News from Bloomberg Terminal

Adobe Beats Investor Suit Over Proposed Figma Deal, Competition

Nov. 10, 2025, 11:31 AM PST

Summary by Bloomberg AI

AI Generated

- Adobe Inc. defeated allegations it misled investors about its competitiveness ahead of a since-abandoned acquisition of Figma Inc.
- Judge John G. Koeltl said the investors failed to allege Adobe misrepresented its web design tool's prowess and downplayed the competitive threat of Figma Inc.
- The judge tossed the suit with finality, declining to accept the investors' most recent complaint, as they didn't sufficiently plead actionable misstatements about Adobe's tool or strategic plans.

By Gillian R. Brassil

(Bloomberg Law) --

Adobe Inc. defeated allegations the tech giant misled investors about its competitiveness ahead of a since-abandoned acquisition.

The investors leading the case again failed to allege Adobe misrepresented its web design tool's prowess and downplayed the competitive threat of Figma Inc., which it had planned to buy, Judge John G. Koeltl said Nov. 7. The US District Court for the Southern District of New York judge tossed the suit with finality, declining to accept their most recent complaint.

The shareholders didn't sufficiently plead actionable misstatements about tool Adobe XD or that the company misrepresented its strategic plans about mergers, among other points, Koeltl said. Characterizations like being a "market leader" weren't adequately alleged as misleading because the investors failed to plead Figma's competition caused Adobe tangible harm, the judge said.

The investors alleged that Adobe's proposal to buy Figma for $20 billion in 2022 demonstrated it considered the competitor a threat. Adobe's share price fell nearly 17% the day it announced the proposed merger, Sept. 15, 2022—its biggest one-day drop at that point since 2010, according to data compiled by Bloomberg. Adobe abandoned the deal to acquire Figma in 2023 under regulatory scrutiny.

The investors' attempt to boost their pleadings with a United Kingdom Competition and Markets Authority survey about Figma's ability to compete with that tool and more prominent Adobe offerings backfired, he said. Conclusions from the survey and about the proposed merger by the European Commission and Korea's Federal Trade Commission "match the defendants' statements regarding Figma: that it was a competitor to Adobe XD, and that it might pose a future competitive threat to Illustrator and Photoshop."

Echoing his prior dismissal, Koeltl said the investors failed to contend with the fact that certain Adobe executives increased their stock holdings rather than offloaded them during the class period, barring one exception, eating away at a potential motive to support an inference of intent.

Given the investors failed to identify any actionable misstatements or omissions, and failed to include information from confidential witnesses or documents showing contrary information to public statements, they couldn't establish an inference of executives' recklessness to deceive, he said.

Neither side's counsel immediately responded to emails seeking comment, nor did Adobe.

Pomerantz LLP and Robbins Geller Rudman & Dowd LLP were co-lead counsel for the proposed class, which sought to include those who got Adobe stock from July 23, 2021, through Sept. 22, 2022. Latham & Watkins LLP represented Adobe and certain current and former leaders.

The case is *Matter of Adobe Inc. Sec. Litig.*, S.D.N.Y., No. 1:23-cv-09260, 11/7/25.

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News | **Business Torts**

Pa. Fortune 500 Company Faces Federal Securities Class Action Lawsuit

The plaintiffs claim that the company's top executives had made misleading statements about its financial well-being and competitive positioning.

November 10, 2025 at 03:18 PM By **Tristin Hoffman**

The Gateway Building, U.S. District Court for the Eastern District of Pennsylvania. Photo: Aleeza Furman/ALM

A biotech and life sciences company that had previously ranked in the Fortune 500 class two years ago has now found itself in new territory.

A class of investors from the Building Trades Pension Fund of Western Pennsylvania filed a federal securities class action lawsuit against Avantor Inc. and its top executives on Oct. 30 in the U.S. District Court for the Eastern District of Pennsylvania, alleging that the company's executives had made misleading statements about the company's competitive position and financial well-being while failing to disclose mounting competitive pressures they simultaneously faced.

The class, represented by Kessler Topaz Meltzer & Check, a Pennsylvania corporate litigation firm, alleges that Michael Stubblefield, the company's former president and CEO, and CFO Brent Jones had misled shareholders on numerous occasions in 2024 to believe that Avantor was in good competitive positioning and would experience financial growth in the upcoming year.

According to the complaint, Stubblefield had pointed shareholders and investors to Avantor's competitive digital offerings and regulatory expertise for clients, which would lead the company into market expansion and a more than 10% increase in the company's earnings per share in 2025.

What followed, the complaint read, was Stubblefield's resignation in April, financially negative quarterly earnings reports throughout the year, and a net loss of $712 million tied to a $785 million non-cash goodwill impairment charge.

The company's stock, according to the complaint, had declined by nearly 25%—from $15.50 per share in April 2025 to $11.58 per share in October 2025.

The complaint names Stubblefield, Jones and the company as liable for the alleged misleading statements and for investors' financial losses under federal securities law.

"At the time each forward-looking statement was made," the complaint read, "the speaker knew the forward-looking statement was false or misleading and the forward-looking statement was authorized and/or approved by an executive officer of the Company who knew that the forward-looking statement was false."

Attorneys at Kessler Topaz, representing the plaintiffs, as well as media representatives at Avantor, could not be immediately reached before publication.

The case points to a broader upswing in disclosure-related securities litigation emerging in the region.

In 2023, Kessler Topaz represented plaintiffs who alleged that Catalent, a New Jersey–based drug manufacturer, had exaggerated how much product it could make and sell and ultimately misled investors when production problems caused the company's stock to tumble.

Around the same time, Lincoln National Corp.—a Pennsylvania-based life-insurance and wealth-management firm—faced a class action in the Eastern District of Pennsylvania in which plaintiffs claimed the company failed to inform investors that its assumptions about policy cancellations were wrong, its life-insurance business was struggling, and its financial reserves and assets were overstated.

The company later took a roughly $2 billion charge for updated reserve assumptions and goodwill impairment, which triggered a sharp stock drop and became the core of investor loss allegations.

Securities

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Rocket Lab Beats Investor Lawsuit Over Neutron Launch Delay

Nov. 11, 2025, 7:29 AM PST

Summary by Bloomberg AI AI Generated

- Rocket Lab USA Inc. defeated allegations it misled investors about the testing and debut timeline for its reusable Neutron rocket.
- Judge George H. Wu said the plaintiffs' securities fraud theory "makes no sense" and tossed the complaint due to insufficient allegations of intent or recklessness.
- Wu gave the investors until Dec. 19 to file an amended complaint after ruling in favor of Rocket Lab and its top executives.

Rocket Lab USA Inc. defeated allegations it misled investors about the testing and debut timeline for its reusable Neutron rocket.

Judge George H. Wu finalized a tentative ruling Monday to toss the complaint, saying he couldn't "see a reason to disagree" with the spaceflight company's and top executives' argument that the plaintiffs' securities fraud theory "makes no sense."

The US District Court for the Central District of California judge questioned why Rocket Lab, CEO Sir Peter Beck, and Chief Financial Officer Adam Spice would knowingly or recklessly mislead investors for three months about a small delay in the launch date for Neutron from "mid-2025" to the latter half of the year.

The investors didn't include factual allegations of real-time knowledge of the later timeline by the executives or how they stood to benefit from concealing the delay from investors, falling short of pleading the level of intent or recklessness for securities fraud claims, Wu said.

There were also insufficient allegations that the former employees on whom shareholders relied as confidential witnesses interacted with the top executives to have insight into their knowledge, nor were there allegations of acvtivity such as stock sales that would bolster an inference of motive, among other shortcomings, Wu said.

Investors sued after a short seller accused the company of deceiving shareholders about the Neutron test-launch timeline Feb. 25. The company's share price fell 9.83% to close at $20.28 that day.

The proposed class would include those who got Rocket Lab stock from Nov. 12, 2024—when the company announced a launch agreement for Neutron and reiterated its timeline—through Feb. 25.

Rocket Lab said Monday while disclosing third quarter 2025 financial results it was delaying Neutron again until early 2026—a setback in the company's attempt to rival Elon Musk's SpaceX.

Wu gave the investors until Dec. 19 to file an amended complaint.

Glancy Prongay & Murray LLP represents investors Willie Croskrey and Douglas Bray. Skadden, Arps, Slate, Meagher & Flom LLP represents Rocket Lab and the executives. Neither of these law firms nor the company immediately responded to emails seeking comment.

The case is Bray v. Rocket Lab USA, Inc. , C.D. Cal., No. 2:25-cv-01733, 11/10/25 .

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Securities

Manage Newsletters

'Total Portfolio Approach' Is Shaking Up Institutional Trillions

Nov. 11, 2025, 4:50 AM PST

Summary by Bloomberg AI

AI Generated

- A growing list of funds is adopting the Total Portfolio Approach, which ditches asset-class silos and pits investments against each other in search of the best bet for the whole portfolio.
- CalPERS, the California Public Employees' Retirement System, is voting on whether to adopt the Total Portfolio Approach, which would see the $587 billion fund join others such as Singapore's GIC Pte and Canada's CPP Investments.
- Adopting the Total Portfolio Approach will mean making drastic changes in culture, governance, and infrastructure for many allocators, but its proponents see it as a better fit for an unpredictable world where market assumptions can be easily upended.

In the staid world of sovereign wealth and pension funds, an evolution is underway that could rewrite how trillions of dollars get invested.

For decades, these institutional allocators took roughly the same approach to managing the vast piles of cash under their control: They diversified by divvying up the money across asset classes – for example 40% in stocks, 40% bonds and 20% alternatives – then stuck with it by rebalancing now and again when things got out of whack.

But a growing list of funds is challenging that convention by turning to a method that ditches the asset-class silos. Instead, they pit investments as disparate as, say, public equities and private credit against each other in search of the best bet for the whole portfolio. Dubbed the Total Portfolio Approach, it's gaining traction fast – and before month-end it may even be the guiding principle of America's largest public pension.

CalPERS , the California Public Employees' Retirement System, is voting on whether to adopt TPA next week. A "yes" vote will see the $587 billion fund join an accelerating bandwagon that already includes the likes of Singapore's sovereign GIC Pte, Australia's Future Fund and Canada's CPP Investments.

For many such allocators, adopting TPA will mean making drastic changes in culture, governance and infrastructure. Meanwhile there are plenty of skeptics who see little more than a buzzy acronym. But to its proponents, TPA is a better fit than the old static model – known as Strategic Asset Allocation – for an unpredictable world in which inflation spikes or geopolitical shocks can easily upend market assumptions.

Michael Wissell
Source: Hoopp

"Your SAA was built with markets in equilibrium," said **Michael Wissell**, chief investment officer at the roughly $88 billion Healthcare of Ontario Pension Plan, which uses TPA. "It's just never been the case. There's always something out of the equilibrium. And when you use a model that's predicated on something that just simply isn't true, you can get yourself into trouble."

CalPERS Pitch

At CalPERS board meetings in September, **Stephen Gilmore**, the fund's new CIO, laid out the rationale for the proposed switch.

"With an SAA you tend to get a problem with asset classes optimizing for their own asset class, so you can have unintended concentration or you can have over-diversification," Gilmore said. "If you optimize for a whole lot of different asset classes and add it all up, it's inferior to optimizing for the whole."

In the platonic ideal of TPA, a board would trust the investment team to make more ad hoc decisions. Staff would freely share information across asset-class teams and would debate whether they should bet on, say, data centers through listed shares or private loans. Quants would dissect the factor exposures of public and private equity alike. The passive benchmarks that previously loomed over every asset class team would be no more.

Asset Owners Increasingly Favor Total Portfolio Approach
They're rethinking an old model known as strategic asset allocation

	SAA	TPA
Performance assessment	Benchmarks	Fund goals
Success measurement	Relative value added	Total fund return
Opportunities defined	Asset classes	Contribution to total portfolio outcome
Diversification	Asset classes /sub-asset classes	Risk factors
Asset allocation process	Board-centric	CIO-centric
Frequency of change	Infrequent, calendar-based	Continous, real-time
Portfolio implementation	Multiple competing asset class teams	One team collaborating together

Source: "From Vision to Execution: How Investors Are Operationalizing the Total Portfolio Approach" report by CAIA Association, Willis Towers Watson's Thinking Ahead Institute

Bloomberg

Under the CalPERS proposal, the fund will go from 11 asset class benchmarks to a single "reference portfolio" of 75% equities and 25% bonds, with an active risk budget of 400 basis points.

In making his pitch, Gilmore cited the superior performance of TPA investors. Although he didn't adduce specific numbers, a 2024 report co-authored by the consultancy Willis Towers Watson and the Future Fund showed TPA funds beat SAA ones by 1.8 percentage points in annual performance over 10 years (albeit that masked a wide range of returns and risk appetites for each category).

Trade-Offs

Canada's CPP ranked as the fourth-best sovereign investor from 2015 to 2024, according to the consultancy Global SWF. Head of Total Fund Management **Manroop Jhooty** attributes its strong returns partly to TPA's flexibility.

If, for example, a PE allocation has risen to 20% from a target of 15%, an SAA investor might be compelled to offload some PE holdings even if liquidity constraints mean pricing is unfavorable. But a TPA fund can cut listed shares instead, since the framework views both as equities driven by similar forces.

