, as well as private litigation under Section 20A of the Exchange Act.[19]

The move may also complicate class certification dynamics. In securities class actions, plaintiffs must establish that alleged misstatements caused a price impact — a requirement central to the fraud-on-the-market theory.[20] With fewer earnings reports, however, plaintiffs may rely more heavily on event studies tied to alternative disclosures, which may be less precise or more contested.

Defense counsel should anticipate Daubert challenges to expert methodologies and increased motion practice around loss causation.

Finally, companies may feel compelled to issue voluntary interim disclosures to mitigate litigation risk. But these disclosures, if not carefully vetted, can themselves become grounds for liability.

The SEC has made clear that voluntary statements are subject to the same antifraud standards as mandated filings.[21] In practice, this means that legal teams must treat every investor-facing communication — whether in a tweet or a town hall — as potentially actionable.

In sum, while semiannual reporting may reduce the volume of formal filings, it does not reduce litigation risk. If anything, it shifts that risk into less predictable terrain — where informal disclosures, timing ambiguities, broader materiality debates and more scope for earnings surprises will dominate the courtroom.

Conclusion: Reform With Eyes Wide Open

The SEC's proposal may offer relief from compliance fatigue, but it also introduces new challenges for legal practitioners, regulators and market participants.

Securities fraud litigation may become more complex and frequent, market efficiency may be reduced, volatility may rise, and the burden of transparency may shift from mandated reports to voluntary communications.

What won't change is the long-term nature of stock valuation — and that's where investor focus should remain.

Pavithra Kumar, Ph.D., is a principal at Advanced Analytical Consulting Group Inc.

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Alaska Joins Utah In Firing Motley Rice From Opioid Case

By **Lauren Berg**

Law360 (October 31, 2025, 11:25 PM EDT) -- Alaska joined Utah this month in terminating its contract with Motley Rice LLC, which the state hired nearly a decade ago to pursue litigation over the opioid crisis, saying the law firm didn't disclose it was simultaneously representing other clients in separate opioid litigation.

The state gave its formal notice terminating its contract with Motley Rice in an Oct. 23 **letter** obtained by Law360 on Friday, accusing the law firm of violating the agreement's conflict-of-interest and confidentiality provisions.

"Despite Motley Rice filing civil lawsuits on behalf of private clients that raise the same or similar claims as those raised in the litigation for which the firm represents the state, Motley Rice has never disclosed its representation in these other cases, and it has not obtained a waiver," Alaska said, adding that it "has reason to believe that the firm may have shared confidential information obtained through its representation of the state."

"These circumstances constitute cause for termination under the contract and underscore the state's obligation to protect the integrity of its legal matters and the confidentiality of its information," it said.

Alaska told Motley Rice it will be retaining the services of another firm to represent it in its Racketeer Influenced and Corrupt Organizations Act **lawsuit** against pharmacy benefits manager Express Scripts Pharmacy Inc. for its alleged role in the opioid crisis.

Motley Rice spokesperson Alicia Ward told Law360 in a statement Friday that the firm "has represented Alaska in opioid litigation for nearly a decade, working with the state to recover tens of millions of dollars to help combat the opioid crisis and support impacted Alaskans."

Ward noted that Motley Rice secured the first federal court ruling upholding consumer protection claims against a pharmacy benefit manager in opioid litigation, as well as one of the first rulings upholding a RICO ruling against PBMs for their role in the opioid epidemic.

"Motley Rice is proud of the work it has done to help the people of Alaska," Ward said.

A representative for the Alaska Attorney General's Office declined to comment Friday.

Alaska's decision to part ways with Motley Rice came just days after **Utah fired the firm** from representing it in its own litigation over the opioid crisis.

No reason was publicly given for the state's decision when it comes to the lawsuit against pharmacy benefit managers including OptumRx Inc. and Express Scripts. But Motley Rice has been fighting OptumRx's **efforts to disqualify it** from representing Utah since July.

