# DocGo’s $12.5 Million Investor Accord Gets First Court Nod (1)

Nov. 20, 2025, 9:03 AM PST; Updated: Nov. 20, 2025, 9:52 AM PST

## Summary by Bloomberg AI

AI Generated

- DocGo Inc. and its former CEO earned a court's initial blessing for a $12.5 million agreement to resolve allegations they knowingly misled investors about the executive's educational background and the company's growth.
- Judge Katherine Polk Failla preliminarily approved the defendants' settlement with a class of investors who bought DocGo stock from Nov. 5, 2021, through Sept. 15, 2023.
- DocGo denies any wrongdoing or liability but is pleased to have reached a settlement agreement with plaintiffs, which eliminates the burden, expense, and distraction of litigation.

DocGo Inc. and its former CEO earned a court’s initial blessing for a $12.5 million agreement to resolve allegations they knowingly misled investors about the executive’s educational background and the company’s growth.

In an order docketed Wednesday, Judge Katherine Polk Failla of the US District Court for the Southern District of New York preliminarily approved the defendants’ settlement with a class of investors who bought DocGo stock from Nov. 5, 2021, through Sept. 15, 2023. Failla earlier this year partially denied these defendants’ bid to dismiss the suit, which alleges Anthony Capone knowingly lied about his educational background and that DocGo had signed 3,000 asylum-seekers onto New York State Medicaid through UnitedHealthcare.

Capone resigned from leading the mobile health-care servicer in 2023 after acknowledging he lied about having a master’s degree.

This lawsuit commenced in 2023 as DocGo, which went public after its precursor merged with a blank-check company in 2021, faced backlash over its handling of migrant relocation.

"DocGo denies any wrongdoing or liability but is pleased to have reached a settlement agreement with plaintiffs, which eliminates the burden, expense, and distraction of litigation," the company said in an emailed statement, noting it has insurance for such matters.

"While we continue to reject the claims in this case, we're grateful for the court's prompt response to the proposed settlement," said Jason Mendro, a partner at Gibson, Dunn & Crutcher LLP representing the company. "DocGo looks forward to putting this litigation behind it, so it can focus on its mission of delivering high-quality medical care."

Robbins Geller Rudman & Dowd LLP, lead counsel for lead plaintiff Genesee County Employees' Retirement System, didn't immediately respond to an email seeking comment. One of Capone's attorneys at Finn Dixon & Herling LLP declined to comment.

The case is Genesee Cnty. Emps' Ret. Sys. v. DocGo Inc. , S.D.N.Y., No. 1:23-cv-09476, order entered 11/19/25 .

(Updates with a comment from an attorney representing DocGo in the sixth paragraph.)

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Securities

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# Full Sixth Circuit Passes on FirstEnergy Investors' Info Bid (1)

Nov. 21, 2025, 9:31 AM PST; Updated: Nov. 21, 2025, 10:38 AM PST


## Summary by Bloomberg AI

AI Generated

- The full Sixth Circuit declined to hear a dispute over FirstEnergy Corp.'s internal corruption investigation documents, leaving standing a three-judge panel's ruling that attorney-client privilege and the work-product doctrine covered the reports.
- The dispute began after the US District Court for the Southern District of Ohio said FirstEnergy had to turn over the materials to investors who are suing the utility.
- The Sixth Circuit's decision means FirstEnergy will be able to keep the documents from the investors, with the company's attorney saying they are pleased the court rejected the plaintiffs' efforts to obtain FirstEnergy's privileged communications.


FirstEnergy Corp. will be able to keep documents related to two internal corruption investigations from investors who are suing the utility, after the full Sixth Circuit declined to hear the dispute Friday.

No judge asked for a full-court rehearing, the US Court of Appeals for the Sixth Circuit said in a one-paragraph order. The result leaves standing a three-judge panel's ruling that attorney-client privilege and the work-product doctrine "clearly covered" the reports by Jones Day and Squire Patton Boggs, which were hired after the arrest of Ohio House Speaker Larry Householder (R).

The dispute over the scope of the privilege attracted intense interest from the legal community and others after the US District Court for the Southern District of Ohio said FirstEnergy had to turn over the materials. Law firms, legal scholars, and business groups submitted amicus briefs while the appeal was underway.

The three-judge panel of the Sixth Circuit reversed the lower court's order in October and declined to rehear the case Nov. 6, adding that its decision and reasoning applied to "the entire production order," including both physical documents and deposition testimony.

Householder was arrested in 2020 on a federal racketeering charge that stemmed from conduct FirstEnergy undertook to affect actions in Ohio that ultimately helped its bottom line. He is serving a 20-year prison sentence, while FirstEnergy agreed to pay hundreds of millions of dollars and cooperate with authorities.

Attorneys for the parties didn't immediately respond to emailed requests for comment.

The plaintiffs are represented by Robbins Geller Rudman & Dowd LLP and Murray Murphy Moul & Basil LLP. FirstEnergy is represented by Sullivan & Cromwell LLP.

The case is In re FirstEnergy Corp. , 6th Cir. en banc, No. 24-03654, order 11/21/25 .

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Securities

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# Bausch Health Sheds Investors' Spinoff, Drug Patent Lawsuit (1)

Nov. 21, 2025, 7:19 AM PST; Updated: Nov. 21, 2025, 9:42 AM PST


## Summary by Bloomberg AI

AI Generated

- Bausch Health Cos. defeated allegations it schemed to defraud investors over a proposed spinoff and misrepresented the strength of a key drug's patents.
- Investors didn't sufficiently allege any false or misleading statements after multiple pleading attempts, according to Judge Zahid N. Quraishi.
- The judge said statements about litigation and a valuable gastrointestinal drug Xifaxan weren't misleading in context, and Bausch Health had no duty to disclose challenges to patents that were publicly known.


Bausch Health Cos. defeated allegations the pharmaceutical company schemed to defraud investors over a proposed spinoff and misrepresented the strength of a key drug's patents.

Investors leading the case didn't sufficiently allege any false or misleading statements after multiple pleading attempts, Judge Zahid N. Quraishi said in an unpublished opinion Thursday while tossing the proposed class action with finality.

The heart of their pleading was the assertion that Bausch Health was concealing the true reason for the then-proposed spinoff of its optics maker, Bausch & Lomb, alleging nothing about spinning out Bausch & Lomb made sense and that doing so was a sham, the US District Court for the District of New Jersey judge said.

But since he'd held related statements weren't false or misleading, Quraishi said, the investors would've needed to sufficiently allege a scheme independent of those claims.

"While Plaintiffs alternatively argue that the fraudulent scheme was to transfer assets away from Bausch Health to prevent opt-out plaintiffs from collecting on a potential judgment, that argument holds no weight because the spinoff did not occur, and any judgment is merely speculative," Quraishi said.

Despite shareholders' challenges that the spinoff was a "fraudulent transfer" to protect valuable assets from securities litigation, Bausch Health did spin out Bausch & Lomb. But the former still owns almost 88% of the optics company.

The investors in this suit had alleged Bausch Health failed to disclose the true reason for the spinoff was to prevent those who opted out of the settlement of a securities fraud class action against the pharmaceutical business from collecting on future judgments or deals. But a 2020 press release concerning the proposed eye-health company spinoff was inactionable as forward-looking, Quraishi said.

Bausch Health changed its name from Valeant Pharmaceuticals International Inc. following securities law violations that resulted in a $1.2 billion investor class action settlement.

**Market Exclusivity**

Investors in the suit dismissed Thursday additionally alleged Bausch Health misled them about persistent litigation from when it was Valeant and its valuable gastrointestinal drug Xifaxan.

Statements about the litigation weren't misleading in context, Quraishi said. The fact certain opt-out investors remained didn't "negate the fact that the bulk of the litigation and liability had been resolved."

Bausch Health and the former executives weren't under any obligation to "use pejorative adjectives to describe transactions that may be facing headwinds."

The sole remaining alleged misstatement about Xifaxan, in which former CEO Joseph Papa noted its market exclusivity until 2028, was objectively true, Quraishi said. Challenges to patents were publicly known, so Bausch Health had no duty to disclose them.

Robbins Geller Rudman & Dowd LLP—which declined to comment—and Pomerantz LLP were lead counsel for the investors, who sought to represent a class of those who got Bausch Health stock from May 7, 2020, through June 8, 2023.

Simpson Thacher & Bartlett LLP and McCarter & English LLP represented Bausch Health, former Chief Financial Officer Paul Herendeen, and Papa.

None of these other law firms nor Bausch Health immediately responded to emails seeking comment.

The case is Anderson v. Bausch Health Co. , D.N.J., No. 3:23-cv-03996, 11/20/25 .

(Updates with additional reporting throughout.)

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Bloomberg Law

Manage Newsletters

# Jayud, Auditors Failed to Disclose Stock Manipulation, Suit Says

Nov. 20, 2025, 11:58 AM PST

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## Summary by Bloomberg AI AI Generated

- An investor alleges that Jayud Global Logistics structured its US initial public offering to facilitate a pump-and-dump scheme without alerting the market.
- Jayud's share price surged from roughly $1.00 to an all-time high of around $8.00 per share, then fell 96% to close at $0.35 on April 2.
- The investor claims that Jayud and its auditors failed to disclose a fraudulent stock promotion scheme and seeks compensatory damages on his securities fraud claims.


Chinese supply-chain company Jayud Global Logistics structured its US initial public offering to facilitate a pump-and-dump scheme without alerting the market, and its accountants improperly issued clean audits, an investor alleges.

“Impersonators touted Jayud in online forums, chat groups, and social media posts with sensational but baseless claims to create a buying frenzy among retail investors,” Braden Lindstrom says in a proposed class action. He filed the suit Wednesday in the US District Court for the Southern District of New York.

“In the weeks leading up to April 2025, Jayud’s share price surged from roughly $1.00 to an all-time high of around $8.00 per share, despite no fundamental news from the Company to justify such a spike,” he says.

Then, on April 2, the share price fell 96% to close at $0.35.

Shenzhen, China-based Jayud, which is incorporated in the Cayman Islands, subsequently completed a number of reverse stock splits to keep its Nasdaq listing, Lindstrom says.


Jayud and its top executives failed to disclose that it "was the subject of a fraudulent stock promotion scheme involving social media-based misinformation and impersonated financial professionals," and that "insiders and/or affiliates used offshore or nominee accounts to facilitate the coordinated dumping of shares during a price inflation campaign," he says.

Auditors Friedman LLP—which became a part of Marcum LLP, later acquired by Cbiz Inc.—and Marcum Asia CPAs LLP knew that adverse facts were being concealed, according to the complaint. The auditors falsely stated their reports conformed to accounting standards, Lindstrom says.

The proposed class of those who acquired Jayud securities between April 21, 2023, and April 30, 2025, inclusive, consists of hundreds or thousands of members, the complaint estimates. Lindstrom seeks compensatory damages on his securities fraud claims.

Jayud, Cbiz, and Marcum Asia didn't immediately respond to emailed requests for comment.

Scott & Scott Attorneys at Law LLP and Thomas Grady, who practices in Naples, Fla., represent Lindstrom.

The case is Lindstrom v. Jayud Glob. Logistics Ltd. , S.D.N.Y., No. 1:25-cv-09662, complaint 11/19/25 .

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Securities

Manage Newsletters

# Nextdoor, Ex-CEO Defeat Investor's 'Active User' Base Suit (1)

Nov. 21, 2025, 6:00 AM PST; Updated: Nov. 21, 2025, 6:50 AM PST


## Summary by Bloomberg AI AI Generated

- Nextdoor Holdings Inc. and former CEO Sarah Friar beat allegations the platform overhyped the proportion of active users after its blank-check merger to go public.
- Judge Edward J. Davila tossed the proposed class action, saying the investor's new argument that Friar misrepresented the proportion of on-platform active users wasn't adequately supported.
- Davila said the investor, Keith Hollingsworth, failed to allege a sufficient inference of intent or recklessness for securities fraud claims and didn't adequately plead a revelation of misrepresentations spurred investor losses.


Nextdoor Holdings Inc. and former CEO Sarah Friar beat allegations the neighborhood-based social media platform overhyped the proportion of active users it had after its blank-check merger to go public.

The investor leading the case's new argument that Friar misrepresented the proportion of on-platform active users rather than the definition of active users wasn't adequately supported, Judge Edward J. Davila said while tossing the proposed class action with finality Thursday.

Investor Keith Hollingsworth alleged that the 2022 statement misled shareholders about how many users were "active" in Nextdoor's community when half of them truly weren't.

"Vaguely describing 'active users' as a 'community,' and using phrases such as 'communicate,' 'give and get help' and 'daily use case,' does not reasonably imply any particular percentage of on-platform verse off-platform users," the US District Court for the Northern District of California judge said.

Davila said that he wouldn't let Hollingsworth replead again because he didn't bolster his allegations with additional facts in this complaint—rather, he largely relied on "a different interpretation of the previous allegations that the Court found wanting."