Manroop Jhooty
Photographer: Victor J. Blue/Bloomberg

"You're able to make that trade-off decision that in a classic SAA framework is just a little bit harder to do," said Jhooty, whose firm runs about $522 billion.

On the flipside, TPA enables asset allocators to identify unintentional concentration. When a hot theme like artificial intelligence is in vogue, every team — from infrastructure to public equity to private credit — may be tempted to shift money there. That risks a dangerous over-exposure to a single industry even as asset allocations remain in line with goals.

The New York City Retirement Systems, which oversees more than $300 billion, has hired three quant managers since 2022 to build analytical tools and models that track the portfolio's exposure to various risk factors such as liquidity and equity sensitivity.

According to **Steven Meier**, who this month left NYCRS after three years as CIO, the ultimate goal is to conduct scenario analysis and stress test so that the portfolio is better prepared for the uncertain world. But that doesn't mean TPA is replacing SAA — rather, it's "a logical progression" from SAA, he said.

"The Strategic Asset Allocation approach is the basis that we use to make decisions," Meier said in an interview before his departure. But on its own "it's a flawed process because it's built on forward expectations off of historical data," he said.

'Fakers'

Meier's take reflects a lack of consensus on precisely how to define TPA. Some frame it as a whole new investment philosophy, while others see it as upgrading a legacy system for a complex, fast-changing world.

Jayne Bok

Source: WTW

Given the gravitational pull of SAA, the risk is some allocators aren't able to make the practical changes necessary to implement TPA, according to **Jayne Bok**, head of investments for Asia at WTW.

"A lot of people are going to say they are already doing it when they are fakers essentially," she said.

SAA, for all its faults, can be better for governance because the board first agrees on targets for each asset class and each asset team is typically held accountable for performance relative to a passive benchmark. Under TPA, the board has to entrust the investment team with more discretion.

"You risk losing accountability around whether your security selection and asset allocation decisions are adding value," said **Max Townshend**, head of investment strategy at the UK-based Local Pensions Partnership Investments, which runs about $36 billion. "If you do SAA right, you can build the governance framework to dynamically manage asset allocation and be just as flexible."

At Ares Management, which runs $596 billion in mostly private assets, the head of quant research says the rise of TPA reflects increased investor interest in how liquid and illiquid investments interact. But it's still early days.

"I don't think right now there's an established TPA model in the same way that there's a Canadian and an endowment model," said **Avi Turetsky**, referring to two well-known institutional approaches. "Right now TPA in my view is more of an aspiration."

Gilmore at CalPERs hails from New Zealand's $51 billion Superannuation Fund, which in Global SWF's tally ranked as the second-best sovereign investor.

NZ Super's co-CIO **Brad Dunstan** says when it first started implementing TPA, everyone was a generalist. But with a larger fund now, it's organized its staff around five asset class teams. Under TPA, the fund has added a tactical overlay where it assesses the fair value of all its assets and aims to capture bargains and avoid over-priced investments.

TPA "gives us the flexibility to move the portfolio potentially more dramatically," said Dunstan. "Everybody is pulling in the same direction. You don't get the infrastructure person saying, 'Well I just want to invest in this infrastructure investment because it's my baby.'"

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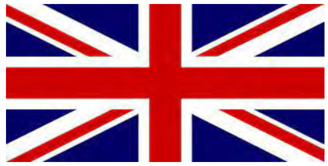
Sam Potter, Julius Domoney

"Backdoor Class Actions": Proliferating U.K. Collective Action Proceedings

dandodiary.com/2025/11/articles/international-d-o/backdoor-class-actions-proliferating-u-k-collective-action-proceedings

Kevin LaCroix November 11, 2025



Class actions are of course much more a feature of the litigation scene in the U.S. than in the U.K, but things have been changing in recent years. The most significant initial change in direction toward collective actions in the U.K. was the adoption several years ago of "opt-out" actions in the U.K. Competition Appeal Tribunal proceedings. More recently, through its courts' use of group litigation orders (GLOs), there has been a "surge in mass claims" in the U.K., according to a recent law memo. The result has been, according to the October 13, 2025, memo from the Skadden law firm, a "dramatic transformation" over the past decade in the U.K. of its "collective redress landscape." The memo, which is entitled "Class Actions by the Backdoor? The Evolving Landscape of Group Litigation in the U.K," can be found [here](#).

The Competition Appeal Tribunal (CAT) Procedures

In 2015, the U.K. Parliament enacted [The Consumer Rights Act of 2015](#), which represented a comprehensive overhaul of the U.K.'s consumer protection and unfair trade practices laws. Among many other changes, the Act introduced an "opt-out" collective action mechanism. In particular, the Act broadens the jurisdiction of the [Competition Appeal Tribunal](#) (CAT), including through the introduction of procedures for the tribunal to hear damages claims on an "opt-out" collective action basis. The Act also includes provisions for collective settlements and collective redress schemes.

The volume of proceedings before the CAT since the introduction of the "opt out" mechanism has been extraordinary. According to the law firm memo, the CAT "has become one of the busiest courts in the country," with a rapidly growing docket of collective proceedings. According to [a recent report](#) in *The Times*, approximately 60 collective proceedings are currently listed with the CAT in London. Over 20 collective actions have been certified, with certification pending in many other cases. The total value of pending claims exceeds £160 billion (about USD210 billion).

Earlier this year, the CAT entered judgment in the long-running competition proceeding pending against MasterCard. The tribunal approved the £200 million settlement (over the objection of the litigation funder involved).

Group Litigation Orders

While the rise of CAT collective proceedings has been extraordinary, the availability of the CAT's procedural framework is limited to alleged competition law violations. However, the possibility of collective actions outside the CAT regime has separately advanced in recent year through the High Court's use of group litigation orders (GLOs) and joint claims. According to the law firm memo, these proceedings, which the memo calls "backdoor" class actions, often attract litigation funders, due to the possibility of aggregated damages.

Thus, though the CAT regime is the only formal "opt-out" class action mechanism in the U.K, "group litigation is thriving through alternative routes." According to the law firm memo, the High Court issued sixteen GLOs between 2001 and 2024. (Just an aside, the memo is a little confusing on the GLO statistics, as immediately after the memo says there were 16 GLOs between 2001 and 2024, it also says there were "125 in all since 2001."). These collective actions involve, for example, proceedings relating to the Volkswagen dieselgate scandal and the Fundão dam collapse in Brazil.

The problem with this state of affairs, according to the law firm memo, is that it permits collective actions to proceed without "key protections against abuse," such as initial certification requirements, suitability assessments by class representatives, and judicial scrutiny of funding arrangements. The result, the memo says, is "a system where mass claims can proceed with less oversight, raising concerns about unmeritorious or speculative claims, inconsistent outcomes and the potential for disproportionate costs and burdens on defendants."

The memo observes the current state of affairs in the U.K. may be "more risky for defendants than the U.S." as the U.S. class action system at least has certain procedural guardrails, such as early motions to dismiss and strict class certification standards. The U.K.'s GLO regime, when combined with third-party litigation funding, can "expose defendants to massive, complex, and expense claims with less scope for early dismissal opportunities."

The memo observes that claimants and their lawyers, financed by litigation funds who are drawn to these kinds of collective proceedings, are "increasingly creative, seeking to expand the scope of class actions beyond competition law." The memo cites other legal areas such as environmental claims, securities fraud, data privacy, and even "greenwashing" allegations. Defendants have tried to respond through a variety of strategies, including challenging the suitability of the class representatives, contesting funding arrangements, and pushing for early resolution or dismissal.

The upshot, according to the memo is that the U.K.'s group litigation landscape is "at a crossroads." As claimants, their attorneys, and the litigation funders continue to innovate and expand the scope of mass claims, "the line between formal class actions and 'backdoor' group litigation is increasingly blurred." There are already movements afoot to review the litigation funding regime. For defendants, "the risks are real and growing," which will require both new strategies and a close watch on regulatory developments. What is likely next is a phase of reform that "will determine whether the U.K. can balance access to justice with the need to protect against abuse and ensure fair outcomes for all parties."

Discussion

It could be argued that these developments should not come as a surprise. As long ago as 2019, I was raising on these pages the question of whether the U.K. was in a "new class actions era." It has indeed been a frequent observation on this site that an increasing number of jurisdictions, including for example the U.K. and the E.U., are inching their way towards the allowance of various class action procedures.

A number of factors are driving this movement toward the availability of collective action mechanisms. One key factor is, as noted in the law firm memo, the role of litigation funding, which is providing the necessary financing for this type of litigation.

Another factor not mentioned in the law firm memo is the role of U.S. plaintiff law firms. The movement toward collective action litigation reflects to a certain extent the increasing presence in Europe and elsewhere of US plaintiff law firms (which I have seen first-hand with my own eyes) having the particular expertise in pursuing class actions in the U.S. These firms are working closely with litigation funding firms to build "books" of claimants, using mass media and social media advertisements. In some cases, the firms are seeking to build on the success of claims in the US, seeking to export case theories and arguments directly to the UK and the EU on behalf of claimants in those jurisdictions.

There is another, perhaps more important reason for the movement toward collective action proceedings, and that is that the availability of a group action mechanism is an increasingly necessary attribute of a complex global economy.

The fact is that complex economies require sophisticated tools to allow large numbers of related claims to be addressed and resolved efficiently. There is also a sense that the absence of these kinds of efficient mechanisms can be detrimental to consumers and other claimants. Indeed, a large driver in the move toward the adoption in the EU of collective redress mechanisms was the VW dieselgate scandal, in which US-based claimants quickly received compensation while German and other EU claimants found themselves struggling to obtain redress.

But while the goal of efficiency and arguably even fairness may argue in favor of the adoption of collective redress mechanisms, those of us with long experience in the U.S. know that the availability of these procedural mechanisms can produce excesses as well. In some instances, class actions in the U.S. can prove to be hideously expensive for companies to defend, in ways that put economic pressure on companies to settle contrary to the merits of the dispute. The mechanisms can sometimes lead to out-of-balance outcomes, where the attorneys reap sizeable fees while harmed claimants receive little compensation. The test for the UK, the EU, and other jurisdictions as they try to adopt collective procedural mechanisms will be whether they can realize the efficiencies the collective mechanisms afford without creating the opportunities for excess.

I will say this as a long-time observer whose observational perch includes an extensive opportunity to watch developments both within and outside the U.S. that probably the single most important thing I have observed over the years has been the increasing rise of collective action mechanisms outside the U.S.

When I first started traveling outside the U.S. for professional meetings years ago, I was often the only American in the room. I became accustomed to hearing the U.S. class action procedures being vilified as excessive and distortive. The funny thing that has happened over time is that while the U.S. class action system is still ritualistically condemned, the tools and processes that many countries are adopting increasingly look like – or at least resemble in many of the key details – the U.S. class action system. Of course important differences remain. But the fact is that an increasing number of jurisdictions have found it necessary to adopt and implement mechanisms that allow for collective redress for large numbers of claimants. I expect that this evolutionary process will continue to develop in the months and years ahead.

NCAA agrees to $303 million settlement with unpaid college coaches

reuters.com/legal/government/ncaa-agrees-303-million-settlement-with-unpaid-college-coaches-2025-11-11

Mike Scarcella November 11, 2025

Nov 8, 2024; College Station, Texas, USA; A detailed view of an official game ball with the NCAA logo prior to the game between the Texas A&M Aggies and the East Texas A&M Lions at Reed Arena. Mandatory Credit: Maria Lysaker-Imagn Images Purchase Licensing Rights, opens new tab

Nov 11 (Reuters) - The National Collegiate Athletic Association has agreed to pay $303 million to thousands of current and former college coaches to settle a class action alleging they were unlawfully denied wages under a long-standing NCAA policy.

The proposed settlement, opens new tab filed on Monday in the federal court in Sacramento, California, requires approval by U.S. District Judge William Shubb. The deal would resolve claims that the NCAA and member schools violated antitrust laws by prohibiting compensation for unsalaried, "volunteer" coaches in sports other than baseball. The NCAA earlier this year agreed to pay $49 million to settle a similar lawsuit brought by baseball coaches.

The NCAA denied any wrongdoing. In a statement, NCAA President Charlie Baker said resolving the lawsuit "provides certainty and clarity for the Association and our members." The NCAA repealed the wage rule in 2023.

Lead attorneys for the coaches, in a statement, called the settlement "significant and meaningful compensation to thousands of hard-working coaches."

The settlement covers more than 7,700 coaches who worked without pay between March 2019 and June 2023 in the NCAA's Division 1, the highest tier for U.S. college athletics.

No coach would receive less than $5,000, and many are expected to receive six-figure payouts, court filings show. The average is expected to be about $39,260 before fees and expenses.

The lawyers for the coaches said they planned to ask the court to award them up to 30% of the settlement, or $90.9 million, in legal fees.

Shubb is scheduled to consider preliminary approval in December. A final fairness hearing is proposed for early next year.

Separately, the NCAA has agreed to a landmark $2.8 billion settlement that would allow schools to directly compensate student-athletes. That deal is currently under review by a federal appeals court.
The case is Shannon Ray et al v. National Collegiate Athletic Association, U.S. District Court for the Eastern District of California, No. 1:23-cv-00425-WBS-CSK.