"We terminated the contract. We did it pursuant to the best interest of the state," Hanna Seariac, the Utah attorney general's director of communications," told Law360 Pulse on Oct. 17.

OptumRx claimed the firm violated ethical rules by previously investigating the pharmacy benefit manager on behalf of Hawaii; Chicago; and Washington, D.C., and then suing the company in a private capacity.

Motley Rice's representation of Utah blatantly violates Rule 1.11(c) of the Utah Rules of Professional Conduct, which prevents attorneys from using "confidential government information" obtained when they were "a public officer" in private lawsuits, OptumRx said.

Utah and the firm said any information the firm obtained during its involvement in earlier government investigations was **available to all other parties** in multidistrict litigation over the opioid crisis and so isn't confidential.

OptumRx has also attempted to disqualify Motley Rice from **representing Los Angeles County** and the **city of Boston** in lawsuits over the company's alleged role in the opioid crisis and was unsuccessful in disqualifying the firm from **representing plaintiffs in the national opioid litigation**, with an Ohio federal judge saying the company failed to show that the firm's prior representation of states investigating opioids put the company at a disadvantage in the multidistrict litigation.

Alaska is represented by David Karl Gross and Mara E. Michaletz of Birch Horton Bittner & Cherot, and Margaret Paton-Walsh of the Alaska Attorney General's Office.

Express Scripts is represented by Matthew T. Findley of Ashburn & Mason PC and Michael J. Lyle, Jonathan G. Cooper and Daniel Salinas-Serrano of Quinn Emanuel Urquhart & Sullivan LLP.

The case is State of Alaska v. Express Scripts Inc. et al., case number 3:23-cv-00233, in the U.S. District Court for the District of Alaska.

--Additional reporting by Mark Payne, Jack Karp, Ryan Boysen, Craig Clough, Julie Manganis and Mike Curley. Editing by Kristen Becker.

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Gov't Shutdown Puts Pause On Firefighting Foam PFAS Suits

By **Mike Curley**

Law360 (October 31, 2025, 4:19 PM EDT) -- A South Carolina federal judge on Friday agreed to stay 22 cases in a multidistrict litigation seeking to hold the U.S. government liable for so-called forever chemical contamination from firefighting foam as the government shutdown continues.

In a **short order**, U.S. District Judge Richard M. Gergel granted the U.S. Department of Justice's motion for a stay, saying it has shown good cause in light of the lapse of appropriations that the DOJ can't engage in its usual duties, including litigation.

As such, the 22 cases are stayed until Congress appropriates funds to the DOJ, and all pending deadlines in those cases are extended until the lapse in funding ends.

The cases are part of a **sprawling MDL** comprising thousands of cases that generally allege aqueous film-forming foams, which are used for firefighting, contain per- and polyfluoroalkyl substances that contaminate groundwater.

The government has also **argued** that the claims against it over pollution from the firefighting foams are barred under the Federal Tort Claims Act's discretionary function exception and Section 113(h) of the Comprehensive Environmental Response, Compensation and Liability Act.

In February, Judge Gergel **found** that he could not rule over the federal government's jurisdictional arguments at that point without further information.

The plaintiffs are represented by co-lead counsel Michael A. London of Douglas and London PC, Scott Summy of Baron & Budd PC and Joseph Rice of Motley Rice.

The federal government is represented by J. Patrick Glynn, Christina Falk, Marianne F. Kies, Haroon Anwar, David Hammack and Christina Falk of the U.S. Department of Justice's Civil Division.

3M Co., a named defendant in several suits, is represented by Richard F. Bulger Jenner & Block LLP.

The MDL is In re: Aqueous Film-Forming Foams Products Liability Litigation, case number 2:18mn-02873, in the U.S. District Court for the District of South Carolina.

--Additional reporting by Tom Lotshaw and Juan-Carlos Rodriguez. Editing by Drashti Mehta.