Hollingsworth also failed to allege a sufficient inference of intent or recklessness for securities fraud claims, nor did he adequately plead a revelation of misrepresentations spurred investor losses, Davila said.

He didn't allege any facts to show whether or when reports circulated to executives revealed the 50-50 split of users engaging with Nextdoor's platform or if Friar herself had access to any report with that information before the alleged misstatement, Davila said. Another theory to support allegations of Friar and Nextdoor's state of mind to defraud fell short, since there weren't details supporting allegations a ratio of on versus off platform users was super significant to the social media site.

And a pair of alleged disclosures prompting stock drops that purportedly corrected Friar's statement weren't sufficiently tied to its active user metrics for the court to support Hollingsworth's theory of loss causation, Davila said.

**Past Dismissal**

Hollingsworth only alleged the one misstatement, targeting only Nextdoor and Friar, in this most recent complaint after Davila said he lacked standing to sue for statements about Nextdoor before it went public.

Hollingsworth only bought shares of the special purpose acquisition company three days before the merger, meaning he never owned Nextdoor securities as a private company. Davila cited a Supreme Court "bright-line rule" that the US Court of Appeals for the Ninth Circuit recently applied in deciding against SPAC investors' standing.

And Hollingsworth stopped buying Nextdoor shares on May 11, 2022, so he lacked standing to sue over alleged misstatements after that.

Pomerantz LLP is lead counsel for Hollingsworth, who sought to represent a class of those who acquired Nextdoor stock from May 10, 2022, through Nov. 7, 2022. Cooley LLP represents Nextdoor and Friar. Neither of these law firms nor Nextdoor immediately responded to emails seeking comment.

The case is Adamo v. Nextdoor Holdings, Inc. , N.D. Cal., No. 5:24-cv-01213, 11/20/25 .

(Updates with additional reporting starting in the third paragraph.)

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Securities

# Meta Settles Claim of User Privacy Lapses for $190 Million (2)

Nov. 20, 2025, 2:58 PM PST

Mark Zuckerberg and other Meta Platforms Inc. directors agreed to a $190 million settlement of claims they failed to rectify repeated violations of Facebook users' privacy and improperly engineered an accord to shield the billionaire chief executive officer from personal liability, court filings show.

The amount of the settlement, disclosed in a filing Thursday in Delaware Chancery Court, had been sealed since a trial was halted in July. A lawsuit by Meta investors claimed board members mishandled the Cambridge Analytica data privacy scandal and improperly agreed to a $5 billion US Federal Trade Commission settlement to personally protect Zuckerberg.

Meta shareholders sought at least $7 billion in damages, arguing directors wrongfully overpaid in the FTC deal to prevent Zuckerberg from digging into his own pocket to cover some of the financial hit to the company. The accord, which will be paid by an insurance policy covering Meta directors, amounts to a recovery of 3%. In a court filing, the company denied wrongdoing and said the settlement wasn't an admission that it was liable.

"We are pleased that a settlement was reached that reinforces our longstanding commitment to strong corporate governance," Meta said in a statement Thursday.

The case centered on disclosures that an outside developer collected personal data from millions of Facebook users without their consent. Cambridge Analytica used the information after being hired by now-President Donald Trump's 2016 election campaign.

Meta shareholders sued Zuckerberg and other directors – including venture-capitalist Marc Andreessen – hoping a judge would hold them personally liable for billions in fines and legal costs tied to repeated violation of the company's privacy policies. FTC officials fined Facebook $5 billion in 2019 after finding it violated a 2012 agreement with regulators mandating it get users' permission before sharing their data.

The deal also requires Meta to make changes to some of its corporate governance policies, including toughening up privacy monitoring and making it harder to retaliate against employees who point out privacy missteps, according to court filings. Meta also agreed to set up a code of conduct for directors focused on avoiding conflicts of interest and beefing up compliance with “laws and regulations,” the filings show.

Because it’s a derivative case — one that allows investors to sue board members on behalf of the company — the proposed settlement must be approved by Chancery Judge Kathaleen S.J. McCormick. The $190 million in insurance payments will go back to the company rather than to any individual investor.

Lawyers for Meta investors – which include retirement funds and an individual shareholder – laid out the accords’ terms in a filing designed to tee it up for approval by McCormick. Samuel Closic, a lawyer for Meta shareholders who sued, said Thursday he was “proud of the settlement” and looked forward to presenting it to McCormick.

McCormick is the same judge who rejected Tesla Inc. CEO Elon Musk’s $55 billion pay package. That ruling and a handful of others — part of a court crackdown on insider conflicts of interest — prompted several companies to shift their states of incorporation to Nevada and Texas, including Tesla and **Bill Ackman**’s Pershing Capital. They cited alleged judicial bias against tech leaders such as Musk and Zuckerberg.

The wave of exits from Delaware, which funds more than a quarter of its budget with billions in corporate fees, led to a major overhaul of the state’s corporate laws earlier this year. The changes were drafted by an expert panel that included former judges now practicing law at firms linked to Musk and Zuckerberg, including one involved in the Cambridge Analytica case.

Meta officials have publicly said they are weighing whether to yank their incorporation papers out of Delaware, which is the corporate home to more than 60% of Fortune 500 companies. It’s unclear whether approval of the settlement will clear the way for the incorporation switch.

The case is Facebook Derivative Litigation, 2018-0307, Delaware Chancery Court.

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Elizabeth Wasserman, Steve Stroth

# Zuckerberg, Meta directors agree to $190 million settlement of shareholder privacy case

reuters.com/world/zuckerberg-meta-directors-agree-190-million-settlement-shareholder-privacy-case-2025-11-20

Tom Hals November 20, 2025

Meta CEO Mark Zuckerberg makes a keynote speech at the Meta Connect annual event at the company's headquarters in Menlo Park, California, U.S., September 25, 2024. REUTERS/Manuel Orbegozo Purchase Licensing Rights, opens new tab

- Settlement includes policy changes on directors' conduct and whistleblower protections
- Shareholders initially sought $8 billion for privacy violations
- Cambridge Analytica scandal led to $5 billion FTC fine

WILMINGTON, Delaware,, Nov 20 (Reuters) - (This Nov. 20 story has been corrected to clarify that it is the second-largest derivative settlement involving allegations that directors failed in their oversight duty, in paragraph 9)

Mark Zuckerberg and current and former leaders of Meta Platforms (META.O), opens new tab agreed to pay the company $190 million to resolve shareholder allegations that they damaged Meta by violating Facebook users' privacy, according to a settlement unveiled on Thursday.
The company's board also agreed to policy changes governing directors' conduct, insider trading and whistleblower protections.

The deal ended litigation by shareholders who accused the Facebook co-founder and other defendants of saddling the company with billions of dollars in fines and legal costs stemming from violating privacy regulations.

## SHAREHOLDERS ONCE SOUGHT $8 BILLION

The agreement fleshes out a deal announced in court on July 17 that ended a scheduled eight-day trial on its second day. Shareholders were seeking $8 billion from Zuckerberg and 10 current and former directors and officers for allegedly allowing Facebook users' personal information to be accessed without their consent.
The defendants had denied all allegations.

The settlement dramatically cut short the trial before a string of high-profile witnesses took the stand, including Zuckerberg, billionaire investor and Meta board member Marc Andreessen, former Chief Operating Officer Sheryl Sandberg, and former Facebook board members Peter Thiel, the co-founder of Palantir Technologies (PLTR.O), opens new tab, and Reed Hastings, the co-founder of Netflix (NFLX.O), opens new tab.

Facebook in 2021 changed its name to Meta, which is also the parent company of Instagram and WhatsApp. The company was not a defendant.

Derivative lawsuits recover money from directors and executives, which is paid to the company and therefore benefits shareholders indirectly.

California State Teachers' Retirement System, one of the shareholders who brought the case, said it was the second-largest settlement ever of a derivative case in Delaware that alleged board members failed in their duty to oversee the company.

## CRITICISM OF DELAWARE

Companies, including Meta, have left or considered ditching Delaware as their legal home after Elon Musk had his $56 billion pay package from Tesla (TSLA.O), opens new tab voided by the Delaware court, fueling criticism that the court was overly favorable toward shareholder lawsuits.

"When we leverage our voice and use tools such as litigation effectively, it benefits both companies and shareholders long-term," said CalSTRS board Chair Denise Bradford in a statement.

The plaintiffs' firms that brought the case will seek a fee of up to 30% of the settlement and $4.8 million in expenses, also paid from the settlement, according to court documents.

The settlement was paid from directors' and officers' liability insurance policies.

The shareholders who brought the case claimed directors failed to oversee Zuckerberg and Sandberg, who were allowed to run an illegal data-harvesting enterprise.

The lawsuit was filed in the wake of the scandal surrounding Cambridge Analytica, a now-defunct British political consulting firm.

The firm secretly accessed data from tens of millions of Facebook users to create targeted messages for clients that included Donald Trump during his successful U.S. presidential campaign in 2016. Officials from Trump's 2016 campaign have said Cambridge Analytica played a minor role in the election.

Those revelations led to a record $5 billion fine by the Federal Trade Commission and a series of other legal settlements. Zuckerberg was also accused of trading Meta stock to benefit from inside information.

The defendants said the evidence at trial would have shown that Facebook had robust operations to protect user data. They accused Cambridge Analytica of deceit.

"We sent a clear message that even the most powerful directors and officers must take their oversight obligations seriously," said Maxwell Huffman, a Scott + Scott attorney who represented investors.

Reporting by Tom Hals in Wilmington, Delaware; Editing by Matthew Lewis, Nia Williams, Rod Nickel

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

Class Action

Manage Newsletters

# Adidas Must Continue to Defend Against Website Tracking Suit

Nov. 20, 2025, 10:30 AM PST

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## Summary by Bloomberg AI AI Generated

- Adidas America Inc. will continue to face a proposed class action suit alleging the company violated California privacy law by using trackers on its website.
- The court said Adidas allegedly installed tracking pixels that allow the company to collect data about site users for analytics and advertising purposes without their consent.
- The judge denied Adidas' motion to dismiss, stating that trackers can plausibly constitute a "pen register" under the California Invasion of Privacy Act and that the plaintiff didn't have notice of Adidas' policy.

Adidas America Inc. will continue to face a proposed class action suit alleging the company violated California privacy law by using trackers on its website, a federal district court said.

Plaintiff Maeve Camplisson and others adequately alleged that Adidas violated the California Invasion of Privacy Act by claiming the company's trackers collected a broad set of their personal information without their consent, Judge Gonzalo P. Curiel of the US District Court for the Southern District of California said in an order denying Adidas' motion to dismiss.

Adidas allegedly installed tracking pixels, TikTok Pixel and Microsoft Bing, that allow the company to collect data about site users, the court said. The company uses the information for analytics and advertising purposes.

Camplisson visited the Adidas site and didn't consent to the collection, storing, or dissemination of personally identifiable information, Curiel said. She and the other plaintiffs sued March 14, arguing that Adidas' trackers constitute a "pen register" under the act.

A pen register is a device or process that "records or decodes... information transmitted by an instrument or facility from which a wire or electronic communication is transmitted, but not the contents of a communication," the court said.

Adidas argued that trackers aren't pen registers because they only capture "certain specific outgoing information."

But Curiel disagreed, stating that limiting the law's intentionally broad language that way would undermine CIPA's purpose of protecting privacy, "making it underinclusive."

Most cases in this and other districts have also recognized that trackers can plausibly constitute a pen register, the judge said in the Nov. 18 order.

The court also rejected Adidas' argument that the suit fails because Camplisson consented to the use of pen registers by visiting its site.

Camplisson didn't have notice of Adidas' policy, because the site only hyperlinked terms and conditions at the footer of the site and didn't have a mechanism for obtaining affirmative consent, the court said.

Bernstein Litowitz Berger & Grossmann LLP represents the plaintiffs. Morrison & Foerster LLP represents Adidas.

The case is Camplisson v. Adidas Am. Inc. , S.D. Cal., No. 25-cv-603, 11/18/25 .

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[Securities](Securities)

Manage Newsletters

# Teamsters Pension Trustees Beat Appeal Over Investment Risks

Nov. 21, 2025, 8:23 AM PST


## Summary by Bloomberg AI

AI Generated

- The US Court of Appeals for the Second Circuit said the retirees didn't show a breach of fiduciary duty by the plan's trustees and financial adviser in connection with the disputed investments.
- The defendants were allegedly aware of the risks and drawbacks associated with these investments, but there's no indication they did anything other than "engage in the normal practice of weighing 'tradeoffs' and selecting from a 'range of reasonable judgments' in the circumstances," the appeals court said.
- The lawsuit centers on the American Federation of New York State Teamsters Conference Pension and Retirement Fund, which covers thousands of current and retired truck drivers and has seen its finances shift as both the market and federal legislation has evolved.


New York Teamsters pension fund trustees and advisers defeated an appeal by a proposed class of retirees who say the fund wrongly invested too much money in private equity and other risky assets.