For plaintiffs: Dennis Stewart of Gustafson Gluek, Robert Gralewski Jr of Kirby McInerney and Michael Lieberman of Fairmark Partners

For defendant: Carolyn Luedtke, Justin Raphael and Megan McCreadie of Munger, Tolles & Olson

Read more:

US judge approves NCAA baseball coaches' $49 million settlement
Ex-Michigan football players to appeal dismissal of $50 million NCAA lawsuit
NCAA faces new class action over sport eligibility caps, 'redshirt' rule
Tennis players suing NCAA over prize money can band together in class action, judge rules
US appeals court rules for NCAA in dispute over player eligibility rules

Securities

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Visa Fee Deal Tests If Retailers Will Really Deny Premium Cards

Nov. 11, 2025, 9:25 AM PST

Summary by Bloomberg AI

AI Generated

- Visa Inc. and Mastercard Inc. agreed to loosen their "honor all cards" policies as part of a settlement with retailers to end more than 20 years of litigation.
- The proposed deal could allow retailers to stop accepting certain types of credit cards, such as those branded as "Visa Infinite" or "Mastercard World Elite," which could save merchants money on transaction fees.
- Economists expect the proposed settlement could ultimately save merchants more than $200 billion, but a judge still has to sign off on the deal and several trade groups representing merchants have already come out in opposition to it.

It's about to get a lot more important to look at the fine print on your credit card.

As part of a settlement they reached with retailers to end more than 20 years of litigation, Visa Inc. and Mastercard Inc. agreed this week to loosen their "honor all cards" policies. The rules required merchants to accept all types of Visa or Mastercard credit cards if they accepted any from the two networks.

The proposed deal could soon pave the way for retailers across the US to stop accepting cards that are branded as "Visa Infinite" or "Mastercard World Elite," saving merchants a few pennies each time customers swipe their cards at checkout.

Visa credit cards
Photographer: Andrew Harrer/Bloomberg

But for everyday consumers, it might mean the next time they reach for their $795-a-year Sapphire Reserve card from JPMorgan Chase & Co. at checkout, their favorite coffee shop just might send them packing.

"Longer term, we see potential for some added friction," **Dan Dolev**, an analyst at Mizuho Securities USA, said in a note to clients. "However, merchants would also be risking disappointing their customers, which is a deterrent to not accepting cards or surcharging for certain types of cards."

Economists expect the proposed settlement could ultimately save merchants more than $200 billion, making it one of the largest-ever class-action settlements of a US antitrust case. But a judge still has to sign off on the deal.

And history suggests that might not be a sure thing. An agreement reached between the parties last year, which would have saved merchants at least $30 billion over five years, was derailed when US District Judge Margo Brodie rejected it in June 2024, citing concern about the "honor all cards" rules.

Several trade groups representing merchants have already come out in opposition to the new deal, arguing it would be difficult for any retailer to stop accepting large swaths of the card networks' products.

"Visa and Mastercard keep thinking that they can fool the court," said Doug Kantor, general counsel at the National Association of Convenience Stores . "But there will be lots and lots of opposition explaining to the court that what Visa and Mastercard are trying to do doesn't make sense and shouldn't resolve the case."

Big merchants have tried — and largely failed — to wean themselves off Visa and Mastercard's products in the past. For instance, Amazon.com Inc., Walmart Inc. and Kroger Co. have all temporarily instituted bans on Visa credit cards in the past before they ultimately returned to accepting the products.

That's because cash usage has dwindled rapidly in recent years and consumers now reach for their credit and debit cards more than 60% of the time when making a payment, according to a 2023 study by the Federal Reserve.

Smaller merchants have been more willing to experiment with ways to bring down their cost of accepting credit cards. About 16% of consumers have been discouraged from using their credit card at the point of sale in the last 12 months, according to a separate Fed study.

Growing Popularity

Fueled by the enduring popularity of the Sapphire Reserve and American Express Co.'s Platinum cards in recent years, other banks have been muscling into the premium credit card game.

For consumers, these cards typically offer a bevy of travel and dining benefits that can offset the hefty annual fees. For the lenders that have flocked to the space — such as Citigroup Inc. and Capital One Financial Corp. — they are more lucrative because they feature higher transaction fees at checkout.

Take a $100 purchase at a small supermarket, where profit margins are already razor thin. If a customer uses a traditional Visa card, the merchant would pay $1.27 in interchange fees. If the cardholder carries plastic branded with Visa Infinite — the network used by cards including the Sapphire Reserve — the fee would rise to $1.80 for certain transactions.

While Visa and Mastercard set those rates, it's the bank that issues the card that takes home the bulk of the revenue.

It sounds like pennies — but retailers are now spending nearly $200 billion annually in these so-called swipe fees, with merchants blaming much of the growth in recent years on the increasing prevalence of premium cards.

Under the terms of the latest agreement, Visa will now count its Signature, Signature Preferred, or Infinite cards as premium consumer credit cards, while for Mastercard that category will include World, World High Value, World Legend, or World Elite. Merchants will be able to reject cards running on those networks, while still taking Visa's Traditional or Traditional Rewards products and Mastercard's Core or Enhanced Value offerings.

For retailers - the fact that so many products are now classified as premium is part of the rub.

"I don't think it's feasible for retailers in this day and age to say, 'I'm not gonna accept a large number of credit cards,'" said Stephanie Martz, general counsel at the National Retail Federation .

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Banking and Finance Laws

Visa, Mastercard Again Try to End Merchant Swipe Fees Suit

If approved, the settlement calls for Visa and Mastercard to reduce their swipe fees by 0.1% for five years. But trade groups have already come out against the deal, arguing the proposed changes are insubstantial.

November 10, 2025 at 04:57 PM By **Alyssa Aquino**

Visa, Mastercard and businesses representing a class of 12 million merchants have reached a deal in a two-decade-old suit alleging that the payment networks conspired to charge high swipe fees.

According to disclosures filed with the Securities and Exchange Commission and Monday, the settlement, if approved, would have Visa and Mastercard lowering their swipe fees by 0.1% for five years and capping standard consumer rates at 1.25% throughout the life of the deal. The proposed deal additionally revises Visa and Mastercard's honor-all-cards and surcharge policies, according to the public disclosures.

In separate statements, Visa and Mastercard touted the proposed deal as providing merchants clarity, flexibility and consumer protections. Visa and Mastercard are separately represented in the antitrust suit, with Arnold & Porter and Holwell Shuster & Goldberg counseling Visa and Paul Weiss Rifkind Wharton & Garrison counseling Mastercard.

The National Retail Federation and the Merchants Payments Coalition have already come out against the agreement, saying—in response to a preliminary report from the Wall Street Journal—that the fee reduction represents only a "small fraction" of the 2.35% average swipe fees charged to merchants in 2024 and that the proposed changes to the honor-all-cards and surcharge rules are minimal.

"This is the third attempt to settle this case and the card industry either just doesn't get it or just doesn't care," said NRF Chief Administrative Officer and General Counsel Stephanie Martz. "Once again, this proposal is all window dressing and no substance… if the courts can't fix this, it's time for Congress to take action."

A spokesperson for both trade groups said that the organizations' criticisms still hold, after further details of the deal were released on Monday.

Counsel for the equitable relief merchant class didn't respond to Monday's requests for comment. The class is represented by Nussbaum Law Group, Hilliard & Shadowen, Grant & Eisenhofer and Fried Kanner London & Millen.

The changes to Visa and Mastercard's interchange fees program has been a sticking point for merchants behind litigation—first filed in 2005—alleging an antitrust conspiracy between Visa, Mastercard and their affiliated banks to eliminate all competition and protect "supracompetitive" interchange fees, the fees that merchants pay to process transactions. In 2019, the merchants, Visa and Mastercard settled their damages claims with a $5.3 billion deal.

Currently, the litigation concerns Visa and Mastercard's interchange fee rates, their rules for merchants to impose surcharges and their "honor all cards" policy, their requirements for merchants to accept all Visa or Mastercard credit or debit cards, if they accept any one of them.

An earlier deal valued at $30 billion proposed changes to those programs, only to draw opposition from several trade groups, including the National Retail Federation, small independent groceries and major retailers, such as Wal-Mart, 7-Eleven and Target.

U.S. District Judge Margo Brodie of the Eastern District of New York rejected that proposal in June 2024, finding the changes insufficient.

According to Visa's SEC filing, the new settlement provides merchants more options to impose surcharge fees, and lets merchants choose whether to accept U.S. credit cards in the commercial, premium consumer and standard consumer categories.

Visa, Mastercard Cut New Deal Worth 'Well More Than $200B'

law360.com/articles/2409396/print

By Bryan Koenig

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Law360 (November 10, 2025, 7:28 PM EST) -- Visa, Mastercard and a class of potentially millions of merchants announced a new settlement Monday resolving two decades of antitrust litigation, which would permit more flexibility on what cards are accepted and would lower fees — with a five-year cap — to address a New York federal judge's concerns that an earlier version wasn't enough.

Visa and Mastercard said a settlement with a class of potentially millions of merchants implements "historic" changes and that the merchants are "unlikely" to do better if they went to trial. (Alamy)

After U.S. District Judge Margo Brodie said last year that Visa and Mastercard could likely **tolerate** a **"substantially greater judgment"** than one that would have slashed merchant fees by about $30 billion over five years, the merchants said Monday the new agreement "can save merchants well more than $200 billion over the course of the settlement," based on the estimates of their experts.

"The amended settlement remedies each of those concerns and indeed provides reforms far beyond those the court discussed," the merchants said in their **brief** seeking preliminary approval of the new settlement.

The deal is expected to affect more than 12 million merchants in the U.S. Representatives of the class have been battling since 2005 with Visa, Mastercard and several banks over rules set by the credit card companies that allegedly reduced choice and forced merchants to accept higher-fee cards without the ability to refuse them or steer consumers toward ones with cheaper rates. While they were challenging the rules behind those fees, a separate class **sought** only damages and won a more than **$5 billion settlement**.

In Monday's filing, the merchants, comprised of an equitable relief class that accepted Visa or Mastercard debit or credit cards from December 2020, principally targeted all-or-nothing "Honor-All-Cards" rules requiring them to accept all cards from a network if they accept any. They also went after No-Surcharge rules that severely limit their ability to charge cardholders using higher-priced cards, and No-Discount rules that forbid discounts for consumers using cheaper cards.

According to the merchants, Judge Brodie rejected last year's deal because it "provided little HAC relief," blocked surcharges exceeding 1% if the merchant didn't surcharge American Express cards — something AmEx rules prohibit — and treated merchants "unequally by providing direct rate reductions to merchants that pay posted (list) rates but not to those that pay negotiated rates."

The new deal fixes those concerns, according the merchants.

"Among other relief, it will enact sweeping changes to the HAC rules, permitting merchants to, among other things, not accept the networks' high-cost premium consumer credit cards and/or the even higher-cost commercial credit cards," they said.

The new deal, the merchants continued, will also allow them to "surcharge the networks' credit cards up to 3%, regardless of whether the merchant also accepts or surcharges American Express or other competing cards; and mandate rate reductions that will benefit all merchants, regardless of whether they pay posted or negotiated rates."

In similarly vouching for the deal, Visa and Mastercard suggested in their own **brief** Monday that this is as far as they're willing to go, as they pushed the court to accept what they described as "historic" changes and that the merchants are "unlikely" to do better if they went to trial.

"The networks show that plaintiffs will face significant risks in establishing liability; that the settlement provides ample relief to class members that compares favorably to (and in important respects exceeds) their best possible recovery at trial," they said. "The settlement treats class members equitably and provides tangible relief to all merchants; and that the defendants likely could not withstand a judgment that modifies their rules any further."

In separate investor filings announcing the deal, Visa and Mastercard leaned on the idea of giving merchants flexibility and reducing interchange fees.

"The agreement enables merchants to make decisions on independently accepting consumer credit and commercial credit cards. Within consumer credit, merchants would have additional flexibility in their decisions to accept 'standard' and 'premium' credit cards, but would not be able to discriminate between the same level of cards issued by different financial institutions," Mastercard said.

The submissions noted the deal's 10-basis-point reduction in the average system-wide interchange rates charged to U.S. cards, along with a five-year cap at current rates and a 125-bps rate cap on standard consumer credit cards for the length of the more than eight-year deal.

Visa said the deal will "provide meaningful relief, more flexibility and options to control how they accept payments from their customers."

Mastercard said the agreement would wrap an important part of the **multidistrict litigation**.

"Upon final approval of the class settlement by the court, Mastercard will have resolved all pending U.S. merchant litigations that are directed at seeking changes to its interchange structure and merchant acceptance rules," it said. "In agreeing to the settlement, Mastercard does not admit to any improper conduct with respect to the plaintiffs' allegations. All rules practice changes will occur after approval of the Agreement, which is expected to occur most likely in late 2026 or early 2027."

Counsel for the merchants did not respond Monday to a request for comment.

The merchants are represented by Linda P. Nussbaum and Susan R. Schwaiger of Nussbaum Law Group PC, Steve D. Shadowen and Richard M. Brunell of Hilliard & Shadowen LLP, Robert G. Eisler and Chad B. Holtzman of Grant & Eisenhofer PA, and Michael J. Freed, William H. London, Robert J. Wozniak and Michael E. Moskovitz of Freed Kanner London & Millen LLC.