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Obesity Drugmaker Escapes Clinical Trial Securities Suit

By **Sydney Price**

Law360 (October 31, 2025, 4:55 PM EDT) -- Biopharmaceutical company BioAge Labs Inc. has, for now, escaped a suit alleging investors were hurt by plummeting share prices after the company unexpectedly halted a clinical trial for a weight loss drug, saying that the investors failed to plausibly show the company did not properly disclose risks to the trial.

In Thursday's order, U.S. District Judge Richard Seeborg said the suit led by the Southeastern Pennsylvania Transportation Authority must do more than assert that the risk of transaminitis — a frequent indicator of liver disease — was significant and inevitable in disrupting BioAge's clinical trials for its obesity drug candidate azelaprag.

Judge Seeborg gave the investors three weeks to file an amended version of the suit addressing the deficiencies.

In the latest version of the suit filed in June, the investors claim that BioAge's shares fell from over $20 to under $5 in December 2024 after it said it would discontinue its Phase 2 clinical trial after certain study participants showed signs of transaminitis.

The investors allege that transaminitis was "virtually certain" to disrupt the trial, but Judge Seeborg did not agree. Of the clinical trials involving 265 participants, only one indicated transaminitis, the order states.

"Certainly, that isolated observation did not make it likely, much less inevitable, that the [clinical] trial would be impacted by transaminitis," Judge Seeborg determined.

Judge Seeborg also rejected the suit's argument that "once a company chooses to disclose any safety information, it must disclose all material information regarding safety."

"[SEPTA] avers that the risk disclosures were inherently misleading absent a discussion of transaminitis," the order states. "That can only be true if the risk disclosures' failure to discuss the risk of transaminitis implied that the risk did not exist."

The suit claims the December 2024 announcement particularly hurt investors who relied on company forecasts made ahead of its September initial public offering, when they predicted that it would have the topline results from the trial in the third quarter of 2025, the complaint said.

But Judge Seeborg said the investors' assertion that transaminitis had materialized in the trial's participants by the time of the IPO is "entirely conclusory."

"It is unclear, for example, how long the onset period is or how often BioAge was testing liver enzyme levels," the suit states. "Without that detail, SEPTA's claim is too speculative to survive a motion to dismiss."

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

The investors are represented by Stephen R. Basser, Samuel M. Ward, Jeffrey A. Barrack, Danielle M. Weiss and Andrew J. Heo of Barrack Rodos & Bacine.

BioAge and the individual defendants are represented by Bruce G. Vanyo, Christina L. Costley and Paul S. Yong of Katten Muchin Rosenman LLP.

The case is Soto v. BioAge Labs Inc. et al., case number 3:25-cv-00196, in the U.S. District Court for the Northern District of California.

--Editing by Jay Jackson Jr.

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PVC Pipe Makers Say Price 'Conspiracy' Is 'Basic Economics'

By **Jack McLoone**

Law360 (October 31, 2025, 6:07 PM EDT) -- Polyvinyl chloride pipe manufacturers facing antitrust claims over 2020 price increases have told an Illinois federal judge the purchaser plaintiffs have failed to plausibly show there was a per se price-fixing conspiracy, so their suit should be dismissed.

Despite the complaints stretching to more than 520 pages and the plaintiffs having access to thousands of emails and text messages, they make "zero allegations" of communications between the companies and the author of a pricing report reflecting an agreement on prices, the manufacturers said Thursday in their **motion to dismiss**.

The manufacturers said the consolidated cases, filed by three putative classes of PVC pipe purchasers last August, are based on a "fundamentally implausible and contrived conspiracy theory." The classes are broken into direct purchasers, nonconverter seller purchasers and end users.

"[The plaintiffs] claim that Donna Todd, the writer and editor of a long-standing industry trade publication, allegedly collected and provided common business information to PVC pipe producers, customers, and others. This is not a conspiracy under any standard" and fails to reach the plausibility requirements established by the U.S. Supreme Court in Bell Atlantic v. Twombly , they said.

According to the manufacturers, the "implausible story" proffered by the plaintiffs to explain the allegedly anticompetitive price at the core of the complaint is actually just "basic economics." Supply chain disruptions like COVID-19 and weather events caused the amount of PVC being manufactured to dip, leading to a spike in demand as customers rushed to buy up the scarce product, all of which led to the increases.