The retirees didn't show a breach of fiduciary duty by the plan's trustees and financial adviser in connection with the disputed investments, the US Court of Appeals for the Second Circuit said Friday in an unpublished opinion.

The defendants were allegedly aware of the risks and drawbacks associated with these investments, but there's no indication they did anything other than "engage in the normal practice of weighing 'tradeoffs' and selecting from a 'range of reasonable judgments' in the circumstances," the appeals court said.

Pension fund trustees had also argued the case was moot because the plan's funding levels were shored up under a government assistance program that restored retirees' benefits. The panel rejected that proposition, saying courts are prohibited from considering benefits received from third parties when assessing a plaintiff's potential recovery.

The lawsuit centers on the American Federation of New York State Teamsters Conference Pension and Retirement Fund, which covers thousands of current and retired truck drivers and has seen its finances shift as both the market and federal legislation has evolved.

In 2017, the fund cut workers' benefits in accordance with a federal law aimed at shoring up multiemployer pension funds in the wake of the 2008 financial crisis, but it later restored those benefits after receiving more than $1.3 billion in financial assistance from a federal program established in the aftermath of the Covid-19 pandemic.

Plaintiff Robert Carlisle—who filed suit before these benefits were restored—accuses the fund's trustees, actuary, and investment consultant of mismanaging the plan by sinking assets in risky investments, including expensive and illiquid private equity vehicles, that fared poorly during the Covid market downturn.

A New York federal judge dismissed the case in February, saying Carlisle didn't show that the specific funds held by the plan were imprudent or that plan fiduciaries were warned against private equity or other challenged investments.

The Second Circuit's unpublished opinion was issued by Judges Guido Calabresi, Denny Chin, and Eunice C. Lee.

Chimicles Schwartz Kriner & Donaldson-Smith LLP represents the retirees. The defendants are variously represented by Morgan, Lewis & Bockius LLP; Choate, Hall & Stewart LLP; Steptoe LLP; and Groom Law Group.

The case is Carlisle v. Bd. of Trs. of Am. Fed'n of N.Y. State Teamsters Conf. Pension & Ret. Fund , 2d Cir., No. 25-511, unpublished 11/21/25 .

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# Bankruptcy judge skips sanctioning law firm over AI errors but reprimands lawyer

reuters.com/legal/transactional/bankruptcy-judge-skips-sanctioning-law-firm-over-ai-errors-reprimands-lawyer-2025-11-21

Sara Merken November 21, 2025

Figurines with computers and smartphones are seen in front of the words "Artificial Intelligence AI" in this illustration taken, February 19, 2024. REUTERS/Dado Ruvic/Illustration Purchase Licensing Rights, opens new tab

NEW YORK, Nov 20 (Reuters) - One of the largest law firms to face scrutiny over its lawyers' use of artificial intelligence avoided sanctions in a federal bankruptcy case on Thursday, but a judge reprimanded its attorney for submitting court filings with inaccurate and non-existent AI-generated citations.

The decision sparing sanctions against law firm Gordon Rees Scully Mansukhani is the latest to address so-called "hallucinations" generated by AI that have appeared in a growing number of court filings, and even two court decisions. U.S. Bankruptcy Judge Christopher Hawkins in Montgomery, Alabama, in an order, opens new tab said that Gordon Rees “took reasonable steps” to address the risk associated with using generative AI for legal work and declined to sanction the 1,800-lawyer firm.
Gordon Rees already paid over $55,000 in attorneys’ fees related to the faulty filings to other parties in the hospital bankruptcy case, and it expanded its internal AI guidelines to include a new “cite checking” policy in response to his earlier order asking the firm to explain why it should not be sanctioned, Hawkins said. The judge directed Gordon Rees to share a copy of his order and its policies with each lawyer at the firm and certify its compliance. A spokesperson for the San Francisco-founded firm did not immediately respond to a request for comment.

Hawkins formally reprimanded the Gordon Rees attorney responsible for the AI-generated errors, which appeared in filings on behalf of its now-former client Progressive Perfusion, a creditor in the bankruptcy case.

The attorney, Cassie Preston, had described struggling with serious personal events at the time of the filing, the judge said, but her conduct nevertheless “constituted an abuse of the bankruptcy process."

Preston is no longer working at Gordon Rees, according to her profile on LinkedIn. She did not immediately respond to a request for comment.

Joel Connally, a lawyer at Strength & Connally who now represents Progressive, said that while Gordon Rees had paid $55,000 in response to the situation, "the real issue is the damage to Progressive Perfusion caused by Gordon Rees' actions, which is something I believe the firm may not appreciate."

The Chapter 11 bankruptcy case in the Middle District of Alabama was filed by Jackson Hospital & Clinic earlier this year.

Lawyers in an increasing number of cases across the country have faced sanctions after using AI for researching or drafting court documents and failing to verify the accuracy of their submissions.

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

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

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Analysis | **Litigation**

# Google Foes Seek Judge's Recusal Over Undisclosed Ties to Tech Giant's Litigation Chief

Judge Haywood Gilliam Jr. and Google's Cassandra Knight became friends in law school. He later officiated her wedding, and she traveled from Europe to attend and speak at his investiture.

November 21, 2025 at 12:50 PM By **Michael Gennaro**

**Judge Haywood Gilliam Jr. has set a hearing for Jan. 22 to consider recusal motions from Unlockd and Rumble. Photo: Christine Jegan/ALM**

A defunct advertising technology company has become the second litigant to demand that U.S. District Judge Haywood Gilliam Jr. step aside from a Google antitrust case, citing his failure to disclose a decades-long personal relationship with the tech giant's top litigation executive.

Unlockd Media on Wednesday filed a motion in the Northern District of California seeking recusal, arguing that Gilliam has maintained an ongoing, close friendship with Cassandra Knight, Google's vice president for litigation and discovery, without ever informing the parties involved in the case.

The motion mirrors a recusal demand filed weeks earlier by the video streaming platform Rumble. The two companies filed separate antitrust suits in 2021, alleging Google illegally used its market might to diminish their businesses.

The two recusal motions leverage the same evidence: a July 2025 Stanford Lawyer profile of Knight that delved into the friendship that developed between her and Gilliam when they were Stanford Law School classmates in the early 1990s.

The article revealed that Gilliam officiated her wedding in 2021, and that in 2015 Knight flew from London to the U.S. to attend his investiture as a federal judge and speak at the event—a milestone so important to Knight that the avid sports fan gave up tickets to the semifinals of the French Open tennis tournament to do so.

Gilliam's own words in the article underscore the depth of their relationship.

"It wouldn't have been the same without her, and it meant the world for her to come all that way to share that day with me," he said. The two also participate together in a fantasy football league, suggesting regular, ongoing contact.

Gilliam did not respond to Law.com's request for comment. Counsel for the two companies declined to comment.

Allan Diamond, a partner at Diamond McCarthy representing Unlockd, said in a declaration filed with the court that he became aware of the relationship through his cocounsel, Cadwalader, Wickersham & Taft, which also represents Rumble, teaming on that matter with Competition & Technology Law Group.

The two companies say in court filings that they're puzzled why the judge did not reveal the relationship, given that he has recused himself from at least 11 lawsuits involving Google since Knight joined Google in August 2022. Gilliam joined the tech giant from PayPal, where she'd been chief litigation counsel since 2017.

Gilliam also had recused himself from a 2019 lawsuit involving PayPal. That recusal order and those covering Google cases do not specify the reasons for the recusals.

Both the Rumble lawsuit, filed in February 2021, and the Unlockd lawsuit, filed in September 2021, predate Google's hiring of Knight. But neither case had gained much steam, Google filed its responses to both suits in September 2022, a month into Knight's arrival.

The Rumble suit alleged that Google wielded its dominant search engine to steer traffic to its streaming platform, YouTube, illegally undercutting Rumble. Gilliam granted Google's motion for summary judgment in May of this year, finding that Rumble's allegations fell outside the four-year statute of limitations for antitrust claims.

The Unlockd suit alleged that Google banned the company from its app store as well as AdMob, Google's advertising agency, causing the the company to go under. In February 2025, Gilliam granted Google's motion to dismiss, finding that Unlockd's case relied on "unsupported conclusions."

Rumble and Unlockd are appealing to the Ninth Circuit.

The two companies' recusal motions invoke 28 U.S.C. § 455(a), which mandates that judges step aside whenever their impartiality "might reasonably be questioned." The standard is objective and straightforward: it asks whether a reasonable observer would perceive a significant risk that the judge might resolve the case on a basis other than the merits.

Neither Unlockd nor Rumble alleges that Gilliam harbors actual bias toward Google. Rather, they argue that the appearance of partiality alone, combined with his pattern of recusal in other Google matters, requires him to step aside.

Both companies are seeking indicative rulings under Federal Rule of Civil Procedure 62.1, a procedural mechanism that allows judges to signal how they would rule on certain motions in the event a case is remanded from appeal.

Gilliam has set a hearing for Jan. 22 to consider the motions.

Litigation

Manage Newsletters

# Visa Finds Even $200 Billion Can’t Resolve Battle With Merchants

Nov. 21, 2025, 4:00 AM PST


## Summary by Bloomberg AI

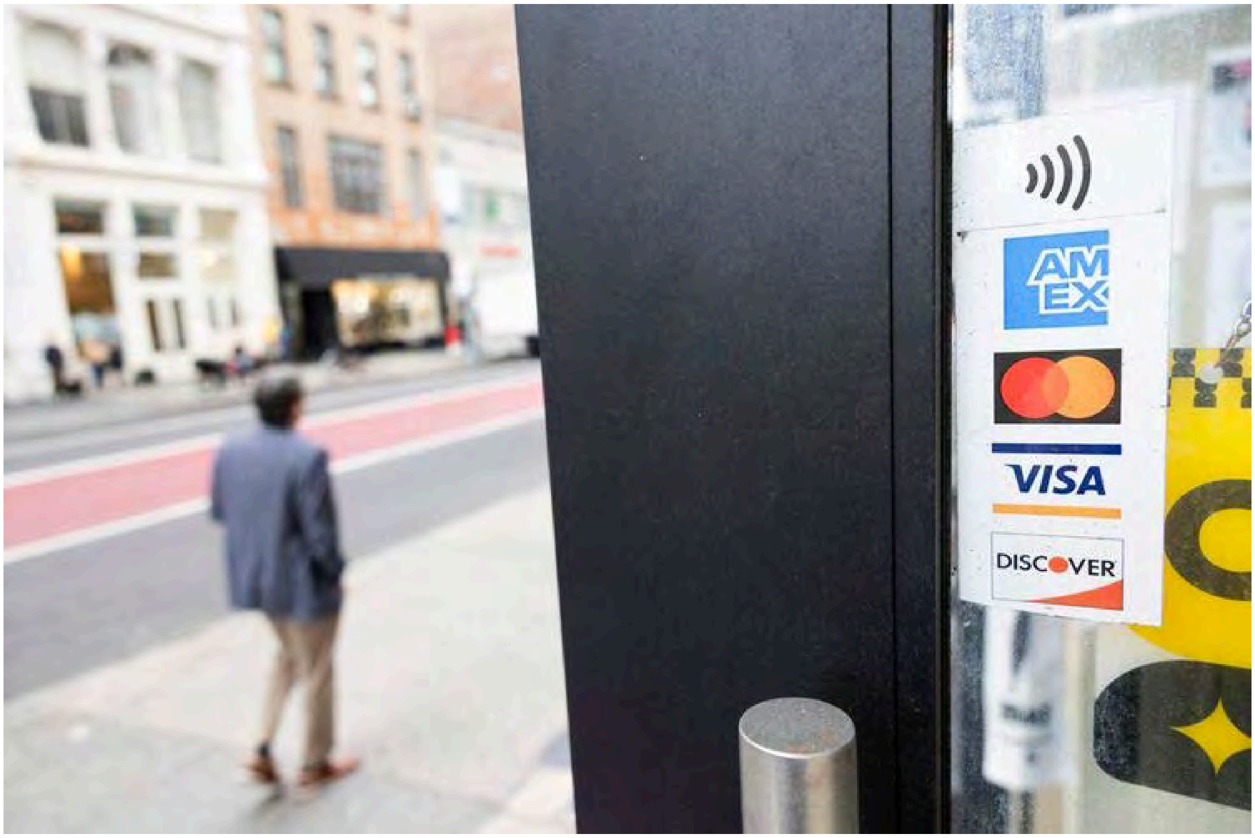
AI Generated

- Visa Inc. and Mastercard Inc. are seeking to settle a long-running lawsuit with thousands of retailers over fees merchants must pay to accept credit cards.
- The proposed settlement, which is over $200 billion, is facing opposition from merchants and lawmakers, including Walmart Inc. and Senator Dick Durbin.
- US District Court Judge Brian Cogan will decide on the settlement, with the deadline for objections set for Dec. 12, and any grievances from large retailers could thwart the settlement process.


Nine years ago, the $5.7 billion sticker price to settle one of the biggest class-action lawsuits ever was rejected . Last year, it climbed to $30 billion, just to be thrown out again. Now, it’s north of $200 billion, and there’s growing doubt even that will be enough to end two decades of fighting.