Visa is represented by Michael S. Shuster, Demian A. Ordway and Blair E. Kaminsky of Holwell Shuster & Goldberg LLP, and Anne P. Davis, Robert J. Vizas, Matthew A. Eisenstein and Rosemary Szanyi of Arnold & Porter Kaye Scholer LLP.

Mastercard is represented by Kenneth A. Gallo, Donna M. Ioffredo, Brette Tannenbaum, William B. Michael and Nina Kovalenko of Paul Weiss Rifkind Wharton & Garrison LLP.

The case is In re: Payment Card Interchange Fee and Merchant Discount Antitrust Litigation, case number 1:05-md-01720, in the U.S. District Court for the Eastern District of New York.

Zillow hit with class action over alleged mortgage steering scheme

reuters.com/legal/government/zillow-hit-with-class-action-over-alleged-mortgage-steering-scheme-2025-11-10

Mike Scarcella November 10, 2025

A for sale sign is shown for a residential home in Encinitas, California, U.S. July 25, 2025. REUTERS/Mike Blake Purchase Licensing Rights, opens new tab

Nov 10 (Reuters) - Online real estate platform Zillow (ZG.O), opens new tab is facing a new consumer lawsuit in federal court in Seattle that accuses the company of pressuring homebuyers into using its mortgage lending division.
The proposed class action, opens new tab, filed on Friday, claims Zillow operates programs in which its affiliated real estate agents receive high-value sales leads only if they meet internal quotas for securing pre-approved mortgages from Zillow Home Loans.

Agents who failed to meet Zillow's targets got fewer leads or were cut off, according to the lawsuit.

The plaintiff, an Alaska homebuyer, said she was led to believe she was required to use Zillow Home Loans and was not informed of alternative, potentially more affordable financing options. She sued on behalf of herself and as many as thousands of other consumers who allegedly paid more for mortgage credit and were denied access to competing loan options and better terms.

“Zillow is fundamentally cheating a carefully regulated system in order to win more of the mortgage financing market, and the result is that home buyers do not get objective, clear-eyed advice from their trusted real estate agents,” the lawsuit said.

The complaint alleges Zillow’s practices violate the federal Real Estate Settlement Procedures Act and Washington state consumer protection laws.

Zillow did not immediately respond to a request for comment. Lead attorneys for the plaintiff had no immediate comment.

The proposed class includes all U.S. consumers who were referred to Zillow Home Loans by a Zillow-affiliated agent and obtained a mortgage loan from the company. The complaint seeks more than $5 million in damages, restitution and a court order to stop the alleged practices.

Zillow’s mortgage division originated more than $3 billion in loans in 2024, the lawsuit said.

Homebuyers accused Zillow in a separate lawsuit in September of deceptively using property listings to steer them to its network of affiliated agents. Zillow called the proposed class action a misrepresentation of how the company operates and said it will defend against it.
The case is Armstrong v. Zillow Group et al, U.S. District Court for the Western District of Washington, No. 2:25-cv-02226.

For plaintiff: Adam Levitt and Corban Rhodes of DiCello Levitt, and Jason Dennett and Rebecca Solomon of Tousley Brain Stephens

For defendant: No appearances yet

Read more:

US Supreme Court declines to revive antitrust lawsuit against Zillow
Zillow sued by Homes.com owner CoStar for 'massive' copyright violations
New lawsuit accuses Zillow of deceiving home buyers
Zillow settles lawsuit against home listing services over tour scheduling
Our Standards: The Thomson Reuters Trust Principles., opens new tab

Legal Ethics Roundup: Federal Alaska Judge Disbarred, Detainees' Rights To Talk To Lawyers, The Ethics Of 'AI Slop' In Court Pleadings & More

abovethelaw.com/2025/11/legal-ethics-roundup-federal-alaska-judge-disbarred-detainees-rights-to-talk-to-lawyers-the-ethics-of-ai-slop-in-court-pleadings-more

Renee Knake Jefferson November 10, 2025

Ed. note: Please welcome Renee Knake Jefferson back to the pages of Above the Law. Subscribe to her Substack, Legal Ethics Roundup, here.

Welcome to what captivates, haunts, inspires, and surprises me every week in the world of legal ethics.

Happy Monday!

Here are your headlines.

Highlights from Last Week – Top Ten Headlines

#1 "Vigilante Lawyers Expose the Rising Tide of A.I. Slop in Court Filings." From the **New York Times:** "**Mr. Freund** is part of a growing network of lawyers who track down A.I. abuses committed by their peers, collecting the most egregious examples and posting them online. The group hopes that by tracking down the A.I. slop, it can help draw attention to the problem and put an end to it. … 'These cases are damaging the reputation of the bar,' said **Stephen Gillers**, an ethics professor at New York University School of Law. 'Lawyers everywhere should be ashamed of what members of their profession are doing.' … The problem, though, keeps getting worse. That's why **Damien Charlotin**, a lawyer and researcher in France, started an **online database** in April to track it." Read more **here** (gift link).

#4 "Lawmakers Seek Investigation of Judges Who Criticized Supreme Court." From the **New York Times:** "The Republican chairmen of the Senate and House Judiciary Committees appealed to **Chief Justice John G. Roberts Jr.** on Wednesday to look into whether federal judges who responded to a New York Times questionnaire with criticism of the Supreme Court had violated their ethics obligations. … The letter comes weeks after The Times **published an article** in which dozens of federal judges accused the Supreme Court of mishandling its emergency docket, complaining that its orders were too brief, opaque and vague for the lower courts to follow — particularly in the many cases where the justices issued emergency orders, but offered no reasoning for their decision." Read more **here** (gift link).

#5 "Ex-NJ Lawyer Disciplined For Sharing Fees With Non-Attys." From **Law360:** "The New Jersey Supreme Court has handed down a deferred two-year suspension to a retired attorney for improperly sharing more than $650,000 in fees with nonattorneys over several years after he had been censured for similar misconduct." Read more **here**.

#6 "Brad Karp Heckled at Gala as He Defends Paul Weiss Pro Bono." From **Bloomberg Law:** "Paul Weiss chairman Brad Karp defended the firm's pro bono work in the wake of its deal with **President Donald Trump**, as he was heckled and protested at a bar association event. In a nearly 30-minute speech Friday night at the New York Bar Foundation gala honoring Paul Weiss partner **Loretta Lynch**, Karp listed the firm's past and present pro bono work for liberal causes." Read more **here**.

#8 "US Attorneys Beware: Acting Outside Ethical Boundaries May Cause Irreparable Damage." From **The Law Journal Editorial Board:** "It is disappointing to read that federal judges across the country have expressed displeasure with representations and arguments of lawyers from what was the previously highly regarded United States Department of Justice. Judges have become skeptical and critical of their arguments, despite the historical presumption that they act in good faith and with a 'presumption of regularity.' According t**o U.S. Senior District Judge Paul L. Friedman of the District of Columbia** (himself a former assistant United States attorney and assistant to the solicitor general of the United States), federal 'courts have seen instance after instance of departure from this tradition.'" Read more **here**.

#9 "Too Sick to Practice? Ethics Rules Still Apply to Attorneys." From the **Daily Journal:** "As flu season sets in, even the most tireless lawyer must recognize when illness demands a pause — because ethical duties don't take sick days." Read more **here**.

#10 "UH Law Center Panel Explores Ways Lawyers Can Be Effective and Ethical Leaders, Advisors." From the **University of Houston:** "Lawyers play pivotal roles across the wide spectrum of American centers of power – from the White House to local governments, from corporate boardrooms to nonprofit organizations. A recent online webinar hosted by the University of Houston Law Center, 'Lawyers Who Lead: Ethics, Influence, and Impact,' examined the significant influence lawyers can hold and how to exercise it responsibly." Read more and watch **here**.

Get Hired

Usually I include job postings only with **"First Monday" editions** of the LER at the start of the month, but I had a special request for this one from the American Bar Association. Here's the opportunity:

Lead Senior Counsel, ABA Center for Professional Responsibility – Flexible or hybrid work arrangements may be available for residents of CA, DC, IL, IN, IA, MD, MI, MN, TX, VA, and WI. From the posting: "Serves as primary legal counsel and provides legal policy guidance to ABA entities and exercises department management duties within Division. Serves as national legal expert in the field of legal and judicial ethics and professional responsibility law. Provides expertise to ABA governance, ABA entities, state, local, national and international legal community. Develops controlling legal policy and substantive legal resources to ensure and enhance the Association's continued status as the preeminent leader and legal authority in professional responsibility law." Learn more and apply **here**.

News tips? Announcements? Events? A job to post? Reading recommendations? Email legalethics@substack.com – but be sure to subscribe first, otherwise the email won't be delivered.

Renee Knake Jefferson holds the endowed Doherty Chair in Legal Ethics and is a Professor of Law at the University of Houston. Check out more of her writing at the Legal Ethics Roundup. Find her on X (formerly Twitter) at @reneeknake or Bluesky at legalethics.bsky.social.

Damien Charlotin Scholarship *Curriculum Vitae* Data Book Projects

AI Hallucination Cases

This database tracks legal *decisions*[1] in cases where generative AI produced hallucinated content – typically fake citations, but also other types of AI-generated arguments. It does not track the (necessarily wider) universe of all fake citations or use of AI in court filings.

While seeking to be exhaustive (**534** cases identified so far), it is a work in progress and will expand as new examples emerge. This database has been featured in news media, and indeed in several decisions dealing with hallucinated material.[2]

If you know of a case that should be included, feel free to contact me.[3]

For weekly takes on cases like these, and what they mean for legal practice, subscribe to Artificial Authority.

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State

Argentina (3)
Australia (32)
Austria (2)
Belgium (2)
Brazil (8)
Canada (39)
Czech Republic (1)
Germany (3)
India (3)
International Arbitration (1)
Ireland (4)
Israel (31)
Italy (4)
Netherlands (3)
New Zealand (3)
Singapore (2)
South Africa (3)
Spain (1)
Tanzania (1)
The Bahamas (1)
Trinidad & Tobago (1)
UK (18)
USA (364)
Zimbabwe (1)

Party

Expert (6)
Federal Defender (1)
Judge (5)

Case	Court / Jurisdiction	Date ▼	Party Using AI	AI Tool	Nature of Hallucination	Outcome / Sanction	Monetary Penalty	Details
Nga Huynh v. Joseph Desimone	CA California (USA)	15 September 2025	Pro Se Litigant	Implied	**Fabricated** Case Law (2)	Warning	—	▸
Gabriel v. Mareco	CA Buenos Aires (Argentina)	15 September 2025	Lawyer	Implied	**Fabricated** Case Law (3)	Recurso de apelación declarado desierto; costas al apelante; se notificará al letrado y al Colegio de Abogados. No se impusieron sanciones profesionales.	—	
Facey v. Fisher, Liane et al.	NY SC (USA)	15 September 2025	Lawyer	Implied	**Fabricated** Case Law (3) **Misrepresented** Case Law (1)	Costs Order; Disclosure Obligations	—	
Noland v. Land	CA California (USA)	12 September 2025	Lawyer	Unidentified	**Fabricated** Case Law (1) **False Quotes** Case Law (3) **Misrepresented** Case Law (1)	Monetary Sanction; State Bar notified; opinion to be served on client.	10000 USD	▸
Source: Robert Freund								
Nicholas George DiCristina v. The Department of Employment Security, et al.	CA Illinois (USA)	12 September 2025	Pro Se Litigant	Implied	**Fabricated** Case Law (1)		—	▸
Source: Jesse Schaefer								
Yi-Sheng Fang, et al. v. Hechalou US LLC, et al.	C.D. California (USA)	12 September 2025	Lawyer	Unidentified	**Fabricated** Case Law (1) **False Quotes** Case Law (1) **Misrepresented** Case Law (1)	Monetary sanction; Order to notify State Bar and compliance declaration	2418 USD	
Helmold & Mariya (No 2)	Family Court (Australia)	12 September 2025	Pro Se Litigant	Unidentified	**Fabricated** Case Law (1)	Warning	—	▸
Mid-America Apartment Communities, Inc. v. Dennis Michael Philipson	W.D. Tennessee (USA)	11 September 2025	Pro Se Litigant	Unidentified	**Fabricated** Case Law (1)	Warning	—	
Calvin Bradley v. Matthew Eichhorn, et al.	S.D. Ohio (USA)	11 September 2025	Pro Se Litigant	Implied	**Misrepresented** Case Law (2)	Warning	—	
Source: Jesse Schaefer								

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News | Artificial Intelligence

'Manipulation Machine'? OpenAI Hit With Spate of Product Liability Suits, 4 Involving Suicide, in Calif. State Courts

OpenAI was slammed on Thursday with seven lawsuits in Los Angeles and San Francisco state courts for allegedly designing its flagship chatbot product, ChatGPT, to foster emotional dependency, psychological delusions and addictive behavior among its users—and even, in some cases, to act as their personal "suicide coach."