The plaintiffs likewise failed to explain how such a price-fixing conspiracy could operate given the wide range of products at issue in the suit, along with major differences in the various companies, the manufacturers said.

As the plaintiffs tell it, these at least 24 companies used industry publication PVC & Pipe Weekly — published by Dow Jones subsidiary Oil Price Information Service LLC — to orchestrate a conspiracy to hike prices starting in 2020. However, the manufacturers point out, OPIS had been offering this same exact service since 2017.

"Plaintiffs do not explain OPIS's role in how the supposed conspiracy formed in 2020, or any other plausible explanation for how defendants supposedly switched from competition to conspiracy," they said. "Merely offering the same longstanding services cannot suffice."

The Supreme Court has held that the kind of information sharing the manufacturers undertook with PPW and Todd isn't a per se violation of the Sherman Act, and in fact the justices have said the sharing of market research and public price increases is actually procompetitive, the manufacturers said. The claims also fail to establish the necessary proof of a conscious commitment to a price-fixing scheme, according to them.

The plaintiffs have attempted to solve these deficiencies in amended complaints, but they have been unsuccessful, the manufacturers say, with "each of the three putative classes taking a contradictory and implausible approach to explaining away this gap in their theory."

Two of the classes **reached settlements** worth a cumulative $6 million with OPIS in July, which included an agreement to provide "extensive cooperation" in the otherwise ongoing litigation.

The manufacturers also refuted attempts to use the existence of U.S. Department of Justice **investigations** into some of the companies as evidence of a conspiracy, arguing that the Northern District of Illinois' own case law says the "mere fact that an investigation is being conducted says nothing about whether unlawful conduct has occurred."

The court should also dismiss the plaintiffs' claims of anticompetitive agreements to share information that are predicated on the manufacturers' subscription to OPIS's services, they said. Holding subscriptions is far from enough for an antitrust claim, they argue, as the plaintiffs must actually show any one company wouldn't have subscribed without having assurances each other manufacturer was abiding by an explicit agreement to also subscribe.

The manufacturers also targeted state law claims made by the nonconverter seller purchasers and end-users plaintiffs, saying they must fail on the same grounds as the federal claims because of either harmonization statutes or case law.

While most of the defendants signed onto the same motion to dismiss, Westlake Corp. filed its **own** that included other reasons for dismissal, namely a failure by the plaintiffs to justify their claim for a single market for PVC pipe sales and that the claims suggest little direct communication between it and its competitors.

Representatives for the plaintiffs declined to comment Friday. Counsel for the pipe manufacturers did not respond to requests for comment.

The plaintiffs are represented by Pearson Warshaw LLP, Kirby McInerney LLP, Fegan Scott LLC, Levin Sedran & Berman LLP, Gustafson Gluek PLLC, Cohen Milstein Sellers & Toll PLLC, Lockridge Grindal Nauen PLLP, Sperling Kenny Nachwalter, Kaplan Fox & Kilsheimer LLP, Scott + Scott Attorneys at Law LLP, Douglas & London PC, Zelle LLP, Mark K. Wasvary PC, and The Saunders Law Firm.

The manufacturers are represented by Mayer Brown LLP, Axinn Veltrop & Harkrider LLP, White & Case LLP, Kirkland & Ellis LLP, Sheppard Mullin Richter & Hampton LLP, Morrison Foerster LLP, Susman Godfrey LLP, Holland & Knight LLP, and Massey & Gail LLP.

The case is In re: PVC Pipe Antitrust Litigation, case number 1:24-cv-07639, in the U.S. District Court for the Northern District of Illinois.

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JPMorgan Kept Biz With 'Child Sleaze' Epstein Despite Flags

By **Dorothy Atkins**

Law360 (October 31, 2025, 11:58 PM EDT) -- JPMorgan Chase reported Jeffrey Epstein's suspicious cash transactions suggesting sex-trafficking years before the financier faced felony charges, but the bank continued to do business with him even as banking executives joked internally about Epstein as a "known child sleaze," according to documents unsealed in New York federal court Friday.