Visa Inc. and Mastercard Inc. this month took yet another swing at a deal that seeks to end a battle with thousands of retailers – and reshape the fees underpinning the credit-card industry in the process. Yet opposition is already pouring in from merchants and lawmakers.

Making the call will be US District Court Judge Brian Cogan, who took over the long-running case after Judge Margo Brodie last year struck down the earlier settlement, saying that finance firms could afford to take a bigger hit .




A sticker for American Express, Mastercard, Visa and Discover credit cards displayed at a business in New York.
Photographer: Angus Mordant/Bloomberg

At issue are the fees merchants must pay to accept credit cards from consumers, tiny individual amounts that add up to giant costs each year. Should the settlement survive, consumers will have to be on guard for retailers potentially denying premium cards.

"Merchants across the nation oppose this settlement and did not agree to it," said Doug Kantor, an executive committee member of the Merchants Payments Coalition , which opposes the fees on behalf of a group of retailers. "A similar bad deal was rejected by the courts just last year and merchants are looking to the court to reject this one too."

Read More: Judge Likely to Reject $30 Billion Visa, Mastercard Fee Deal

Walmart Inc., the world's largest retailer, indicated via a filing last week that it will likely take court action against the pact.

"Among other things, Chief Judge Brodie previously denied preliminary approval to an earlier settlement proposed by injunctive relief class counsel and Defendants, in large part for reasons outlined in Walmart's opposition to that proposed settlement," the big-box retailer said.

Walmart isn't alone. Other big retailers, via their National Retail Federation trade group, said after the settlement was announced that the card industry "just doesn't get it or just doesn't care." Another collection of merchant trade groups, including NRF, said in a filing last week that they first learned of the settlement when it was filed and are concerned the agreement may alter "the industry in harmful ways that cannot easily be undone."

The National Restaurant Association also criticized the proposed settlement.

"Restaurants epitomize small business — they have the lowest profit margin of any business on Main Street and have the least amount of negotiating power when it comes to an entrenched duopoly," said Sean Kennedy, the group's executive vice president for public affairs.

Visa and Mastercard declined to comment on the latest opposition, but said at the time the latest settlement was announced that it would "provide meaningful relief" to retailers of all sizes along with "more flexibility and options to control how they accept payments from their customers."

Senator Dick Durbin, a Democrat from Illinois and longtime critic of Visa and Mastercard, attacked the latest settlement, accusing the firms and the banks they work with of "lining their pockets" with fees while Americans struggle financially. Durbin successfully capped the amount the firms and the banks can charge to accept debit cards in a provision added to the Dodd-Frank Act in the wake of the 2008 financial crisis.

"Reducing the cost of swipe fees and allowing merchants more choice in which cards they accept should be welcome news," he said in a statement Monday. "However, I believe this settlement falls short."

Read More: Visa Fee Deal Tests If Retailers Will Really Deny Premium Cards

Cogan, a former civil litigator and partner at Stroock & Stroock & Lavan LLP , is now the latest federal judge to preside over the suit, first filed in 2005. He took over the case in early September.

One previous high-profile case Cogan presided over was the 2019 trial of **Joaquín "El Chapo" Guzmán**, who was convicted of leading the deadly Sinaloa drug cartel. Cogan later sentenced Guzman to life in prison. The judge also oversaw the 2022 trial of **Tom Barrack**, who was acquitted of charges that he tried to influence the campaign and presidential administration of his longtime friend Donald Trump as an agent of the United Arab Emirates . Barrack later praised the judge, jury and US legal system.

Read More: Trump Ally Tom Barrack Acquitted in Foreign-Influence Case

Any hints from Cogan about whether he may accept the latest credit-card settlement are unlikely before the end of the year, with the deadline for objections set for Dec. 12.

Any grievances from large retailers could again thwart the settlement process, said **Justin Teresi**, antitrust litigation and policy analyst at Bloomberg Intelligence .

"Since this relief involves a mandatory class and there aren't opt-out rights like in a monetary settlement, the court will likely be concerned with whether all merchants' concerns are adequately addressed," he said.

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Daniel Taub, Jenny Surane

Litigation

Manage Newsletters

# Authors Suing OpenAI Over ChatGPT Want Anthropic Founders' Files

Nov. 21, 2025, 8:59 AM PST


## Summary by Bloomberg AI

AI Generated

- Authors suing OpenAI Inc. asked a court to require disclosure of documents from "key figures" including former OpenAI executives who later founded Anthropic PBC.
- The authors requested that Magistrate Judge Ona T. Wang order OpenAI to search the documents of Jack Clark and Daniela Amodei to address "significant gaps in discovery".
- The authors said including Clark, Amodei, and Tom Rubin as document custodians would not be expensive or time consuming and is proportional to the needs of the case.


Authors suing OpenAI Inc. over how it trained ChatGPT asked a court to require disclosure of documents from "key figures" including former OpenAI executives who later founded Anthropic PBC.

Magistrate Judge Ona T. Wang should order the AI giant to search the documents of Jack Clark and Daniela Amodei—who left OpenAI in 2020 to start the rival AI company—to address "significant gaps in discovery," according to the class plaintiffs' letter motion to compel filed Thursday in the US District Court for the Southern District of New York. The authors also asked to add Tom Rubin, OpenAI's chief of IP and content, as a document custodian in the discovery process, which has proven contentious.

"All three witnesses have unique knowledge of issues central to this case, and because including them would not be expensive or time consuming, this request is proportional to the needs of the case," the authors said in the redacted letter.

The authors have accused OpenAI of illegally downloading their copyrighted books to train ChatGPT and of producing infringing copies of its works in AI outputs.

Clark was OpenAI's director of strategy and communications. While current custodians include employees who know about the selection of datasets the company used to train its AI, Clark "directed the characterization of that use *as a matter of OpenAI policy*," the authors wrote.

Amodei—now the president of Anthropic—was OpenAI's vice president of safety and policy and a "key player in early OpenAI product rollouts," the authors said.

"Ms. Amodei's custodian files uniquely capture OpenAI's public posture in these early days, and what it chose to say (and not say) about the provenance of its training data," they said.

The authors said any burden on OpenAI would be minimal because Amodei and Clark left the company and have no custodial documents more recent than 2020.

Anthropic is tied up in its own copyright litigation, facing suits brought by music publishers and Reddit Inc. The company is also working to finalize a $1.5 billion settlement with a set of authors in a class action in California federal court.

Susman Godfrey LLP; Lieff Cabraser Heimann & Bernstein LLP; Cowan, Debaets, Abrahams & Sheppard LLP; Joseph Saveri Law Firm; Cafferty Clobes Meriwether & Sprengel LLP; and Boies Schiller Flexner LLP represent the class plaintiffs. Keker, Van Nest & Peters LLP; Latham & Watkins LLP; and Morrison & Foerster LLP represent OpenAI.

The case is In Re: OpenAI, Inc. Copyright Infringement Litigation , S.D.N.Y., No. 1:25-md-03143, motion to compel filed 11/20/25 .

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[Class Action](#)

[Manage Newsletters](#)

# Keurig Plaintiffs Lose Class Status Bid in K-Cup Antitrust Case

Nov. 21, 2025, 8:32 AM PST


## Summary by Bloomberg AI

AI Generated

- A federal judge denied class status to direct purchaser plaintiffs who allege Keurig Green Mountain Inc. used its monopoly power to overcharge them for K-Cup single-serve coffee pods.
- Judge Vernon S. Broderick said the plaintiffs didn't meet key federal standards for predominance and typicality, and lack the incentive to prove all the elements of the cause of action.
- The plaintiffs argued that nearly all class members were overcharged on the purchase of at least one K-Cup, but Broderick said they cited no empirical evidence showing that proposed price increases impacted all direct purchasers.


A federal judge denied class status to direct purchaser plaintiffs who allege Keurig Green Mountain Inc. used its monopoly power to overcharge them for K-Cup single-serve coffee pods.

Judge Vernon S. Broderick of the US District Court for the Southern District of New York on Thursday denied the plaintiffs' motion for class certification, saying they didn't meet key federal standards for predominance and typicality.

"I do not find that Plaintiffs have shown through evidentiary proof that common issues predominate as to antitrust impact for the entire class," Broderick said.

The proposed class, which included both businesses and individuals who purchased K-Cups, also failed to meet the typicality requirement because the named plaintiffs lack "the incentive to prove all the elements of the cause of action which would be presented by the individual members of the class if were they initiating individualized actions," Broderick said.

The multidistrict litigation dates to 2014 when plaintiffs first accused Keurig of suppressing competition in the single-serve brewer market by designing its machines to accept only its own K-Cup brand coffee pods.

The company makes a variety of coffeemakers, accessories, and coffee pods. Green Mountain Coffee Roasters Inc. changed its name to Keurig Green Mountain Inc. in 2014.

Broderick in 2021 approved Keurig's $31 million class action settlement with indirect purchasers but left the claims of direct purchasers unsettled.

The direct purchasers sought to represent a class that included retail chains, club stores, food service vendors, and large commercial distributors, which negotiate their pricing with Keurig.

They argued that nearly all class members were overcharged on the purchase of at least one K-Cup and pointed to Keurig's plans to raise prices in 2010 and 2014 to show antitrust impact.

But Broderick said in his order that the plaintiffs cited "no empirical evidence showing that these proposed price increases in fact impacted all direct purchasers, or that even if they were enacted equally across all channels, that some direct purchasers did not negotiate them away."

Keurig is represented by Cleary Gottlieb Steen & Hamilton LLP. The direct purchaser plaintiffs are represented by Robins Kaplan LLP and Motley Rice LLC.

The case In re Keurig Green Mountain Single-Serve Coffee Antitrust Litig. , S.D.N.Y., No. 1:14-md-02542, 11/20/25 .

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News | **Privacy**

# Oracle Slammed With 11 Data Breach Class Actions in Texas

All 11 complaints were filed between Nov. 10 and Nov. 20 in the U.S. District Court for the Western District of Texas in Austin, Texas, where Oracle is headquartered.

November 20, 2025 at 08:48 PM By **Kat Black**

## What You Need to Know

- Oracle was hit with 11 class actions in November over its alleged failure to prevent or provide timely notice about a cyberattack that reportedly affected 29 companies using its software products.
- The complaints accuse Oracle of failing to comply with basic industry standards for cybersecurity.
- Most of the suits list companies affected by the data breach as co-defendants.


**Oracle headquarters in Austin, Texas. Credit: JHVEPhoto/Adobe Stock**

Oracle Corp. was hit with at least 11 class-action lawsuits in Texas federal court this month over its alleged failure to prevent a September data leak that reportedly compromised the personally identifiable information of customers linked to 29 companies that use Oracle's products.

All 11 complaints were filed between Nov. 10 and Nov. 20 in the U.S. District Court for the Western District of Texas in Austin, where the database and cloud computing software provider is headquartered. The claims are backed by Ellzey Kherkher Sanford Montgomery, Federman & Sherwood, Kendall Law Group, Cohen Malad and Strauss Borrelli.

Plaintiffs allege causes of action such as invasion of privacy, breach of fiduciary duty, unjust enrichment, negligence, breach of implied contract and violations of the California Customer Records Act, California Unfair Competition Law and California California Consumer Privacy Act.

According to the complaints, in late Sept. 2025, a ransomware group known as Cl0p—the "public-facing arm" of a threat actor called FIN11—published a list of 29 companies across multiple industries that it had allegedly targeted in a cyberattack through Oracle E-Business Suite, a suite of applications designed by Oracle to help users manage their businesses.

Cybersecurity experts, the complaints said, identified two "previously unknown vulnerabilities"—known as CVE-2025-61882 and CVE-2025-61884—exploited by the cybercriminals, which Oracle appeared to acknowledge in two advisories about the vulnerabilities published on its website on Oct. 4 and Oct. 11.

Plaintiffs accuse Oracle and—in some cases—companies impacted by the cyberattack of failing to "provide timely and adequate notice" of the disclosure of their PII as required by notice statutes under the Texas Business and Commerce Code. In addition, they alleged, the defendants failed to comply with basic industry standards and Federal Trade Commission guidelines for cybersecurity safety protocols, including encrypting customers' PII.

A case captioned *Juan Jimenez v. Milgard Manufacturing LLC* noted that, since 3,205 data breaches were documented in 2023—the highest on record—companies should have already been cognizant of the rapidly escalating risk of cyberattacks long before the September Oracle breach and, accordingly, have implemented the appropriate guardrails to prevent them.

"This is a very typical ... 'hub-and-spoke' situation, where companies relied to a great extent on Oracle," said William Federman of Federman & Sherwood in Oklahoma City, who is representing the plaintiffs in the class action captioned *Baril v. Oracle Corp*. Other co-defendants in the suit include 11 companies affected by the data breach.

These "spoke" companies, he said, are "trying to pretend as if they have no independent responsibility, which is not correct. And that's something we're going to press with the courts—that these companies cannot simply abandon or abdicate their role to their own direct customers."