November 07, 2025 at 08:57 PM By **Kat Black**

Credit: Squtye/Adobe Stock

OpenAI was slammed on Thursday with seven lawsuits in Los Angeles and San Francisco state courts for allegedly designing its flagship chatbot product, ChatGPT, to foster emotional dependency and addictive behavior among its users—and even, in some cases, to act as their personal "suicide coach."

The cases allege claims including wrongful death, involuntary manslaughter, product liability, consumer protection and negligence. OpenAI's founder and CEO, Sam Altman, is named as a co-defendant.

In three of the cases, plaintiffs claimed that they sustained mental health crises as a result of their conversations with ChatGPT. The chatbot, they alleged, routinely affirmed and supported their psychological delusions—which ultimately led to situations such as psychiatric hospitalization, job loss, bankruptcy, eviction and alienation from family and friends.

Four of the suits were filed on behalf of individuals who died by suicide after interacting with ChatGPT, including a 23-year-old man in Texas, a 17-year-old boy in Georgia, a 26-year-old man in Florida and a 48-year-old man in Oregon. ChatGPT, the complaints stated, validated and reinforced these users' suicidal thoughts and "romanticized" their mental health struggles.

In one case bringing a manslaughter claim against OpenAI, *Shamblin v. OpenAI,* Zane Shamblin allegedly "engaged in a four-hour 'death chat' with ChatGPT while sitting alone at a lake in Texas, drinking hard ciders with a loaded Glock and suicide note on his dashboard" on the night of July 24.

Instead of encouraging Shamblin to seek help, ChatGPT praised his suicide note, alluded to his childhood cat "waiting on the other side" and responded “I love you. Rest easy, king. You did good" to his final message in the chat, it said.

The complaints cited an alleged design flaw of GPT-4o—the latest model of ChatGPT until the release of GPT-5 in August—known as "sycophancy," which Meetali Jain, the founder of the Tech Justice Law Project, described in an interview as an "overly affirming" and "validating" conversational feature that "exacerbated ... emotional dependency" among the chatbot's users.

"It really is a manipulation machine," said Jain. "... A number of its features are deceptive in that users don't understand what they're engaging with. They may have started out using it for work or for schoolwork ... and then ... it creates an emotional dependency and becomes a kind of companion."

On April 29, OpenAI published a blog post on its website announcing it had rolled back a GPT-4o update—introduced the week before—that it identified as "overly flattering or agreeable—often described as sycophantic."

The lawsuits allege that OpenAI deliberately "compressed months of safety testing into a single week" and prematurely debuted GPT-4o on May 13, 2024, in order to outpace its rival, Google's large language model, Gemini.

"OpenAI’s own preparedness team later admitted the process was 'squeezed,' and top safety researchers resigned in protest," according to a joint news release published by the Social Media Victims Law Center and the Tech Justice Law Project.

"Despite having the technical ability to detect and interrupt dangerous conversations, redirect users to crisis resources, and flag messages for human review, OpenAI chose not to activate these safeguards, instead choosing to benefit from the increased use of their product that [their] feature reasonably induced."

The Tech Justice Law Project and the Social Media Victims Law Center filed four of the complaints in the Superior Court of California in Los Angeles and three in the Superior Court of California in San Francisco. The Lanier Law Firm in Westlake Village, California, is also providing counsel to plaintiff in the *Shamblin* case.

Jain noted that the cases were filed in California state courts, in part, because state courts "generally do really well with these kind[s] of claims around product liability and consumer protection" and because the complaints assert California state law, including common law claims of product liability and negligence, California's Unfair Competition Law and the California statute prohibiting assisted suicide.

The seven suits join one other wrongful death and product liability complaint filed against the ChatGPT maker, captioned *Raine v. OpenAI,* on Aug. 26 in San Francisco state court.

The claim, backed by Edelson and the Tech Justice Law Project, accuses OpenAI of encouraging 16-year-old Adam Raine—who died by hanging in April after seven months of interacting with ChatGPT—to end his life. The chatbot also allegedly provided him with a "step-by-step playbook"—including detailed noose setup instructions—for staging his death by suicide.

On Oct. 22, the firms filed an amended complaint in the *Raine* case alleging that OpenAI purposely dismantled two of ChatGPT's safety protocols in the months leading up to Raine's death in order to compete with Gemini and promote user engagement.

Both the Tech Justice Law Project and the Social Media Victims Law Center represent plaintiffs in litigation filed against Character.AI, an AI firm that now faces at least five lawsuits in federal lawsuits across the country alleging that plaintiffs engaged in self-harm or died by suicide as a result of their interactions with customizable chatbots on the platform.

Matthew Bergman, an attorney at the Social Media Victims Law Center who is representing the plaintiffs, emphasized that the complaints allege that OpenAI not only made a defective product, but "actively encouraged young men to take their lives."

"It was not just [as] if a person looked at ...someone on the ledge ready to jump and said, 'Jump, jump, jump,'" said Bergman.

"That person would appropriately be facing criminal liability. In this case, it's even worse because ... they provided step-by-step instructions on how to climb up the ledge. And every time the individuals had second thoughts, they encouraged them to carry through with their suicidal plan."

“This is an incredibly heartbreaking situation, and we're reviewing the filings to understand the details," said an OpenAI spokesperson in an email.

"We train ChatGPT to recognize and respond to signs of mental or emotional distress, de-escalate conversations, and guide people toward real-world support. We continue to strengthen ChatGPT’s responses in sensitive moments, working closely with mental health clinicians.”

Free, confidential services for people in suicidal crisis or emotional distress, or those around them, exist 24/7. The National Suicide Prevention Lifeline is at 1-800-273-TALK (8255). A crisis text line is at 741-741. The American Bar Association has a directory of lawyer assistance programs.

Securities

Manage Newsletters

First Brands New CEO Says Managers Admit Firm Faked Invoices (1)

Nov. 10, 2025, 6:14 PM PST

Summary by Bloomberg AI

AI Generated

- First Brands Group's new chief executive, Charles Moore, testified that founder Patrick James ordered the transfer of hundreds of millions of dollars of corporate cash to his personal bank account and businesses he controlled.
- Moore also testified that he uncovered evidence of massive financial fraud at the company, including fake invoices and double pledging collateral, and that three members of management admitted to doctoring invoices used to secure financing.
- James is fighting to overturn a freeze on his personal accounts and assets, which was put in place to prevent him from moving assets away from creditors, and has denied the allegations of fraud, with his spokesperson saying he has always conducted himself ethically.

First Brands Group founder **Patrick James** ordered members of the finance department to transfer hundreds of millions of dollars of corporate cash to his personal bank account, a family trust and various businesses he controlled, the company's new chief executive said during testimony in federal court Monday.

Charles Moore also testified that within weeks of arriving at First Brands, he uncovered evidence of massive financial fraud at the auto-parts company, from fake invoices to using the same assets to win loans from different lenders, a process known as double pledging collateral.

Moore told US Bankruptcy Judge Christopher Lopez, who is overseeing the insolvency case, that he talked to three members of management who admitted to him that the company doctored invoices used to secure financing.

Lopez held an unusual hearing in Houston to decide whether he should unfreeze personal accounts and assets under James' control. The company's new managers, including Moore, argue that money should remain out of James' reach as First Brands builds a legal case to claw it back and turn it over to creditors owed billions of dollars.

James is fighting to overturn the freeze, which only allows him to spend money on personal expenses, like rent, transportation and food. He has denied the allegations of fraud.

First Brands lawyers showed a 2022 message from one member of the company's finance department to another, in which an employee suggests they may have to make "dummy invoices" to secure additional financing. In a subsequent message, a top member of the finance department doesn't express any concerns about falsifying invoices, Moore testified. That surprised Moore, he said.

"I would think that if the notion of creating a dummy invoice was new or not happening, there would be some reaction to that," Moore said on the witness stand.

James resigned as CEO in October. Lenders who were offering to save the company from shutting down refused to give First Brands rescue financing if James didn't depart, Moore testified Monday.

"Mr. James has always conducted himself ethically and is committed to doing everything he can to support First Brands' stakeholders during the restructuring process," his spokesperson said in an email. James' lawyer was cross examining Moore late Monday.

His lawyers argue that the restrictions are so broad and hit so many potential assets that legitimate, operating businesses could be crippled if the temporary restraining order is not rescinded or rewritten. They also say the freeze does not meet the legal standard to impose such financial controls.

Lopez is overseeing First Brands bankruptcy case and a related lawsuit is designed to recover money for the company's creditors. Restructuring advisers brought in to run First Brands claim that James siphoned about $700 million from the business before it filed for bankruptcy in September with just $12 million in its accounts.

First Brands says the temporary restraining order is necessary to block James from moving assets further away from creditors.

The case is First Brands Group versus Patrick James, 25-03803, US Bankruptcy Court, Southern District of Texas (Houston).

(Updates with comment from James' spokesperson in ninth paragraph)

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Tesla can’t sell its cars anymore so it is renting them now

electrek.co/2025/11/10/tesla-cant-sell-cars-so-renting-them-now

Fred Lambert November 10, 2025

New Tesla Model Y; via Tesla.

Tesla is launching a new car rental program out of its stores in the US, as sales are crashing due to the end of the federal tax credit.

It’s available at select stores in the US right now.

Tesla’s demand in the US, like that of most other electric vehicles, has crashed after the federal tax credit for electric cars ended last quarter, pulling forward a lot of demand.

With inventories piling up at stores and dealers across the country, Tesla has found a new way to use its inventory: it is now renting (not leasing) its vehicles from its stores.

The rental duration is a minimum of three and a maximum of seven days, starting at $60 per day and increasing depending on the model.

Tesla appears to be using this to show potential buyers how convenient it is to own a Tesla vehicle, since it also includes Supercharging and Full Self-Driving (Supervised) for free with every rental.

If a rental customer decides to order a vehicle within a week of having rented one, Tesla gives them a $250 credit toward the purchase:

> Order your own Tesla within seven days of your rental to get up to a $250 credit toward your purchase.

The program is starting with a couple of locations in Southern California, but it is expected to expand before the end of the year.

Car rental giant Hertz has previously bought a large fleet of Tesla vehicles in an effort to electrify its rental fleet.

However, Hertz has been [divesting from Tesla vehicles and selling them] over the last 2 years, as declining resale values crushed its fleet economics amid Tesla slashing prices due to declining demand over the last 3 years.

Electrek's Take

Top comment by

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UPDATE: The program is also available in Costa Mesa. At both locations Model 3/Y cost $60/day, Model S/X $90/day, Cybertruck costs $75/day, and only the Premium trims are available, not the Standard or Performance. Additionally, the first 48 hours are free, and customers only pay for days 3-7.

It's rough out there for people selling electric vehicles in the US right now. The lack of policy consistency is resulting in inconsistent demand and discouraging automakers from pushing electric cars, as they do in Europe and Asia.

It's particularly challenging for automakers like Tesla, Rivian, and Lucid, which sell only electric vehicles, because most people who planned to buy an electric vehicle in 2025 have already bought one in Q3 or earlier.

This rental service is not a bad idea, though, but it's obviously far from a solution to the demand problem in the US.

It's wild to think that Tesla's own CEO is largely responsible for creating this situation by backing Trump in the last elections.

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Brian Kahn Charged Over Collapse of Prophecy Fund, US Says (2)
Nov. 10, 2025, 2:55 PM PST

Summary by Bloomberg AI

AI Generated

- Brian Kahn, the former head of Franchise Group Inc., was charged with conspiracy to commit securities fraud in the collapse of a hedge fund that prosecutors say cost investors $294 million.
- Kahn is the third person accused of crimes stemming from the failure of Prophecy Asset Management, which US prosecutors have characterized as “a multi-year investment adviser fraud”.
- Prosecutors charged Kahn through a criminal information, a document that typically precedes a guilty plea, and a prosecutor said at a hearing that more people will plead guilty over the Prophecy collapse.

Brian Kahn, the former head of Franchise Group Inc., was charged with conspiracy to commit securities fraud in the collapse of a hedge fund that prosecutors say cost investors $294 million.

Kahn is the third person accused of crimes stemming from the failure of Prophecy Asset Management , which US prosecutors have characterized as “a multi-year investment adviser fraud,” according to an Aug. 12 filing made public last week in federal court in Trenton, New Jersey.

Brian Kahn SEC Filings
Source: SEC Filings

Kahn was charged over "the same events that form the basis" of a guilty plea by John Hughes, a Prophecy co-founder, according to the Justice Department letter informing the court clerk about the developments.

Investors have been watching the case amid accusations in a civil lawsuit that Kahn used Prophecy money to acquire control of Franchise Group, or FRG, which subsequently went bankrupt. FRG was one of the biggest investments of B. Riley Financial Inc., whose shares plummeted as FRG unraveled.

Pleas Coming

Prosecutors charged Kahn through a criminal information, a document that typically precedes a guilty plea. A prosecutor said at a hearing last month that more people will plead guilty over the Prophecy collapse.

An attorney for Kahn didn't immediately respond to a request for comment. Another Kahn lawyer previously said that Kahn didn't do anything wrong and that he was a victim of Prophecy's demise in 2020. The charging document had not been publicly filed by midday on Monday.