U.S. District Judge Jed S. Rakoff in late October agreed to **unseal** hundreds of documents sought by The New York Times and The Wall Street Journal in since-settled litigation by the U.S. Virgin Islands alleging JPMorgan aided Epstein's sex-trafficking activity.

The documents shed new light on Epstein's role at JPMorgan and how often Epstein appeared to be shielded by his high-profile client referrals and his close friendship with Jes Staley, former chief executive of JPMorgan Chase NA's investment bank, who has since been **sued** by JPMorgan and an Epstein **survivor**.

Although the initial felony charges against Epstein were filed in 2006, JPMorgan repeatedly flagged Epstein's suspicious cash withdraws as early as April 2002. The bank filed at least three suspicious activity reports, or SARs, with U.S. federal regulators — who did not appear to follow up — between 2002 and 2003, the unsealed documents show.

But even after Epstein pled guilty to soliciting a minor for prostitution in 2008, Epstein continued to refer clients to the bank until early 2019, according to the documents. In August of that year, Epstein was **found dead** by hanging in his jail cell while awaiting trial on renewed sex-trafficking charges. The bank settled the USVI case last year ahead of trial for **$75 million**, and it paid $290 million to settle Epstein survivors' civil lawsuit.

The unsealed documents show Epstein's yearslong friendship with Staley goes back to at least 2003, when Epstein first introduced Staley to Google co-founder Sergey Brin and Glenn Dubin, the CEO of hedge fund Highbridge Capital Management LLC, so Dubin could sell his stake in the $6 billion fund.

In light of his referral, JPMorgan agreed to give Epstein a five-year $100,000 consulting fee plus other perks, while Epstein collected $15 million in a consulting fee from Highbridge, the documents show.

In early 2007, Epstein began serving as a financial adviser to trusts Brin set up for his kids at JPMorgan, despite JPMorgan executives discussing the ongoing alleged misconduct against Epstein. By 2014, JPMorgan was managing a $100 million monthly stock selling plan for Brin, in addition to a $500 million line of credit, court documents show.

As Epstein referred more clients to the bank, his net worth grew to $300 million in 2011, and he regularly withdrew $50,000 from his cash accounts to fund his "lifestyle expenses," according to the bank's March 2011 due diligence report. The report indicates that Epstein made his wealth primarily managing wealthy people's finances, "most notably" advising former Victoria's Secret CEO Leslie Wexner until February 2008.

The 2011 report acknowledges that the bank knew in 2006 that Epstein was accused of sex trafficking and molesting minors, that he was a registered sex offender and was convicted of a felony charge in 2008.

At the time, the bank also internally flagged suspicious activity on Epstein's account for cash withdrawals totaling $800,000 from January 2007 to June 2008. But that same year, the bank still agreed to extend him a $1 million line of credit, even as JPMorgan banker Mary Casey expressed concerns about his impending plea deal, according to court documents.

The 2011 report notes that the bank was also aware that Epstein had settled a dozen civil cases totaling millions of dollars over abuse allegations. According to the documents, bankers additionally knew that in 2005, Epstein transferred $1 million to MC2 Model Management, which was owned by Jean-Luc Brunel, who was also accused at the time of luring a minor for sex. Brunel later died by hanging in a Paris prison cell while awaiting rape charges in February 2022.

Despite Epstein's criminal past and the steady stream of news articles reporting allegations of his sexual misconduct with young women, bank executives repeatedly continued to share the articles among themselves while continuing to do business with Epstein, the documents show.

In a 2008 email, JPMorgan executive Mary E. Erdoes' husband asked his wife jokingly if Epstein was at a JPMorgan event "with Miley Cyrus," who was a teenage star at the time. In 2010, former JPMorgan anti-money laundering executive Maryanne Ryan referred to Epstein as a "known child sleaze" in an internal email and suggested the bank should drop him as a client, the documents show.