"Hub-and-spoke" data breach litigation against Big Tech companies like Oracle, he added, will only continue to grow "until the spoke companies fulfill their duty and obligation to their customers. As

I said, you cannot simply abdicate your role and the chain of ownership for the information."

All but one of the 11 suits list the "spoke" companies as co-defendants, with multiple claims targeting window manufacturer Milgard, engineering company GlobalLogic, global technology company Trimble, American Airlines subsidiary Envoy Air Inc., vehicle repair and replacement provider LKQ Corp., infrastructure construction company Mastec Inc. and luxury jewelry designer David Yurman Enterprises.

Oracle did not immediately respond to an emailed request for comment.

*This action was surfaced by Law.com Radar, which delivers real-time alerting on new litigation across more than 2,900 state and federal courts. Click here to get started and be first to act on opportunities in your region, practice area or client sector.*

Bloomberg Law

Manage Newsletters

# ISS, Glass Lewis Broke Florida Antitrust Law, State AG Charges

Nov. 20, 2025, 2:21PM PST

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ISS and Glass Lewis used their position as the top providers of investor voting advice to advance an ESG agenda in violation of Florida antitrust and consumer protection laws, the state alleges in a lawsuit filed Thursday.

Institutional Shareholder Services Inc. and Glass, Lewis & Co. control up to 97% of proxy advice market, letting them push "highly controversial" environmental, social, and governance policies on companies through guidance pension funds and other big investors use when voting their shares at annual meetings, Florida Attorney General James Uthmeier (R) said in a complaint filed in state court.

The lawsuit came after the Federal Trade Commission launched an antitrust investigation into the proxy advisory firms.

"Defendants victimize senior citizens through their actions impacting Florida seniors' retirement accounts and pension funds," Uthmeier said in the complaint.

"We believe the allegations lack merit and will vigorously defend against them," an ISS spokesperson said.

A Glass Lewis representative didn't immediately respond to a request for comment.

The firms have said they provide objective guidance that their customers can use—or ignore.

Republicans and business leaders have long claimed that ISS and Glass Lewis use their market power to advance an ESG agenda that's against investors' financial interest.

The case is Office of the Attorney General, State of Florida v. Institutional Shareholder Services Inc., Glass, Lewis , Fla. Cir. Ct., 11/20/25 .

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Securities
Insight

# SEC Restraint on Shareholder Proposals to Stoke State Competition

Nov. 21, 2025, 1:30 AM PST

Corporate America is entering a proxy season unlike any in recent memory. The Securities and Exchange Commission has announced a major shift in how it will handle shareholder proposals for inclusion in company proxy statements, heightening state competition in the realm of corporate law.

For decades, SEC staff served as the main referee, issuing views on when companies could omit a shareholder proposal. That system placed most of the interpretive weight on federal law, with state corporate law playing only a modest role. That is now poised to change.

SEC Chair Paul Atkins indicated last month that state corporate law should have a greater effect on what topics shareholders may properly ask companies to put to a vote. And the SEC's staff just announced it will weigh in only on questions that turn on state law—specifically, whether a proposal is a proper subject for shareholder action. On all other disputes, companies and shareholders will proceed without SEC staff views.

The objectives are clear: Reduce the costs of being a public company and stimulate capital formation by encouraging more companies to go or to remain public. But the implications run deeper. These developments will further energize competition among states seeking to provide the most attractive corporate law.

The shareholder proposal mechanism—though a small component of US securities regulation—sits at the center of debates about corporate purpose, board oversight, and investor voice. Those are fundamentally matters of state corporate law. Yet many state-based policymakers and practitioners have limited familiarity with how the federal process has worked in practice.

Reactions to the SEC announcements have surfaced two gaps.

First, expertise has been concentrated among a relatively small cadre of federal securities specialists at national law firms, not among state corporate bar leaders who may soon become the key decision-makers.

Second, there is little empirical insight into how corporate "customers"—public companies and their shareholders—regard the current rule or what reforms they would support.

In Delaware, researchers aleready have mobilized to help close these gaps. The principal effort is a large-scale survey sponsored by a diverse national coalition of companies and investors. It will map how the process functions, its benefits and costs, and where participants believe it falls short. Another project examines how state competition in corporate law, revived recently by Nevada and Texas, may intersect with increased state responsibility for shareholder proposal governance.

If states must answer the SEC's invitation to play a larger role, they will confront difficult questions. Which proposals pertain to a corporation's "business and affairs" and merit inclusion? Which stray into issues outside directors' responsibilities, better suited for public debate than corporate ballots? And how should states define boundaries that preserve both shareholder voice and board oversight?

Clear approaches are conceivable. One approach would make the entire topic the subject of private ordering, so company bylaws or charters rule. Another would draw bright-line statutory boundaries, permitting all proposals on voting rights or board structure while excluding proposals on personal political views or similar matters. A middle range could be subject to case-by-case evaluation based on a proposal's relationship to long-term shareholder value.

States could pursue these answers using legislation, agency guidance, or judicial doctrine—informing each with the SEC's decades of precedent. This would set up a new dimension of state-level competition.

Delaware may leverage its established balance of director authority and shareholder rights, supported by the deep expertise in all branches of its government and the private sector. Texas might emphasize business attraction and stock exchange listings and draw sharper statutory limits accordingly. Nevada could focus on economic materiality metrics such as impacts on revenue, assets, or cash flows.

State competition has been constrained by a pervasive sense that a race to the bottom could provoke federal preemption of state corporation law. In the current setting, federal authorities are stoking additional competition. To succeed, states will need data—about history, current market dynamics, and the preferences of companies and investors—to chart the best course.

Among the many experiments now underway at the SEC, this one sits at the crossroads of corporate governance and state charter competition. And it offers states a pivotal opportunity to shape the future of shareholder participation in US corporations.



**Author Information**

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Securities
Deep Dive

# Investors Warn of Backlash if Companies Ignore Shareholder Bids

Nov. 20, 2025, 9:33 AM PST

Shareholders have a message for companies aiming to block their environmental, social, and governance proposals as a business-friendly SEC is suddenly backing off its longtime role of refereeing disputes: watch out.

Investors condemned the Securities and Exchange Commission's Nov. 17 decision to stop advising companies on whether they can bar shareholder proposals in most cases. The move under first-year SEC Chairman Paul Atkins is a blow to shareholder rights and the gutting of a well-trodden, orderly process that investors have long relied on to engage with companies on touchy subjects, they said.

Companies are in uncharted territory, too. Without the SEC's input, they will have to carefully weigh whether they're breaking agency rules to keep investors from voting on certain proposals, said Ferrell Keel, partner at Jones Day. Companies usually sought SEC support before barring resolutions from proxy statements with items for consideration at annual meetings, as the agency can bring cases over wrongly omitted proposals.

"I do not think that companies are just going to blanket exclude proposals," she said. "Whether to exclude a proposal will be an incredibly bespoke decision that is based on a particular company's facts and circumstances."

Lawsuits, campaigns against board directors, and souring investor relations are a few possible outcomes companies face if they unilaterally exclude more resolutions, shareholders said.

"Advisory proposals have been a critical part of corporate governance for decades and decades," said Sanford Lewis, director and general counsel of Shareholder Rights Group. "It's not going to be a good look" if companies start ignoring the resolutions investors bring, he said.

**New Terrain**

Companies for years have asked the SEC for its blessing to keep certain non-binding shareholder resolutions—such as those addressing climate change, social responsibility, and board director terms—off annual meeting ballots. These proposals often fail to garner majority support, but they're seen as a way to alert management and boards to mounting investor concerns.

The SEC under its new policy will only respond to companies' requests for non-binding guidance on whether they can bar shareholder resolutions under Delaware law—and likely receive the agency's blessing. Atkins said last month he has "high confidence" that the SEC will back Delaware companies' plans to block proposals that the firms claim are impermissible under state law.

All other corporate inquiries on exclusion won't get an SEC response. But the agency said it will send a letter when requested saying it doesn't object to companies that omit resolutions from their proxy statements.

Costco Wholesale Corp., Visa Inc., and at least 10 other companies were waiting for agency guidance on whether they could block resolutions on their climate and inclusion commitments and other matters when the government reopened last week. One of those companies, Air Products and Chemicals Inc., on Wednesday became the first to receive an SEC letter saying the agency didn't object to the hydrogen supplier's plans to bar a proposal.

The SEC had faced concerns from companies and investors that the process was unfair, even though agency staff tried to be neutral arbiters in the disputes, which included fights over environmental and social resolutions, said Erik Gerding, who led the agency division handling shareholder proposal guidance during the Biden administration.

"When you're dealing with these kinds of subject matters, it gets very heated," said Gerding, a Freshfields partner.

**Lawsuits, Alternative Routes**

Federal rules, not SEC staff guidance, ultimately govern which proposals can be excluded from company ballots. When the agency weighs in, its judgment isn't legally binding—a court could disagree if a shareholder sues—but it at least assures companies that they don't have to worry about enforcement from the SEC itself.

Shareholder lawsuits over excluded proposals are rare: Only about 30 have been filed since the 1960s, though that number could increase now, Keel said.

Not all shareholders will have the funds to sue over excluded proposals. But some larger ones, such as pension funds, might. Similarly, not all companies will have the risk appetite to exclude more proposals, Keel said. In fact, some might default to including proposals on the ballot.

The vast majority of shareholder proposals are non-binding, meaning companies don't have to implement them even if they get majority support at annual meetings. But with the SEC's pivot, shareholders could start submitting more binding proposals, which would have to be written into company bylaws, Lewis said.

Investors could also submit proposals using companies' own advanced notice bylaws, which allow proponents to submit resolutions pursuant to state law, Keel said. The American Federation of Labor and Congress of Industrial Organizations, or AFL-CIO, used this tactic to submit five shareholder proposals to Warrior Met Coal Inc. last year.

Whether companies can legally exclude proposals submitted using advanced notice bylaws is "uncharted territory," Keel said. But they should look into whether they can reconfigure bylaws to guard against this strategy in the first place.

**New Test Emerges**

Agency staff's traditional umpiring of proposal exclusions was a "vital tool" for ensuring that shareholders' voices were heard before companies blocked their ideas, New York City Comptroller Brad Lander said in an emailed statement.

"The SEC chose to abdicate its core duty to protect shareholders by allowing companies to decide for themselves whether they can keep shareholder proposals off their proxies," he said. "At a moment when transparency and the regulation of public companies is paramount, shareholders deserve an SEC that will step up—not aside."

Some investors say they still expect companies to engage meaningfully with shareholders, regardless of whether the SEC is refereeing the process.

Timothy Smith, senior policy advisor at the Interfaith Center on Corporate Responsibility, says his organization will keep filing proposals and working with companies to seek changes. Even now, about one-third of proposals are withdrawn after fruitful discussions with a company, Smith said.

"We expect investable companies to have rules of the road to treat shareholders appropriately," said Danielle Fugere, president and chief counsel of progressive shareholder group As You Sow. "I think this is a test."

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Securities

# SEC to Drop Controversial SolarWinds Cyberattack Lawsuit

Nov. 20, 2025, 1:53 PM PST

The US Securities and Exchange Commission will drop its landmark lawsuit against SolarWinds Corp. that accused the company of covering up internal problems ahead of a massive cyberattack.

The SEC, the software company and its top information security official jointly asked a federal court in Manhattan to end the case, according to an agreement filed on Thursday. The agency and Solarwinds in July said they had reached an agreement to settle the allegations.

The agency said the decision to seek dismissal is "in the exercise of its discretion" and "does not necessarily reflect the Commission's position on any other case." A SolarWinds spokesperson said the company was "clearly delighted" with the dismissal.

The move ends a controversial case for the SEC, which faced criticism from Wall Street and beyond that its allegations against SolarWinds went far afield of the agency's typical enforcement remit. SolarWinds also slammed the agency, accusing the SEC of twisting facts to expand its regulatory turf to cybersecurity.

The SEC sued the Texas-based firm in October 2023, saying it blindsided investors by downplaying the risks leading up to a data breach that affected hundreds of public companies and several federal agencies. The regulator alleged securities fraud and controls violationsand also accused the company's chief information officer, Timothy Brown, of breaking securities laws by minimizing the hack. It was the first time the SEC sued a computer security executive for a cybersecurity-related issue.

The SEC at the time said the firm failed to maintain adequate controls and shared general, hypothetical risks about cyber threats in its financial statements when serious problems were ramping up behind the scenes.

A federal judge in July 2024 dealt the agency a major blow by dismissing much of the SEC's lawsuit against the firm, including some claims against Brown. The judge also dismissed allegations that the firm violated decades-old accounting rules in connection with the hack.

Although Solarwinds disclosed the hack in December 2020, Russian state-sponsored hackers breached the company's networks as early as January 2019, according to investigations into the attack. When customers installed an update to a popular piece of SolarWinds software, they inadvertently opened a digital door that let hackers sneak into their networks.