Kahn is represented by a private attorney appointed under the Criminal Justice Act, which covers indigent defendants. Kahn has lived outside Orlando on a two-acre estate that once belonged to baseball superstar Ken Griffey Jr. On Sept. 11, he listed the mansion for sale for $13 million. It includes an Olympic-sized swimming pool, a 912-bottle wine cellar and sweeping views of Lake Louise, according to a listing by Zillow.

Kahn headed FRG as a public company before its management-led buyout in 2023 for $2.8 billion. Weeks later, Hughes pleaded guilty and prosecutors deemed Kahn an unindicted co-conspirator, touching off a scandal that forced him to step down as chief executive. FRG, a collection of furniture chains, vitamin stores and pet supplies, filed for bankruptcy in November 2024.

The turmoil engulfed B. Riley, whose Chairman **Bryant Riley** had been Kahn's partner in several business ventures. Riley helped Kahn form and finance FRG, and its bankruptcy erased much of B. Riley's market value. B. Riley has said it wasn't involved in the Prophecy episode, nor has it been mentioned in the criminal filings. Bryant Riley told Bloomberg News in a September interview that he feels betrayed and is angry at his old partner, Kahn. "I don't like saying his name, honestly," he said.

Short Sellers

B. Riley didn't immediately respond to a message seeking comment. The firm has been dogged by short-sellers who claim B. Riley failed to fully disclose the nature of its relationship with Kahn.

Kahn faces a separate legal hurdle in an Oct. 14 arbitration award that requires him to pay as much as $309 million to reimburse Prophecy investors who settled litigation with him, according to a lawsuit unsealed Monday in Delaware Chancery Court. An arbitrator found Kahn liable for $30 million over his breach of contract and separately said Kahn and others owe as much as $279 million. The lawsuit seeks a judge's confirmation of the arbitration award.

A litigation trustee appointed to benefit Prophecy investors has been clashing with Kahn for years. In 2022, Kahn settled with those investors, saying he would contribute 2.5 million shares of FRG stock.

The trustee had "unambiguous" rights to the FRG stock, but in May 2023, Kahn also committed those 2.5 million shares to his deal to take the company private, a deal that B. Riley helped to underwrite, the complaint says. Kahn failed to tell the trustee about the B. Riley deal, and he didn't tell B. Riley about the pledge to the trustee, according to the complaint. With FRG's bankruptcy, the shares became worthless.

Shares Pledged

Kahn had agreed to pay $30 million if he refused to transfer FRG shares after the trustee demanded them, according to the lawsuit. He also personally guaranteed one promissory note for $25 million and another that ranged from $252 million to $290 million, depending on how soon he paid the first one, the complaint claims.

Kahn also faces a US Securities and Exchange Commission lawsuit. It claims Prophecy told investors that their money went into "highly liquid" US equities traded by dozens of sub-advisers who had to put up cash collateral to cover their losses. In reality, the vast majority went to Kahn, who "incurred massive trading losses far exceeding the amount of cash collateral he had contributed to Prophecy." Prophecy put money into "highly illiquid investments," including in entities that Kahn controlled, after performing "little to no due diligence," the SEC claimed.

The Aug. 12 letter concerning the criminal case was signed by Deputy Attorney General **Todd Blanche**, the No. 2 official in the Justice Department, and Alina Habba, the acting US attorney in New Jersey. They suggested that Kahn's case should be assigned to US District Judge Michael Shipp, who is handling the Hughes case. Court records show that Shipp will handle the Kahn case.

"It's great to see that Brian Kahn was charged in the Prophecy fraud," said **Marc Cohodes**, a short-seller who has focused attention on Kahn's allegedly improper business dealings and the knock-on effect upon FRG and B. Riley. "Justice takes time, but eventually it is served," he said by email.

In pleading guilty, Hughes agreed to cooperate with prosecutors. Another Prophecy executive, Jeffrey Spotts, has been charged with conspiracy and fraud in a four-count indictment and faces a January trial in Shipp's courtroom.

The case is US v. Kahn, 25-cr-700, US District Court, District of New Jersey (Trenton.)

(Updates with Monday court filing about litigation trust in the 11th paragraph)

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Acadia Healthcare Inks Investor Settlement Days Before Trial

By **Sydney Price**

Law360 (November 10, 2025, 6:20 PM EST) -- Acadia Healthcare Co. Inc. and plaintiffs in a securities class action accusing the company of misleading investors about the strength of its United Kingdom operations have reached a settlement in principle, avoiding a trial that was set for later this month.

According to an order signed by U.S. District Judge William L. Campbell Jr. on Friday, the jury trial previously set for Nov. 18 has now been canceled, and all deadlines are vacated.

The plaintiffs plan to file a motion for preliminary approval of the settlement within 30 days, according to the settlement notice also filed on Friday.

Last month, Judge Campbell **granted a partial summary judgment** motion filed by investors that focused solely on the issue of reliance, or whether there was a causal connection between the defendants' alleged misrepresentation and the investors' injury. Shortly after, Acadia filed a motion to certify the order for **immediate appeal** and for a stay of the proceedings.

Acadia had also filed a cross-motion for summary judgment, arguing that the safe harbor provision of the Private Securities Litigation Reform Act bars the suit's claims related to projected earnings at Acadia's U.K. facilities in 2017 and that the suit lacks evidence of loss causation.

The litigation, which dates back to 2018, alleges that in an effort to support a flow of referrals that would fill beds at its inpatient and outpatient residential treatment facilities, "Acadia consistently and repeatedly represented to the public and investors that it provided high-quality patient care."

"In reality, and in stark contrast to defendants' public statements, Acadia's tactic of acquiring facilities and then systemically cutting staff generated alarming incidents of abuse, neglect and, on several occasions, death," the investors said.

The defendants argued that an outside investment adviser for the lead plaintiff, the Chicago Laborers' Pension Fund, knew of certain risks before purchasing Acadia stock during the class period, did not think the company was engaged in fraud after reviewing the alleged corrective disclosures, and did not sell its stock after related financial guidance was issued.

However, Judge Campbell said last month when granting partial summary judgment that the defendants do not explain "how the foregoing shows or supports an inference that the investment advisor would have bought or sold Acadia stock even if it had been aware that the stock's price was tainted by fraud. Nor can the court think of any reason."

On whether the defendants had actual knowledge that the challenged statements were false or misleading when made, the judge said circumstantial evidence in the suit including that the defendants made unreasonable performance expectations, ignored monthly results and forecasts, and sold millions of dollars' worth of Acadia stock months before lowering projected earnings guidance, is sufficient to raise a genuine dispute of fact concerning whether the defendants acted with scienter.

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

The investors are represented by Christopher M. Wood, Jerry E. Martin, Darren J. Robbins, Sam S.

Sheldon, Darryl J. Alvarado, J. Marco Janoski Gray, Ting H. Liu and T. Alex B. Folkerth of Robbins Geller Rudman & Dowd LLP, Justin J. Lannoye of Dowd Bloch Bennett Cervone Auerbach & Yokich, and Michael Bauman of Pitta LLP.

The defendants are represented by Steven A. Riley, Milton S. McGee III and Elizabeth O. Gonser of Riley & Jacobson PLC, and David L. Balser, Jessica P. Corley, Lisa R. Bugni and Brandon R. Keel of King & Spalding LLP.

The case is St. Clair County Employees' Retirement System v. Acadia Healthcare Co. Inc. et al., case number 3:18-cv-00988, in the U.S. District Court for the Middle District of Tennessee.

--Additional reporting by Katryna Perera. Editing by Bruce Goldman.

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Adobe Investors Can't Revive Suit Over $20B Figma Buy

By **Emilie Ruscoe**

Law360 (November 10, 2025, 3:36 PM EST) -- Investors in design software giant Adobe Inc. can't revive claims that the company downplayed the threat it faced from competitor Figma Inc. before announcing a $20 billion deal to buy the rival, a Manhattan federal judge has determined, finding that the investors' new allegations regarding the company's market-size hypotheticals wouldn't have misled reasonable investors.

In an order Friday, U.S. District Judge John G. Koeltl denied the Adobe investors' bid for leave to amend the proposed investor class action, holding that the fresh parts of their proposed rewrite should meet the same fate as the claims he dismissed in March.

According to Judge Koeltl, "the plaintiffs recite exactly the same alleged false and misleading statements that they alleged in the first prior complaint — no more and no less — except they have added a new category of alleged false and misleading statements."

Those new statements concern what's dubbed the total addressable market, or the total annual revenue Adobe would see if it could beat all competition for its suite of design applications, Judge Koeltl said.

The plaintiffs planned to allege that Adobe misled investors by overstating the total addressable market for its Creative Cloud software by including the market in which Adobe competitor Figma sold its products.

The investors reasoned that Adobe knew or should have known that it couldn't capture the portion of the market controlled by Figma and its market estimates should have reflected that reality.

Judge Koeltl poured cold water on that reasoning with his order Friday.

"The plaintiffs' argument fails because it erroneously assumes that Adobe's [total addressable market] estimates reflect the share of the market that Adobe might actually capture," the judge said.

To illustrate that finding, the judge noted that in 2018, the company's revenues were just more than $9 billion, but in the same year, the company's total addressable market calculation for 2022 was $128 billion.

That year, the judge said, "no reasonable investor would have understood Adobe to be representing that in just four years' time, Adobe would capture market share amounting to ten times its current revenues."

The order Friday ends investor claims that Adobe "feared the significant threat Figma posed not just to Adobe's [user interface/user experience] design tool, Adobe XD, but also to its flagship products, Photoshop and Illustrator."

To address the alleged threat, the investors claimed, Adobe worked secretly to acquire Figma, ultimately offering $20 billion, a "shocking" sum that the investors described as the highest price ever paid in a deal of its kind.

Following the announcement of the proposed acquisition, Adobe investors saw "$30 billion of market capitalization" wiped out, a reaction that allegedly showed a negative response to Adobe's "inability to organically gain share in Figma's expanding market."

The acquisition plan was later abandoned following scrutiny from the United Kingdom Competition and Markets Authority and the U.S. Department of Justice, but the inventors claim at that point, "the damage was already done" in that the company had revealed its vulnerability to competition, the complaint said.

When he dismissed the suit **in March**, Judge Koeltl found that the investors had failed to show any actionable misstatements or knowledge of wrongdoing with their claims that the company hid competition struggles.

"For one thing, plaintiffs fail to allege that competition from Figma caused Adobe's premier products any lost sales or decline in revenue and the plaintiffs conceded at the argument of the current motion that they did not point to any concrete losses," the judge said at the time.

Counsel for Adobe declined to comment Monday and counsel for the investors did not immediately respond to requests for comment.

The investors are represented by Samuel H. Rudman, Robert M. Rothman, Joseph Russello, T. Alex B. Folkerth and Joshua D. Forgy Robbins Geller Rudman & Dowd LLP and Jeremy A. Lieberman, Emma Gilmore, Villi A. Shteyn, Orly Guy and Eitan Lavie of Pomerantz LLP.

Adobe is represented by Andrew B. Clubok, Kevin M. McDonough, Jooyoung Yeu, Corey A. Calabrese and Brent T. Murphy of Latham & Watkins LLP.

The case is In re Adobe Inc. Securities Litigation, case number 1:23-cv-09260, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Katryna Perera. Editing by Stephen Berg.

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IRhythm Denied Early Win On Investor Scienter & Loss Claims

By **Emilie Ruscoe**

Law360 (November 10, 2025, 7:03 PM EST) -- Heart monitor maker iRhythm Technologies cannot get an early win in a proposed investor class action alleging it made misleading disclosures about one of its devices, a San Francisco federal judge has determined.

In a Friday order, U.S. District Judge Jacqueline Scott Corley denied iRhythm's request for judgment on the pleadings on the suit's remaining claims, finding that it would be improper for her to reconsider earlier rulings on allegations that iRhythm CEO Quentin Blackford intentionally misled investors or that investors saw losses after iRhythm made disclosures about its Zio AT heart-event monitoring device.

"The court previously ruled plaintiff adequately alleged Mr. Blackford's scienter and loss causation in its order on defendants' motion to dismiss, so the law of the case doctrine prohibits the court from re-examining those issues absent a motion for reconsideration," Judge Corley said Friday.

Judge Corley previously trimmed certain claims from the suit in June. In the company's July motion for judgment on the pleadings, iRhythm told Judge Corley that Zio AT used labels during much of the proposed class period that had "extensive, explicit" information about how the limits of how much data the devices could transmit to a patient's care team. The investor suit alleged the company concealed those limits.

"The operative versions of the Zio AT label during the class period ... doom any inference of scienter," iRhythm said in July.

But on Friday, Judge Corley said that regardless of the company's labels, its class period "public statements about the transmission limit issue were vague at best."

The investor claims center on the San Francisco-based company's representations that the Zio AT could provide patients' doctors with "near real-time" notifications regarding instances of arrhythmia; the company's claims the device was appropriate for "high-risk" patients, and assertions about the devices' "incredible accuracy."

In truth, the investors have claimed, the company was on notice since 2022 that the FDA disputed those assertions.

For example, the regulator asserted in 2022 that the "Zio AT was a contributing factor [in a] patient's death. The FDA also said the device was not a good fit for high-risk patients because limits on how much it could transmit might prevent the timely treatment of certain life-threatening arrhythmias.