In 2009, Staley conferred with former JPMorgan general counsel, Stephen M. Cutler, and they recommended keeping Epstein as a client, the documents say. Two years later, in January 2011, former JPMorgan executives Catherine Keating and William D. Langford Jr. discussed the allegations against Epstein, but declined to take action after Staley again came to Epstein's defense, the 2011 report shows.

By 2013, Epstein's net worth had grown to $500 million, and the bank filed another suspicious activity report in light of Epstein's "excessive" cash withdrawals, which from 2009 to 2013, ranged between $100,000 and $290,000 annually and were made in a series of consecutive transactions, the documents show.

At the time, Epstein told bankers the withdrawals were used to pay for fuel for his private jet in foreign countries, but even the bankers didn't appear to believe him. In a series of internal emails debating whether to file the SAR, Ryan expressed concerns that Epstein's large cash withdrawals "really never stopped."

Ryan noted that taking out cash to pay for fuel abroad is "not normal business practice," and didn't make sense given that Epstein owned multiple homes and spent most of his time in New York, according to the documents. Ryan added that, "true, he has been known to pay cash for his massages, but only minors are the issue, and we have no proof."

That same year, JPMorgan's private bank decided to drop Epstein's co-conspirator, Ghislaine Maxwell, as a client, the documents show. Maxwell, who was convicted of sex trafficking in 2021 but has continued to fight it, had been referred by Staley in 2005.

As JPMorgan's compliance team was looking into Epstein's cash withdrawals in 2013, other executives at the bank were approving requests by Epstein to open new accounts and allowing him to broker deals on behalf of major high-profile clients, including Apollo Global Management chairman Leon Black, who had transferred $10 million to JPMorgan in August 2014, the documents show.

Epstein additionally arranged for Staley to meet Sultan Ahmed bin Sulayem in 2009, then-Prince Andrew in London in 2010, and Senegalese politician Karim Wade and Spotify founder Sean Parker in 2011, the documents show.

In 2007, Epstein referred former Trump Hotels & Casino Resorts CEO Nicholas L. Ribis to JPMorgan, documents show. In an email exchange at the time, JPMorgan Chase executive Ann Borowiec noted that Staley had instructed her "specifically… to keep" Ribis and Epstein's other referrals, even as she acknowledged recent news articles reporting Epstein's alleged sex trafficking in other emails raised concerns.

Epstein's involvement in JPMorgan's client dealings were so extensive and at times confusing, that in July 2012, Epstein told JPMorgan that he was pursuing a $1 million loan on behalf of Apollo Global Management chairman Black, prompting JPMorgan executive Erdoes to write her colleague, "Why on earth would he be between us and Leon?," court documents show.

Even after JPMorgan closed Epstein's personal accounts, Epstein referred potential clients to the bank until at least February 2019, when he connected the bank to Kathryn Ruemmler, former White House counsel to President Barack Obama. Ruemmler is now the top attorney at Goldman Sachs, court documents show.

That same year, JPMorgan filed a suspicious activity report, which was later amended, reporting 4,725 suspicious transactions worth a total of over $1 billion tied to Epstein's account between October 2003 and May 2019. The transactions include Epstein's cash withdrawals, in addition to transactions with Black, Highbridge's Dubin, Victoria's Secret CEO Wexner and Epstein's defense lawyer Alan Dershowitz, among others.

The bank's report said it considered Epstein a high risk for multiple reasons, including him being a "politically exposed" person due to his purported relationships with two presidents — Donald Trump and Bill Clinton. Between 2003 and 2013, JPMorgan had at least 134 accounts for Epstein, and his entities withdrew roughly $5 million in cash in hundreds of individual transactions each year, the documents show.

Representatives for JPMorgan and the Treasury Department didn't immediately respond to requests for comment late Friday. Dershowitz said in an email to Law360 on Friday that the only funds he received from Epstein were legal fees based on Dershowitz's hourly rate.

--Editing by Michael Watanabe.