The SEC alleged that SolarWinds and Brown were warned of weak cybersecurity within the company, but that they painted a rosier picture to investors. The agency said that the company and Brown were regularly alerted to security deficiencies, with Brown writing in an internal presentation in 2018 that the "current state of security leaves us in a very vulnerable state for our critical assets."

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Anthony Aarons

# Cornerstone Research: SEC Public Company Enforcement Actions Decline

**dandodiary.com**/2025/11/articles/securities-enforcement/cornerstone-research-sec-public-company-enforcement-actions-decline

Kevin LaCroix November 20, 2025

CORNERSTONE RESEARCH

In a recent post, I noted the significant downturn in the amount of SEC enforcement activity during the 2025 fiscal year (ended September 20, 2025). What was true FY 2025 with respect to SEC enforcement activity in general was also true in particular with respect to SEC enforcement activity involving publicly traded companies. According to a new report, SEC enforcement activity against public companies and their subsidiaries also declined significantly during FY 20225. The report, written by Cornerstone Research in conjunction with the Securities Enforcement Empirical Database (SEED) of the NYU Pollack Center for Law & Business, contains a number of interesting observations about the level of enforcement activity in the agency's final days under outgoing SEC Chair Gary Gensler, compared to the activity levels under the agency's current Chair, Paul Atkins.

The report, which is entitled SEC Enforcement Activity: Public Companies and Subsidiaries: Fiscal Year 2025 Update," can be found here. Cornerstone Research's November 19, 2025 press release can be found here.

The report is based on the authors' analysis of the SEED database, which includes SEC enforcement data for the period FY 2010 through FY 2025. The SEED database identifies 1,049 SEC enforcement actions initiated against 893 public companies and subsidiaries between October 1, 2009, and September 30, 2025.

According to the report, there were a total of 56 SEC enforcement actions initiated against public companies and their subsidiaries in FY 2025, compared to 80 actions against public companies and their subsidiaries in FY 2024, representing a decline of 30%.

However, the full fiscal year numbers only tell part of the story. In assessing the level of FY 2025 SEC enforcement activity, it is important to distinguish between the final months of the Biden administration and the initial months of the current Trump administration during the fiscal year and (that is, between the beginning of the FY 2025 fiscal year on October 1, 2024, and January 19, 2025, the date before President Trump was inaugurated).

Viewing the FY25 enforcement data in this way produces some startling results. As the report details, while the SEC filed 52 enforcement actions against public companies and their subsidiaries in the final months of the Biden administration, the SEC filed only four new actions against public companies in their subsidiaries in the first months of the current Trump administration.

The 52 actions filed in the final months of the Biden administration, under outgoing SEC Chair Gary Gensler, was the highest number under an outgoing SEC chair since at least fiscal year 2013. The four actions initiated under the new administration is the lowest level under an incoming administration since at least fiscal year 2013.

The report also provides some other startling observations about the drop off in the number of public company enforcement actions during FY25. Among other things, the report notes that there were only three public company enforcement actions initiated in the second half of FY25, the lowest half-year total in the SEED database. The lowest prior half-year total was 19, in the second half of FY 2017. The two actions initiated in the fourth quarter of FY25 represented the lowest quarterly number in the SEED database, compared to the prior low of six in the fourth fiscal quarter of FY 2011.

The report notes that the decline in the total number of public company actions initiated by the SEC between FY24 and FY 25 is "consistent with the general pattern for other fiscal years when the SEC administration changed." The report quotes a statement by NYU Law Professor Stephen Choi as saying that while the SEC experienced a "sharp decline" in public company enforcement activity under then new administration, it "remains to be seen if this lower level holds."

Along those lines, in trying to understand and explain the decline in the number of public company enforcement actions during FY25 (and in particular during the latter part of FY25), the report states that "the reduced enforcement activity in FY 2025 under Chair Atkins may be in part due to the high number of actions early in the fiscal year under Chair Gensler as well as the change in SEC priorities and in the timing of the appointment of a new Director of Enforcement" – that is, former Military Judge Margaret "Meg" Ryan, who was sworn in on September 2, 2025. The report notes that enforcement activity "could see a boost" as Ryan "has more time in her role and Chair Atkins's priorities are more firmly established."

Not only did the number of public company enforcement actions initiated decline in FY25, but the value of monetary settlements during the fiscal year decline as well. The was a total of $808 million in monetary settlements in public company enforcement actions in FY 2025, the lowest fiscal year total since FY 2012 (when there was a total of $752 million). The FY 2025 settlement total of $808 million is about 46% below the FY 2024 total of $1.5 billion. The FY 2025 total is also less than half of the FY 2016 – FY 2024 annual average total monetary settlements of $1.9 billion.

The report also notes that the FY 2025 monetary settlements total of $808 million is lowest annual total in the SEED database in a year in which there was a chance in the SEC administration. For example, and by way of comparison, the total monetary settlements in FY 2021 (the last fiscal year in which there was a change of administration), the total monetary settlements in public company enforcement actions was $1.834 billion.

*Discussion*

The report's analysis is, as a general matter, interesting and informative. However, the report's analysis based on a breakdown between the final months of the agency's actions in the final months of the Biden administration and the first months of the current Trump administration is particularly instructive.

The incredibly small number of new public company enforcement actions during the first months of the Trump administration is so low that it is basically impossible to discern any patterns in the agency's approach under the current administration. With so few new actions, there is basically no point to trying to identify the current administration's public company enforcement priorities. However, along those lines, the press release does quote from the May 2025 statement by Paul Atkins that the agency under his administration would "return" to the "core mission that Congress set" for the SEC — prioritizing "protecting investors; furthering capital formation; and safeguarding fair, orderly, and efficient markets."

Interestingly, in attempting to discern the reasons for the steep drop off in new public company enforcement actions, the report basically attributes the entirety of the drop off to the change in administration and the delay in the appointment of the new head of the Enforcement Division. Unlike the separate report I [discussed in a post earlier this week](), in which the authors attributed the decline in SEC enforcement activity at least in part to the huge drop off in the number of total employees at the agency, this report literally makes no mention of the vast shrinkage in the number of agency employees.

It may well be that the most important factors in the decline in the number of public company enforcement actions are the change in administration and accompanying change in priorities. However, I do not think that the dramatic decline in the number of SEC employees can be disregarded. A sudden decline in head count of nearly 25% would affect activity at any organization, and I find it implausible that the headcount reduction at the SEC has not seriously affected the agency's activity. (My own conversations with former SEC employees tells me that operations at the agency have been disrupted; "chaotic" is a word I have frequently heard to describe the current atmosphere in light of the dramatic head count reduction).

It may well be that once the new Enforcement Division head gets up and running (which ought to kick in just about any day now) we will see greater activity and priority patterns will begin to emerge. That of course remains to be seen.

Securities

# Matt Levine's Money Stuff: Predict the Sneakers

Nov. 20, 2025, 11:00 AM PST

**Everything exchange**

We talked yesterday about a partnership between Kalshi Inc., the prediction market, and StockX, the sneaker market, to offer prediction markets on sneakers and other collectibles. Now you can go on StockX and buy ASICS Gel-1130 "Black Pure Silver" sneakers for $125, or you can go on Kalshi and pay 80 cents for a contract that pays $1 if the average price of ASICS Gel-1130 "Black Pure Silver" sneakers on StockX this month is above $120, or $0 if it is below that price.

If you buy the sneakers on StockX, you get the sneakers. If you buy the contract on Kalshi, you don't get the sneakers, but you get a pure financial bet: If the price of the sneakers averages more than $120 this month, you get a 25% return on your money. If you want the sneakers, buy the sneakers. If you have differentiated skill at predicting sneaker prices, buy the … well, I mean, if you have a lot of sneaker price prediction skill, and you think the sneakers will go up to $175, you could buy the sneakers now for $125, sell them later for $175, and make a 40% return on your money. But that requires $125 of capital and also, like, shipping the sneakers back and forth; buying the Kalshi contract is a simpler and cleaner bet. It isolates your price-predicting skill in a pure abstract financial trade; you don't have to mess around with the sneakers.

One point I made yesterday is that it is not an especially *good* way to structure the abstract bet. The intuitive way to structure this bet is as a regular futures contract: You agree today to buy the sneakers in a month for $125, and then if the sneakers trade at $175 in a month you cash out the contract for a $50 profit, without ever (1) paying the $125 or (2) sending or receiving any sneakers. If the sneakers trade at $150 you make a $25 profit, if they trade at $110 you make a $15 loss, etc.; your profit is a linear function of the final trading price. That is how most financial trades — stocks, commodity futures, etc. — work; you *could* buy a binary option on a stock that pays out $1 if the stock trades above $120 in a month and $0 if it trades below $120, but that would be kind of an odd thing to do. The normal thing to do is buy the stock if you think it's underpriced, and then hope it goes up.

Kalshi's sneaker contracts are not structured that way. I suggested several reasons why not, including (1) the weird regulatory history that got us to Kalshi's current status as a regulated event-contract exchange and (2) that it's easier to manage margin requirements for binary yes/no contracts than for regular futures contracts. Another reason, though, is that if you offer traditional futures contracts on sneakers, you might want to offer *physical settlement:* If I sell a sneaker futures contract for $125, I might want to be able to deliver the actual sneakers when it expires. (This is not strictly necessary, and some commodity futures are cash-settled-only, but it is common.)

The traditional way to do this in commodities futures markets is with a system of bonded warehouses. " Abstract commodity space," I call this system: You can trade, say, nickel futures entirely electronically, and you can settle the futures by delivering receipts entitling the buyer to some nickel stored in some warehouse affiliated with the commodity exchange. If you *want* you can take the nickel out of the warehouse and use it to make stuff, but *normally* people just leave the nickel in the warehouse and trade the warehouse receipts back and forth. And I made some mild jokes about settling Labubu futures contracts by delivering warehouse receipts entitling the recipient to a box of Labubus on a shelf somewhere.

A couple of readers reminded me that StockX actually went down that path before. In early 2022, StockX announced a new "vault" service to achieve exactly this: You could trade sneakers on StockX in abstract financial markets, without having to send or receive actual sneakers, because the sneakers stayed in StockX's vaults. But you *could* take delivery — you could take your sneakers out of the vault — if you wanted to, which was both good customer service (you could wear the sneakers) and also an arbitrage mechanism (if the prices of sneakers on the abstract market diverged too much from the prices of actual sneakers, you could arbitrage between them by buying cheap abstract sneakers and converting them into real sneakers, or vice versa). Here is a lightly edited quote from StockX's 2022 announcement:

Today, we're launching Vault [*trading*], an experience where our customers can invest in [*financial contracts*] tied to physical products and trade them instantly with lower fees. We believe that the physical items that trade on our platform are part of a new alternative asset class. ... The buyer of a StockX Vault [*contract*] will also own the corresponding physical item including the opportunity to take possession of it at any time. The physical products tied to our Vault [*contracts*] are stored in our own secure, climate-controlled facility. ...

Vault [*contracts*] will help unlock new trading opportunities, reimagining what is possible when it comes to investing in current culture on StockX. By bridging the physical and digital worlds, we're able to provide a more efficient trading experience anchored by lower costs and storage capabilities — a buyer no longer has to wait several days before they can resell a product, and they don't have to pay the fees associated with multiple legs of shipping and physical authentication.

Makes sense! Sadly, the words that I have edited out in that excerpt are mostly "NFT." In 2022, when StockX asked itself "how can we let people trade sneakers electronically," the answer it came up with was "of course with nonfungible tokens on the Ethereum blockchain." The announcement went on:

We're excited about our digital future — a future where NFTs can be bought and sold across multiple platforms and paid for with cryptocurrency; a future harnessed by new NFT products that empower the creator economy; and a future where web3 unlocks marketplace efficiencies and new experiences for our global community.

Embarrassing for all concerned! This also ran into another problem, which is that Nike Inc. sued StockX, arguing that the NFTs were "unauthorized digital products based on its sneakers." An NFT, in the thinking of 2022, was not simply *the right to receive a sneaker*. An NFT, in the thinking of 2022, was its own separate cultural product, distinguishable from the underlying sneaker: Owning a receipt to the sneaker on the blockchain might be worth *more* than the underlying sneaker, for mysterious blockchain coolness reasons. The NFT was its own digital product that got its value from Nike's cultural cachet and branding, and Nike wanted a cut. That lawsuit was only settled this September; the terms of the settlement are confidential, but StockX apparently discontinued its Vault service in October. And, while the Vault webpage is still online, it now includes this disclaimer:

The purpose of Vault NFT is solely to track the ownership and transactions in connection with the associated product. Vault NFTs do not have any intrinsic value beyond that of the underlying associated product. The associated product is subject to StockX's own authentication process. The Vault NFT is not affiliated or associated with, sponsored by, or officially connected to any third-party brand or any brand subsidiaries or affiliates.

That is, these are just warehouse receipts, not separate digital products.