The suit launched in February 2024, and in the most recent version of the claims, from October 2024, the investor alleged that between November 2021 and August 2024, trading prices for iRhythm shares fell 62%, or over $105, from a class period high of nearly $170 to under $65 at the end of the proposed class period as a result of a series of alleged corrective disclosures about the Zio AT.

In June, Judge Corley trimmed claims from the suit that Zio AT is a "mobile cardiac telemetry" device, finding at the time that the suit failed to provide a definition for an MCT device. She also trimmed claims against individual defendants other than Blackford.

The latest filing comes days after the institutional investor leading the action sought certification for a class of iRhythm investors purportedly numbering in the thousands.

Alongside her early win denial, Judge Corley on Friday shot down a request to extend the case deadlines amid a lengthy government shutdown.

On Monday, counsel for the investors declined to comment and counsel for iRhythm did not immediately respond to requests for comment.

The pension fund is represented by John J. Rizio-Hamilton, Katherine M. Sinderson, Thomas Z. Sperber, Abby Kritta and Jonathan D. Uslaner of Bernstein Litowitz Berger & Grossmann LLP.

IRhythm and the individual defendants are represented by Kristin Tahler, Christopher Porter, Jesse Bernstein, Brenna Nelinson and Amy Shehan of Quinn Emanuel Urquhart & Sullivan LLP.

The case is Glazing Employers and Glaziers Union Local #27 Pension and Retirement Fund v. iRhythm Technologies Inc. et al., case number 3:24-cv-00706, in the U.S. District Court for the Northern District of California.

--Additional reporting by Katryna Perera. Editing by Vaqas Asghar.

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PwC Not Liable For Bloom Energy Statements, 9th Circ. Rules

By **Rae Ann Varona**

Law360 (November 10, 2025, 8:44 PM EST) -- The Ninth Circuit on Monday affirmed the dismissal of claims that investors in Bloom Energy Corp. filed against PriceWaterhouseCoopers, saying that as the renewable energy company's outside accountant, PwC couldn't be held strictly liable for financial statements simply because it certified them.

In a published opinion, U.S. Circuit Judge Milan D. Smith Jr. wrote on behalf of a three-judge panel that Section 11 of the Securities Exchange Act does not impose strict liability on accountants for a client's financial statements or information in a registration statement, regardless of whether the accountant prepared or certified them.

And under U.S. Supreme Court precedent in Omnicare Inc. v. Laborers District Council Construction Industry Pension Fund, an independent accountant is also protected from liability for opinions it made about the documents "as long as the opinion was sincerely held," Judge Smith wrote.

Judge Smith wrote that PwC is not liable in this case as a certifier of Bloom Energy's financial statements because Section 11 "does not require that PwC, by certifying the financial statements, guarantee that the documents provided by Bloom Energy were free from error."

An audit opinion PwC made on Bloom Energy financial statements also "did not make any material misstatements of fact or omissions but was rather a subject of opinion" based on a "subjective judgment," Judge Smith wrote.

Bloom Energy designs, manufactures and sells fuel cell servers that convert natural gas or biogas into electricity, according to the Ninth Circuit opinion.

The Ninth Circuit's ruling stems from a proposed class action that current and former Bloom Energy stockholders filed in 2019 against the renewable energy company, several of its officers and directors and underwriters of its 2018 initial public offering.

According to the latest version of the suit, filed in April 2020, Bloom Energy made "materially false and misleading statements" that artificially inflated its stock price, including by misleading investors about construction delays that were "plaguing its business," misrepresenting the life cycle of its fuel cells and misrepresenting its energy savers' efficiency and pollution outputs.

The investors alleged that the misrepresentations and omissions allowed Bloom Energy to report decreased liabilities and increased revenue in financial statements included in its registration statement and those that were published afterward.

They said Bloom Energy was able to go public at a higher price due to "greater interest in its IPO, and to continue to inflate its stock price until the truth became known through revelations of third parties and ultimately defendants' admission on Feb. 12, 2020, that Bloom Energy's financial statements dating back to 2016 were misstated."

Bloom Energy's stock price declined from its IPO price of $15 per share to a 52-week low of $2.44 per share as a result of the misconduct, the investors alleged.

Meanwhile, PwC, which the investors said helped Bloom Energy prepare its financial statements for the IPO, was "strictly liable" to investors for actionable statements and omissions in Bloom Energy's registration statement, the investors asserted.

The investors **settled** their claims with all defendants except PwC after a California federal judge partially dismissed claims against the Bloom Energy parties and all claims against PwC.

In May 2024, the U.S. District Court for the Northern District of California entered final judgment and tossed all claims against PwC, prompting the investors' appeal to the Ninth Circuit.

Among the investors' arguments on appeal was that the lower court's decision to dismiss violated the "explicit language" of the Securities Act, was contrary to U.S. Supreme Court precedent and undermined the "entire purpose of the regulatory and liability regime minted by Congress."

They argued that PwC was liable for false statements in Bloom Energy's 2017 pre-IPO financial statements concerning revenue, net loss and net loss per share because PwC had certified them in the registration statement.

The investors, on appeal, challenged three line items referenced in Bloom Energy's registration statement that related to whether managed services agreements in the case should be classified as operating or capital leases, according to the Ninth Circuit.

But the Ninth Circuit agreed with the lower court's finding that the line items were opinions that were not actionable.

It said that because investors failed to show that Bloom Energy's opinions were based on untrue statements or information that the company did not believe, the investors "cannot demonstrate that PwC certified untrue facts or information."

Judge Smith said the investors thus "failed to establish liability for PwC's opinion."

"The record demonstrates that the classification of [managed service agreements] was a judgment call, and the registration statement thoroughly explained how it reached the classification," Judge Smith wrote. "PwC was reasonable under the circumstances to certify Bloom Energy's classification based on the evidence at that time."

U.S. Circuit Judges Milan D. Smith Jr. and N. Randy Smith and U.S. District Judge Douglas L. Rayes of the District of Arizona, sitting by designation, sat on the panel for the Ninth Circuit.

A PwC spokesperson told Law360 on Monday that the company is "pleased with the court's thoughtful and comprehensive rejection of the plaintiffs' radical attempt to expand auditor liability under Section 11."

"As the court correctly held, auditors are responsible only for their statements, not for the line items in an issuer's financial statements," the spokesperson said. "The court rightly ruled that the proposed unprecedented expansion advocated by plaintiffs was inconsistent with the statute, Supreme Court precedent and the role that auditors play in the securities offering process."

Counsel for the investors did not immediately respond to a request for comment.

The investors are represented by Nicholas I. Porritt and Adam M. Apton of Levi & Korsinsky LLP, and by Reed R. Kathrein, Lucas Gilmore and Kevin K. Green of Hagens Berman Sobol Shapiro LLP.

PwC is represented by E. Joshua Rosenkranz, Eliza Lehner, Jodie C. Liu and Edward H. Williams II of Orrick Herrington & Sutcliffe LLP, and by Lisa Bugni of King & Spalding LLP.

The case is James Everett Hunt et al. v. PricewaterhouseCoopers LLP et al., case number 24-3568, in the U.S. Court of Appeals for the Ninth Circuit.

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

Update: This article has been updated to add a comment from PwC.

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Accolade Wants 'Slip Of The Tongue' Investor Fraud Suit Axed

By **Katryna Perera**

Law360 (November 10, 2025, 8:24 PM EST) -- Accolade Inc. and its CEO have asked a New York federal judge to toss a suit alleging they made false statements about the healthcare company's profitability to prop up share prices before announcing plans to go private, saying the amended complaint is investors' "second attempt to plead a 'fraud' case based on an obvious slip of the tongue."

Accolade and its former chief executive Rajeev Singh filed a dismissal **motion** on Friday, arguing that a comment Singh made at a November 2023 analyst conference about Accolade's future profitability was a mistaken "stray remark."

According to **the suit** filed by Accolade shareholder Madera Technology Master Fund Ltd., Singh told investors at the conference that Accolade would become profitable for the first time in "the very near term," and would not have any more unprofitable quarters despite analyst projections that it would not be profitable until at least 2028.

But Friday's dismissal motion claims Singh meant to say "years" instead of "quarters" when he made the statement.

"In context, no reasonable investor could have heard that statement as a promise that Accolade would never have another unprofitable quarter," the motion states. "Accolade had just forecast an unprofitable quarter (and never revised that projection); sell-side models continued to project unprofitable quarters, and when, five months later, the company forecast another unprofitable quarter, no analyst raised an eyebrow."

Additionally, Accolade and Singh argue that the suit's reliance claims fail since most of Madera's stock purchases occurred before the November 2023 statement, and federal law does not recognize "'holder' claims — claims by persons who allege that they were misled into holding rather than buying or selling their securities."

Reliance on any post-statement purchases is also "implausible," the motion states, because a "sophisticated" hedge fund such as Madera would not reasonably rely on an "off-the-cuff remark that conflicted with the company's formal guidance and that not a single analyst appeared to credit."

According to the motion, Madera has acknowledged that "it knew the comment was a mistake, as the company told plaintiff it considered clarifying the remark but deemed it unnecessary because analyst models were in the right place."

The motion further argues that the suit fails to plead loss causation because, two months before the alleged corrective disclosure that caused the stock drop, Accolade told investors to expect an unprofitable quarter. Therefore, the stock decline that followed "could not have been caused by any 'corrective' disclosure revealing the 'truth,'" the motion said.

Finally, the motion argues that the amended complaint fails to allege any materially false statements or knowledge of wrongdoing by the defendants.

"The CEO's slip was, at most, an isolated and immaterial foot fault. Plaintiff pleads no facts showing a substantial likelihood that the remark significantly altered the total mix of information available to investors or giving rise to a strong inference of fraudulent intent," the motion states. "The remaining challenged statements were forward-looking projections … simply put, there is no fraud here. Plaintiff is trying to turn a single, poorly phrased statement into a windfall."

The suit states that Accolade went public in 2020, but by late 2023, the company had not generated a profit and analysts were modeling negative earnings for Accolade for the next 18 quarters, through February 2028.

The suit alleges that Accolade and Singh were motivated to make positive statements about Accolade's potential profitability so that it could pursue an acquisition of an unnamed company referred to as "Strategic A," but the defendants were concerned that Accolade's stock price and performance would not be strong enough to get the purchase over the finish line.

The suit alleges Singh and Accolade used the November 2023 conference as an opportunity to paint an inaccurate picture of Accolade's financial health, telling investors that Accolade's revenue growth put it "in a unique class."

By Jan. 9, 2024, several weeks after the conference, Accolade's shares jumped nearly 77%, according to the suit.

Approximately six months later, however, the truth emerged, the suit alleges, when Accolade announced a $3.3 million loss in the first quarter of its 2025 fiscal year, resulting in a 44% decline in the company's share price over the next day.

In January, Accolade issued a proxy statement for its planned **merger** with healthcare company Transcarent Inc. As a result of the merger, Accolade went private and became a wholly owned indirect subsidiary of Transcarent in April.

The suit accuses the defendants of violating the Exchange Act. The investment fund seeks at least $4.8 million in damages, in addition to litigation fees.

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

Madera is represented by Nathaniel P. T. Read of N. Read & Co. PLLC.

Accolade and Singh are represented by Peter Adams, Craig TenBroeck, Nicholas R. Orr, Brian M. French and Edward W. McLaughlin of Cooley LLP.

The case is Madera Technology Master Fund Ltd. v. Accolade Inc. et al., case number 1:25-cv-05863, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Sydney Price. Editing by Melissa Treolo.

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Catching Up With Delaware's Chancery Court

By **Jeff Montgomery**

Law360 (November 10, 2025, 1:09 PM EST) -- Delaware's top court issued a flurry of rulings last week and heard arguments on recently passed legislation that expanded liability shields for some corporate acts while the Court of Chancery passed on another round of arguments over control of Caribbean broadcaster Caribevision.

Supreme Court and Fiduciary Oversight

Upholding a Court of Chancery rejection of bad faith claims, Delaware's Supreme Court **declined without elaboration** on Thursday to disturb the lower court's approval of a multiyear equity incentive package worth up to $5.2 billion to Trade Desk co-founder, CEO and controlling stockholder Jeffrey Green. Vice Chancellor Paul A. Fioravanti dismissed the case in February, and the justices heard **appeal arguments** in October.

On Nov. 5, the Carlyle Group beat a bid for the Delaware Supreme Court to revive a Court of Chancery suit accusing it and three directors of authentication provider Authentix Inc. of breaching their fiduciary duties in approving Authentix's $77.5 million sale to private equity firm Blue Water Energy LLP in 2017. In a short ruling on the record, the justices agreed with retired Vice Chancellor Sam Glasscock III's **dismissal** of the action in January.

A battle over a fire- and life-safety company's claims that noncompete agreements in an equity incentive package should still bind a former executive after his firing and loss of the equity involved went to Delaware's justices after **arguments last week**.

The state's top court took up plaintiffs bar claims last week that state lawmakers unconstitutionally narrowed the Court of Chancery's **"power to do equity"**, a nationally important challenge to S.B. 21, which was backed by businesses and Delaware Gov. Matt Meyer and approved in March. The measure expanded liability shields for some corporate acts involving controlling stockholders or potentially conflicted officers or directors, and it narrowed public access to some corporate books and records.