The point that I want to make is that, in 2022, StockX thought "we have an online exchange for trading sneakers. A lot of people want to speculate on sneaker prices, and we are giving them that opportunity. But a lot of people who want to speculate on sneaker prices might *not* want to deal with the physical process of shipping and receiving sneakers. If we just kept the sneakers in our vaults, we could make the abstract financial speculation much more efficient, which would be good for sneaker speculators and also for our margins."

And after having this perfectly normal and sensible thought process, StockX went on: "So of course we should do NFTs." NFTs, in 2022, were the exciting new way to offer abstract electronic bets on physical objects. Actually NFTs, in 2022, were the exciting new way to offer abstract electronic bets on all sorts of things. You could trade NFTs "of" physical objects, but you could also trade NFTs "of" entirely online art, or NFT's "of" pure abstractions.

In 2025, that's prediction markets. In 2025, when StockX wants to allow abstract trading of sneakers, it launches contracts on Kalshi. In 2025, the general-purpose way to do abstract financial speculation is, increasingly, prediction markets. "The word *kalshi* means 'everything' in Arabic," and that gives you a sense of Kalshi's ambitions: Anything that you can think of, you can turn into a financial bet. Yesterday the Information reported that Coinbase is preparing to launch a prediction market powered by Kalshi, as "part of its broader plan to become an 'everything exchange.'"

I often point out that, actually, people don’t *want* to bet that much on *everything*. They want to bet mostly on:

1. Stocks, and
2. Sports.

There are important regulatory barriers, in the US, to using prediction markets to bet on stocks: A bet on stocks is a “security-based swap,” and security-based swaps are heavily regulated and can’t really be offered to retail investors by exchanges like Kalshi or Coinbase. (Yesterday Bloomberg’s Joe Weisenthal asked on X “Why aren’t there @Polymarket futures of private company valuations,” and I *think* this is why, though one can never be sure.)

There are also important regulatory barriers, in the US, to using prediction markets to bet on sports, or there were anyway: Prediction markets are regulated as commodity futures exchanges, and the US Commodity Futures Trading Commission’s rules prohibit them from listing contracts related to “gaming.” But everyone — at Kalshi and Polymarket but also at the CFTC — has decided not to worry about this rule, so now prediction markets are largely for sports betting.

But while *I* cynically go around saying that “‘prediction markets’ is a polite way to say ‘sports gambling,’” everyone *else* seems to think of them as everything exchanges. Bloomberg’s Annie Massa, Katherine Doherty, Isis Almeida and Lydia Beyoud report today on “a dizzying frenzy of deals that has been announced over the past two months, turning prediction markets from fringe experiment into one of the hottest trends in both Silicon Valley and Wall Street”:

Participants are betting that “event contracts” — financial instruments that allow wagers on outcomes in politics, sports and more — can sidestep decades-old rules separating gambling from finance. Proponents promote them as a new way to forecast the future and potentially reshape markets themselves.

The opportunity — and the risk — took center stage this week in Chicago, where [Intercontinental Exchange CEO Jeffrey] Sprecher and other executives gathered for a major trading and derivatives conference. Tarek Mansour, the CEO of Polymarket’s main rival, Kalshi Inc., made an appearance in which he teased several upcoming deals and boasted that prediction markets would become a “trillion-dollar” industry competing with the biggest asset classes.

The scramble to secure investments and strike alliances includes some of the world’s biggest exchanges, gambling giants, trading platforms, VC firms, crypto outfits, pro sports leagues — even the Trump family’s media company. All are trying to stake a claim in a highly contested legal gray zone.

After that the article is *mostly* about sports gambling, but that’s not the point. Prediction markets today are arguably what crypto was in 2021, an inchoate but promising way to speculate electronically on everything. Do we *need* a way to speculate electronically on everything? Apparently.

**Legal bills**

We talked last year about federal criminal charges against New York City Mayor Eric Adams for allegedly taking bribes in the form of business-class flights on Turkish Airlines. I argued that this was an inconvenient currency for bribes: Business-class flights on Turkish Airlines are nice if you fly to Turkey a lot anyway, but the mayor of New York does not, and the indictment is full of hilarious messages in which Adams contemplates flying from New York to Paris or Easter Island (!?!) via Istanbul. And of course Eric Adams does lots of stuff besides flying: He goes out to restaurants and members' clubs, and business-class flights on Turkish Airlines are useless to fund his terrestrial lifestyle. It is hard to turn business-class flights on Turkish Airlines into a general-purpose currency to pay for everything else.

It is an interesting general problem, though. If someone else will pay for your X, for some X, can you turn that into a general subsidy for your lifestyle? It depends on the X, and on your lifestyle, and how creative you are.

One promising possibility is legal fees. If someone agrees to pay all of your legal fees, without limit, how much of your lifestyle can that cover? You might naively think "very very little": For most people, legal fees are a small and undesirable part of their budget, and it doesn't sound like legal fees would cover rent or food or clothing or medical care or school tuition or flights to Istanbul or any of the other expenses that most people incur in their daily lives.

But big law firms are in the business of (1) providing holistic and attentive client service and (2) billing the client for it. If you go to your lawyers' office to negotiate a deal or prepare for a trial, and you're there all day, your lawyers will probably order lunch, for you and for them. They will put the lunch on their firm's credit card, and later their firm's accounting department will send them the bill, and they will write your client code on the bill, and the accountants will add it to the invoice that they ultimately send to you. You'll ultimately pay for the lawyers' time, plus the lunch, for you and for them. Or, if someone else is paying your legal bills, someone else will pay for your lunch. You have turned legal fees into lunch. Of course if you're at your lawyers' offices all day, you (or someone) is probably paying tens of thousands of dollars for the lawyers' time, and like $15 for your sandwich, so this is a wildly inefficient way to get lunch. But (1) you don't care; it's somebody else's money and (2) you might as well ask them to get you a really nice lunch. Like, don't order in sandwiches; take you out to Le Bernardin.

So that's lunch sorted. How much further can you go? I think if you show up at a big law firm's office for a court date wearing sweatpants, and you ask your lawyer "hey could you real quick send someone out to buy me a suit," the lawyer won't bat an eye. Some paralegal will run out and buy you a suit, and it won't be the first time that has happened, and it will quietly get added to your bill.

If you casually mention that you want to discuss your case at the Super Bowl, etc.

Ron Lieber writes about the legal bills that Frank founder Charlie Javice ran up in defending herself against criminal charges that she defrauded JPMorgan Chase & Co., bills that JPMorgan was on the hook to pay:

What would you do if the federal government wanted you in jail and Jamie Dimon was paying your legal bills?

Here's what Charlie Javice did: She spent money on luxury hotel upgrades, extravagant meals and cellulite butter, a personal care product that some people use to treat their skin, as a lawyer for the bank said in a hearing on Friday.

Then, she sent the receipts to the bank.

All told, Ms. Javice has spent more than $60 million — and counting — on her defense, according to recent legal filings. … JPMorgan said in a filing last month that Ms. Javice engaged five separate law firms, and that she and her lawyers have treated the original ruling forcing the bank to pay for her defense as a "blank check to bill and expense whatever they please." ...

In response to a request for comment about the cellulite butter, the hotel upgrades and the meals, a spokesman for Ms. Javice said, "Charlie says she has nothing to do with that and it's a ridiculous allegation."

She was convicted and sentenced to seven years in prison, so in a sense she did not get a ton of value for JPMorgan's money, but then she did not have a ton of incentive to get value for the money.

**Carry**

My basic story of private equity is that, within living memory, people *discovered* it. In the 1950s, nobody was borrowing lots of money to do leveraged buyouts of public companies; in the 1980s, several people were. In the 2020s … I don't want to say "everybody is doing that," but it is the case that there are multiple gigantic publicly traded financial institutions that each control hundreds of billions of dollars of assets and that are doing that. It has been *normalized*.

In this story, you might assume that the low-hanging fruit was plucked first. People who did leveraged buyouts in the 1980s made dynastic fortunes by buying the most undervalued companies with the most leverage and selling them at huge profits. People who did leveraged buyouts in, like, 2021 were buying companies in an efficient and competitive market, and are now hoping to sell them back in an efficient and competitive market. There is less juice to be squeezed out of them, and private equity firms seem to be having a hard time exiting their deals and returning money to investors.

This has always been a business that paid people on a lag. If you work in private equity, you get a nice paycheck, but the real money is in "carry": Your fund buys some companies, it holds onto them for a while, it sells them back into the market, and you get a cut of the profits. In the olden days when private equity bought low and sold high and had lots of leverage, those profits were very large and people got rich, and so new generations of young people got into private equity to get similarly rich. But now there is less juice and it takes longer to squeeze: Exits are delayed, and they might not be as good as they were in the golden age.

One advantage of paying people on a lag is that they are loyal: They have to stick around to get their carry. But that may not be true anymore. At the Wall Street Journal, Miriam Gottfried reports:

Usually, the bigger the private-equity firm, the bigger the payday. But with the industry struggling to profitably unload companies, many employees are heading for the exits, opting for jobs at smaller firms where they are betting they will be able to earn more.

A key form of compensation is driving the moves, with midlevel employees at big prestigious firms leaving potential paydays worth millions of dollars on the table. They are worried about when and if their carried interest, or "carry"—pay tied to the performance of their deals—will materialize.

"The golden handcuffs aren't so golden anymore," said Stephanie Geveda, who previously oversaw business-services investing at private-equity firm Warburg Pincus. "Top talent is doing the math and realizing that a piece of a smaller fund that actually performs beats a theoretical windfall that may never materialize." …

One vice president who left a job this spring at a big firm to go to a small, sector-focused firm said he left in part because he was losing confidence that his carry would ever materialize. Eventually, it got to the point where his uncertainty about receiving it outweighed the amount he stood to earn, he said. Private-equity employees used to aspire to own their own jets, but now they just want to be able to afford their kids' private-school tuition, he said.

"When people's perceived value of their carry goes down, mobility goes up," said Hugh MacArthur, chairman of the global private-equity practice at consulting firm Bain & Co.

Yes that is the natural evolution of a lot of industries: If you're early to carve out an unexplored new niche, you get a jet; if you're late, you get a prestigious job that pays for private school tuition. But you got into the business because you wanted the jet.

**Crooked**

If you are a co-founder of a THC drink company called Crooked Beverage Co., are you more or less likely than the average company co-founder to steal money from the company? My intuition is neither: My intuition is that having the word "Crooked" in the company name does not indicate anything one way or another about how crooked the founders are. But maybe that's wrong. Maybe you think "with a name like 'Crooked,' my investors will be keeping a close eye on me, so I'd better not steal anything." Maybe you think "with a name like 'Crooked,' my investors surely can't complain if some money goes missing, so I'd better steal some money." I don't know. Anyway a data point:

The co-founder of a Minnesota-based THC drink company is accused of embezzling tens of thousands of dollars from the business for personal expenses.

Christian Schenk, 46, was charged last month with one count each of theft by swindle and theft, according to court documents filed in Hennepin County.

Schenk is referred to in court documents as the “former co-founder” of Crooked Beverage Company. Charges say former Minnesota House Majority Leader Ryan Winkler, another co-founder, reported to authorities that Schenk had been making personal purchases using the company's Square account. …

In an interview with investigators, Schenk said he was “super pissed” and took the money to offset what he believed Crooked Beverage owed him, according to court documents.

See, he thought they were crooked, so.

**Things happen**

Nvidia's Upbeat Forecast Soothes Fears of AI Market Bubble. OpenAI Era Pushes Old-School Stock Analysts Into Private Markets. Blue Owl Money Machine Sputters in Face of Private Credit Cracks. Tower Research is quietly recruiting top quants using hedge-fund style deals. HSBC Overhauls Trading Business in Bid to Become Debt Powerhouse. McKinsey Keeps a Lid on Size of New Partner Class. Meta's Chief AI Scientist to Depart for New Venture. Musk's xAI and Nvidia to Develop Data Center in Saudi Arabia. Ellison overtures for Warner Bros kick off bidding war. Christian tech group tests investors' faith in AI deals on Wall Street debut. Wall Street Wants Everyone Using AI Except Its Job Applicants. The Tiny Dogs That Can Pull 100 Times Their Weight.

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1. Prices current as of about 11 a.m. today. The spot price is for size 11; the futures price is an average of all sizes.
2. Also, when I say “you could,” I mean something like “a hedge fund could call up a bank and get it to write an over-the-counter binary option like this.” It's not a listed product or anything. Yet.
3. A third reason might be one of software engineering: Kalshi's system is set up to offer yes/no bets on presidential elections and sports and whatnot, so it might be annoying to add continuous contracts.
4. People who fly a lot for work have various ways to turn the associated airline miles and credit-card points into terrestrial spending, but I'm not sure how that works if the flights are bribes, and anyway it's pretty inefficient. You have to fly to Istanbul a lot to pay the membership fees at Zero Bond, etc.

Securities

# Vegas and Wall Street Collide in Prediction Market Gold Rush

Nov. 20, 2025, 5:00 AM PST

The intimate meal, 60 floors above New York's financial district, brought together a pillar of the Wall Street establishment and a young crypto upstart.