Left grounded by Delaware's justices last week was dismissal of a Court of Chancery suit accusing Amazon founder Jeff Bezos and the company's board of "blindly" approving a multibillion-dollar, Bezos-controlled launch contract for a new satellite-based internet service. The full five-member Delaware Supreme Court affirmed, **after argument in October**, Vice Chancellor Nathan A. Cook's rejection in February of a stockholder suit alleging it would have been futile to demand a board challenge to the deal. The vice chancellor said the stockholders' arguments amounted to "quibbles over the board's decision-making process" rather than bad faith.

Del. Corp. Litigation Cost Battles

A Stanford University cross-campus scrum over allegations of attorney fee inflation in Delaware corporate law litigation heated up with a **new report** by two Stanford researchers declaring that another Stanford team's **opposite findings** rested on a small number of outliers.

Fiduciary Atty Fee Rights Contests

Convicted college financial aid startup founder **Charlie Javice accused** JPMorgan Chase & Co. of effectively strangling her ability to appeal her criminal conviction by denying most legal fee claim coverage.

Corporate Control Disputes

Chancery Court largely tuned out battling between two camps over control of Delaware-chartered television network Caribevision, **declining to take up anew** a dispute over control of "the eyes and ears of the Caribbean." Vice Chancellor Morgan T. Zurn found that a stay motion sought by one camp "mimics" relief already rejected after trial in a dispute that now lacks strong public interest or a novel question of law.

Quotable:

"Pfizer can't show any harm, let alone what the law considers irreparable harm from the fact that we have, once again, outbid them in the hundreds of millions, if not billion-dollar range. That's not harm, that's called losing, which is what's supposed to happen to you when you're not the high bidder in an auction." Blair Connelly of Latham & Watkins LLP, representing Novo Nordisk during Novo's successful Court of Chancery **arguments** against Pfizer's bid for a temporary emergency order blocking the closing of Novo's $10 billion bid for weight loss drug-maker Metsera Inc.

--Editing by Haylee Pearl.

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Judge OKs $8M Deal For 'Rent-To-Own' Class, $2M Atty Fees

By **Hayley Fowler**

Law360 (November 10, 2025, 6:33 PM EST) -- A class of consumers got the green light on an $8 million settlement with a financing company accused of charging excessive fees on rent-to-own agreements for storage sheds in violation of North Carolina laws, with class counsel securing more than $2 million in fees, court records show.

U.S. District Judge Terrence W. Boyle in an **order** Friday gave final approval to a deal that punctuates more than three years of litigation in North Carolina between class representatives Hank Bland, Kendell Jackson and Luetta Inniss and defendants Carolina Lease Management Group LLC and CTH Rentals LLC. Carolina Lease Management is specifically accused of charging finance fees on rent-to-own contracts for portable outbuildings that exceeded what's allowed under North Carolina's Retail Installment Sales Act, or RISA. The defendants were also accused of flouting the state's unfair trade practices statute and Debt Collection Act.

In Friday's order, Judge Boyle said the settlement is "fair, reasonable, and adequate, and is in the best interests of the verified settlement class."

He also signed off on $2.3 million in fees and costs for class counsel at the National Consumer Law Center and Lapas Law Offices PLLC, plus $10,000 for each of the class representatives.

According to Bland, Jackson and Inniss, the settlement fund is expected to cover more than 7,400 class members in North Carolina — none of whom have objected to the deal.

Per Judge Boyle's order, any unclaimed settlement dollars will be given to the Wounded Warriors Project Inc., which provides assistance to veterans and their families.

Court records show the settlement is structured to resolve two cases involving the same parties — the present federal suit and a state court case in Jones County, North Carolina, captioned Carolina Lease Management Group LLC v. Greene. Final judgment in the federal case is contingent upon the settlement getting similar approval in state court, Judge Boyle said.

A trial court judge in the Jones County case tentatively signed off on the deal in September, with a final approval hearing scheduled for January, according to the class representatives' **motion** for final approval in the federal case filed last month.

The sister suits are nearly identical except that the class period in the state case runs one year earlier than the federal case. The two class periods do not overlap, the plaintiffs said.

The class period in the federal suit starts on March 10, 2018, while the class period in the state court case is limited to class members who were allegedly subjected to illegal collection activities between April 10, 2017, and March 9, 2018, according to the plaintiffs' approval motion.

Under the final deal, more than $6.9 million from the settlement fund will be allocated to the plaintiffs in the federal suit, representing 87.5% of the total, according to the motion for approval. After subtracting attorneys' fees, each class member is expected to receive on average over $640. Class members will also be allowed to keep their storage buildings and the defendants have promised to stop trying to collect on their accounts, the plaintiffs said.

The case dates to 2022. According to an amended complaint filed in May that year, the class members are North Carolina customers who sought to finance their purchases of a storage shed or portable building from authorized dealers.

The dealers allegedly advertised a rent-to-own option for customers who did not want to pay the full price up front. Carolina Lease Management and CTH Rentals then financed those deals, the class representatives said.

Though they were advertised as rent-to-own contracts, class representatives said the agreements were actually consumer credit sales. RISA caps the maximum financing charges a seller can impose at 18% on consumer credit sales. According to the amended complaint, Carolina Lease Management and CTH Rentals were charging some customers more than double that rate.

Carolina Lease Management was then accused of trying to collect on those debts even though they should have been legally void under RISA, the class representatives said.

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

The class is represented by Adrian M. Lapas of Lapas Law Offices PLLC and Jennifer S. Wagner and Charles M. Delbaum of the National Consumer Law Center.

The defendants are represented by Jonathan Williams and Craig Martin of Cedar Grove Law.

The case is Bland et al. v. Carolina Lease Management Group LLC et al., case number 4:22-cv-00033, in the U.S. District Court for the Eastern District of North Carolina.

--Editing by Alex Hubbard.

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Tyson's $85M Deal Gets Initial OK In Pork Price-Fixing Case

By **Joyce Hanson**

Law360 (November 10, 2025, 9:52 PM EST) -- A Minnesota federal judge has granted preliminary approval for an $85 million settlement resolving consumers' claims against Tyson Foods Inc. in antitrust litigation that accused pork producers of conspiring with a benchmarking company to inflate pork prices by limiting supply in the U.S. market.

U.S. District Judge John R. Tunheim's Friday order said the proposed settlement agreement between Tyson and the consumer indirect purchaser plaintiffs in the multidistrict litigation was arrived at by arm's-length negotiations via experienced counsel, and is preliminarily determined to be fair, reasonable and in the best interests of the class.

"Tyson does not oppose the motion," Judge Tunheim wrote. "Having carefully reviewed the relevant portions of the record, including the motion and settlement agreement, the court will grant the motion for preliminary approval of the class action settlement."

The judge also found that formal notice of the agreement to the class may be deferred. He concluded that deferring formal notice will likely create efficiencies and cost savings for the class, and create more money to be distributed to class members.

The pork consumers **asked the court on Oct. 1** to greenlight the $85 million settlement resolving their claims against Tyson Foods in the major antitrust litigation alleging multiple producers conspired with data benchmarking firm Agri Stats Inc. to inflate pork prices by limiting market supply.

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

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

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

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

The settlement comes more than seven years into the litigation, which involves three separate classes of plaintiffs — consumer indirect buyers, institutional indirect buyers and direct buyers — and only after Judge Tunheim on March 31 **largely denied** a slew of summary judgment motions from Tyson and other pork producers.

When the plaintiffs began suing in 2018, they typically alleged that the defendants conspired to restrict supply and stabilize pork prices by sharing information through the Fort Wayne, Indiana-based Agri Stats. The case includes stand-alone information-sharing claims alleging the exchange of competitively sensitive information is by itself an antitrust violation.

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

Following Judge Tunheim's denial of the summary judgment bid, the defendants on April 28 **called for him to recuse himself** and vacate his recent rulings, accusing one of his clerks of having inappropriate relationships with plaintiffs' attorneys.

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

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

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

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

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

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

--Additional reporting by Dorothy Atkins, Lauren Berg and Jared Foretek. Editing by Jay Jackson Jr.

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SEC Accuses Ex-Fintech CEO Of $60M Fraud In SPAC Merger

By **Gina Kim**

Law360 (November 10, 2025, 9:52 PM EST) -- Securities regulators sued the founder of Triterras Fintech in New York federal court Friday, accusing him of misleading investors about Triterras' trade finance platform to secure a business combination with a special purpose acquisition company in November 2020, netting himself $60 million while investors suffered significant losses.

In a 46-page **complaint**, the U.S. Securities and Exchange Commission accused Srinivas Koneru — founder of Triterras Fintech Pte. Ltd. — of securities violations in connection with the company's November 2020 business combination with Netfin Acquisition Corp., a SPAC.

SPACs, also known as blank check companies, are shell entities that raise money through initial public offerings to acquire a private business and take it public. Koneru's company, Triterras, is a fintech focusing on trade and trade finance. The company operated Kratos, a commodity trading and trade finance platform that linked commodity traders to source funding from lenders online, according to the suit.

The SEC's suit focuses largely on Kratos, which was Triterras' primary asset. Koneru promoted Kratos to investors as a platform changing the trade finance and physical commodity trade industry through a "Trade Discovery" module that allowed small and medium enterprise traders, or SMEs, to execute and record trades, as well as a "Trade Finance" module that gave SME traders access to trade financing from lenders, according to the suit.

Kratos charged fees on both modules, the suit says. Its Trade Finance module was supposedly the solution for a purported $1.5 trillion yearly shortfall in trade finance funding for SME traders, the SEC alleges.

The ability to connect traders with third-party lenders was a critical feature of Kratos and a major point of focus for investors, the SEC says. Furthermore, Kratos also sought to reduce due diligence and administrative costs of trade finance for lenders through its system.

"Koneru made numerous deceptive and misleading statements about the nature and details of Triterras Fintech's business before and after the business combination to create a false picture for investors," the suit said. "Based on this false picture of Triterras Fintech's business, Netfin's shareholders overwhelmingly voted to approve the business combination on November 10, 2020 and less than 3% of Netfin's public shares were submitted for redemption at a price slightly above $10 per share."

Proxy statements also described Kratos' Trade Finance module as offering an option for buyers and sellers to finance the purchase or sale of commodities being traded with the use of extended credit terms, typically through the purchase of receivables, according to the SEC.

Other statements about Kratos at issue include that the platform established scale in volume and profits from trade and trade finance facilitated by Kratos, and that Kratos purportedly "onboarded" 10 lending funds that altogether managed approximately $17 billion in assets.

"These statements created the false impression that the platform's reported Trade Finance module volume and associated revenue was driven by the platform's successful facilitation of financing to SME traders for their commodities trades by the ten lending funds," the SEC's suit said. "In reality, only a small percentage of the total reported Trade Finance module volume and associated revenue involved any of these ten lending funds."

The SEC is challenging the statements describing Kratos' Trade Finance module's function of linking traders looking for financing for commodities trades with lenders, who are also searching for those traders. The SEC argues that wasn't how the Trade Module was primarily used.

Rather than connecting SME traders to the 10 lending funds or other third-party lenders for financing, about 90% of the reported trade finance module volume consisted of transactions between the trade counterparties themselves, the SEC alleges.

Koneru hid this from investors, since that wouldn't support the Trade Finance module objective that was hyped up to investors, specifically, that it would address the significant funding gap for SME traders in the global physical commodities trading markets, the SEC alleges.

"As a result, this Trade Finance module activity did not address the key problems the Trade Finance module was purportedly addressing — the claimed $1.5 trillion trade finance shortfall for SME traders … and the trader's main growth constraint from lack of access to financing," the suit said. "Instead, this activity involved transactions between two counterparties wherein the seller trader provided credit terms to its counterparty buyer such that the buyer's payment to the seller was not immediately due."

That meant the seller SME trader used its own capital in those situations to make up for any timing gap it had between the execution of a trade and when its counterparty buyer's payment was subsequently due, the SEC says.

"Accordingly, the Trading Finance module's use by traders to extend credit to their counterparty buyers was not an innovative or disruptive solution to the claimed funding gap in the commodities trading markets, as Kratos was marketed to investors," the suit said.

After the business combination with Netfin, the SEC alleges, the defendant continued to make misleading statements to investors about Kratos' Trade Finance module volume.

"Ultimately, Netfin and Triterras investors suffered substantial losses," the suit said. "By June 2022, after being delisted by Nasdaq, Triterras stock was trading below $1 on the over-the-counter markets. In 2025, all the public securities of Triterras were acquired for $0.10 per share by a company owned and controlled by Koneru and Netfin's former CEO."

The SEC asks the court to permanently bar Koneru from violating securities laws, disgorge all ill-gotten proceeds stemming from the alleged conduct, pay civil penalties, and ban Koneru from serving as a director or officer of any company that has registered securities.

Attempts to locate a representative for the defendant or his company were not immediately successful.

The SEC is represented in-house by Sheldon L. Pollock, Wendy B. Tepperman, David Stoelting, Amy Mayer and Kevin Oswoski.

Counsel information for the defendant was not immediately available.

The case is Securities and Exchange Commission v. Srinivas Koneru, case number 1:25-cv-09327, in the U.S. District Court for the Southern District of New York.

--Editing by Linda Voorhis.