The host, billionaire septuagenarian Jeffrey Sprecher, CEO of Intercontinental Exchange Inc., the owner of the New York Stock Exchange, arrived in a suit. His guest, 27-year-old Polymarket founder **Shayne Coplan**, walked in wearing a T-shirt, carrying a disposable water bottle and a paper bag from a bakery.

Over dinner at Manhatta, a high-end Danny Meyer restaurant, Sprecher admitted he'd never used Coplan's crypto-powered prediction market — it was still closed to US customers at the time. But Coplan's pitch stuck: a new kind of exchange that makes it possible to bet on politics, sports, culture and just about anything else.

"In 20 minutes, I realized they were onto something," Sprecher said in an interview. "What they had designed was very profound."

The investment — of as much as $2 billion — that ICE committed to after that meal was one in a dizzying frenzy of deals that has been announced over the past two months, turning prediction markets from fringe experiment into one of the hottest trends in both Silicon Valley and Wall Street.

Polymarket founder Shayne Coplan, right, and Intercontinental Exchange CEO Jeff Sprecher at the New York Stock Exchange on Nov. 13.
Photographer: Michael Nagle/Bloomberg

Participants are betting that "event contracts" — financial instruments that allow wagers on outcomes in politics, sports and more — can sidestep decades-old rules separating gambling from finance. Proponents promote them as a new way to forecast the future and potentially reshape markets themselves.

The opportunity — and the risk — took center stage this week in Chicago, where Sprecher and other executives gathered for a major trading and derivatives conference. **Tarek Mansour**, the CEO of Polymarket's main rival, Kalshi Inc., made an appearance in which he teased several upcoming deals and boasted that prediction markets would become a "trillion-dollar" industry competing with the biggest asset classes.

The scramble to secure investments and strike alliances includes some of the world's biggest exchanges, gambling giants, trading platforms, VC firms, crypto outfits, pro sports leagues — even the Trump family's media company. All are trying to stake a claim in a highly contested legal gray zone.

In one case, Polymarket and Kalshi entered into a bidding war to win a partnership with the National Hockey League when it was considering becoming the first professional sports league to officially cooperate with prediction markets, according to people familiar with the negotiations. Eventually, both exchanges paid up to secure the deal.

The NHL declined to comment on the details of the talks. Representatives for Polymarket and Kalshi declined to comment for this story.

## Tie-Ups Proliferate in Prediction Markets

| Deal | Details | Date |
|---|---|---|
| ICE + Polymarket | NYSE parent ICE agrees to invest up to $2 billion in Polymarket | Oct. 7, 2025 |
| DraftKings + Railbird | Sportsbook operator DraftKings acquires Railbird, a licensed exchange, for use in prediction markets | Oct. 21, 2025 |
| NHL + Kalshi, Polymarket | National Hockey League strikes licensing partnership involving data and logos with both prediction markets. | Oct. 22, 2025 |
| Trump Media + Crypto.com | President Trump's social media company says it plans to launch prediction market with Crypto.com | Oct. 28, 2025 |
| CME Group + FanDuel | CME and FanDuel say they plan to launch new prediction market in December | Nov. 12, 2025 |
| Coinbase + Kalshi | Coinbase agrees to safeguard some Kalshi crypto assets | Nov. 13, 2025 |
| PrizePicks + Polymarket, Kalshi | Fantasy sports platform says it will offer Kalshi event contracts a few days after announcing a similar deal with Polymarket | Nov. 14, 2025 |

Source: Company statements, filings

Bloomberg

### Regulatory opening

The recent agreements have helped Kalshi boost its valuation to more than $10 billion, from $2 billion in June. Polymarket has followed a similar parabolic ascent and it is now looking to raise additional funds at a valuation over $12 billion — more than 10 times what it was worth just months ago.

Even before the Polymarket investment was announced, ICE and Kalshi had held informal talks, but they never resulted in a deal, people familiar with the matter said. A representative for ICE declined to comment.

Both Kalshi and Polymarket are racing to gain legitimacy and scale, moving quickly into a regulatory opening created by the Trump administration, a sharp shift after years of legal crackdowns on prediction markets. But the backlash is building. Critics warn that embedding gambling into ever more corners of American life could have broad unintended consequences.

"This is a mess for so many reasons," said Melinda Roth, a visiting associate professor of law at Washington & Lee University, who has written about the legal landscape surrounding event contracts. "We have people taking money they often don't have and not investing in the stock market or retirement savings."

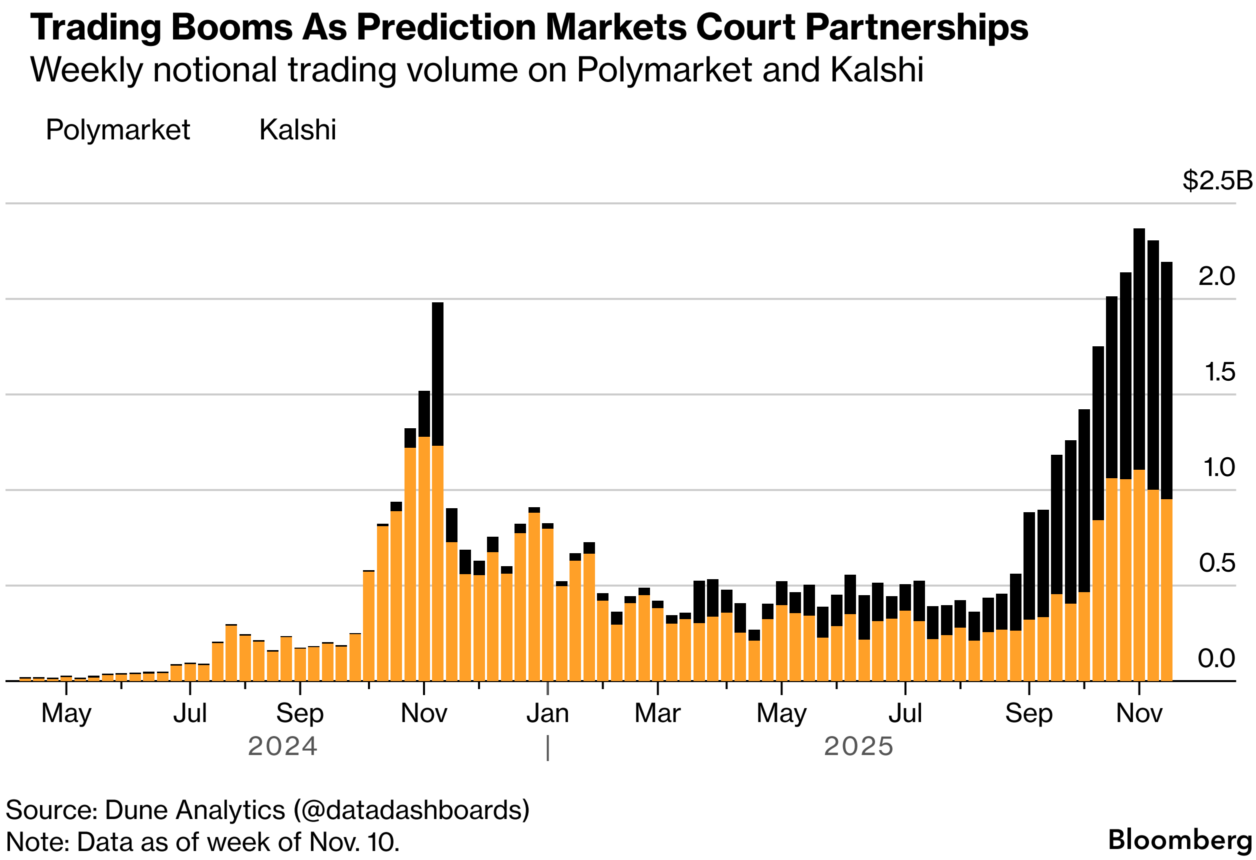
State gaming agencies and Native American tribes are in their own race to make legal filings arguing that the nascent industry is steamrolling rules meant to protect bettors and gaming integrity.

Privately, though, two state regulators who requested anonymity to speak candidly about ongoing legal struggles, expressed concern about the wealth and power that are increasingly backing prediction markets. One wondered whether the phenomenon of wagering on sports using prediction markets could become too pervasive to rein in. In industry circles too, there is a sense that the fast action by the industry may overpower the legal doubts.

"If there's enough institutional support and political support, everyone has just sort of spoken about the way they want the world to be," according to Chris Grove, co-founder of Acies Investments, which backs gaming companies. "It's what the relevant economic actors and the relevant political figures say."

**Sports betting**

The actual trading on prediction markets today is still a tiny fraction of the existing business at traditional exchanges and gambling companies, but momentum is building, and many of the established players are jumping in.




Terry Duffy, the CEO of CME Group Inc., said that he went to the New York offices of the gambling company Flutter Entertainment Plc early this year to personally pitch the company's CEO on a partnership, which they announced over the summer.

"I had been watching the retail revolution for years and was particularly interested in its evolution into sports," Duffy said. "The intersection of sports and trading is powerful."

The two companies are working on a consumer app, FanDuel Predicts, that is set to be released by the end of the year.

The CEO of DraftKings, Jason Robins, questioned whether event contracts could compete with traditional sports gambling at a recent industry conference. But his company also hedged its bet by purchasing a small regulated financial exchange, Railbird, that is set to allow DraftKings to offer event contracts itself.

Read More: Sports-Betting Firms See State License Risk in Prediction Market

Jay Snowden, CEO of the casino operator Penn Entertainment Inc., said on a Nov. 6 earnings call that prediction markets are a "major threat to the industry."

"We've got to play some offense here," he said.

**Trump's Embrace**

When Kalshi initially began offering contracts tied to sports games early in the year, just months after it won a court battle to open trading on election results, it was not clear if regulators would allow them to move ahead.

A number of gaming regulators said the activity violated state laws governing sports gambling. Kalshi countered that its products were financial instruments, regulated by the Commodity Futures Trading Commission — not subject to state oversight. It has said that unlike a sportsbook, which sits on the other side of every bet, it offers an exchange where traders with different views can meet.

Read More: Two MIT Math Nerds Crack Open Legalized Gambling on Wall Street


Kalshi Co-founder Tarek Mansour during an event at Securities and Exchange Commission headquarters on Sept. 29.
Photographer: Kent Nishimura/Bloomberg

The CFTC hasn't intervened. Meanwhile, the Trump family has increasingly aligned itself with the industry. Donald Trump Jr. became an advisor to both Kalshi and Polymarket. And Trump Media & Technology Group took part in a blitz of negotiations this fall with one of Kalshi's competitors, Crypto.com, ultimately announcing its own marketplace, Truth Predict.

Devin Nunes, who has served as an adviser to President Donald Trump and is the CEO of Trump Media, was a key part of the agreement, which came together in a matter of weeks, according to people familiar with the discussions who asked not to be named because the talks were private.

Polymarket started from behind. It had been closed to US customers since a 2022 settlement with the CFTC. But in July, the CFTC and Justice Department told Polymarket they were ending their investigations of the company. In order to open in the US and offer CFTC-regulated contracts, Polymarket paid $112 million for a little-known derivatives exchange, QCX, which was in the process of gaining regulatory approval.

**Marketing Deals**

Many of the recent deals are partnerships that will get the big prediction markets exchanges in front of a broader audience.

Kalshi and Polymarket both reached agreements to offer their contracts through PrizePicks, a fantasy sports app. And Polymarket is collaborating with the mixed martial arts company Ultimate Fighting Championship, to display a scoreboard with fan predictions during broadcasts. At the industry conference this week, Mansour said he expects to announce more sports deals soon, as well as “very large news network partnerships,” though he declined to provide details.

Ultimate Fighting Championship President Dana White, left, and Coplan on the floor of the New York Stock Exchange on Nov. 13.

Photographer: Michael Nagle/Bloomberg

It is still possible that the surge will hit a legal wall. A federal judge in Nevada recently expressed skepticism about the legality of Kalshi's sports contracts and academics have have flagged examples of "artificial trading" on Polymarket.

When Cboe Global Markets Inc. announced its own prediction markets product, it said it would steer clear of sports.

"We can jump on any trend or fad, and I suppose we could make a lot of money, but that's not really what we're interested in doing," Cboe CEO Craig Donohue said in an interview.

The sports leagues have approached all this with caution, especially after the Department of Justice announced the latest sports gambling indictments. But while the NHL became the first major US sports league to publicly announce a deal with both Kalshi and Polymarket, other leagues have held conversations with the exchanges to determine how they can cooperate, according to people familiar with the matter.

This month, to mark the UFC tie-up, Coplan joined Sprecher on the floor of the New York Stock Exchange to ring the opening bell — the crypto founder in a crewneck, the exchange chief in a suit.

--With assistance from **Olga Kharif**, Christopher Palmeri, **Ira Boudway**, Giles Turner and **Bernard Goyder**.

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# Crypto got everything it wanted. Now it's sinking

The slump could spread across financial markets

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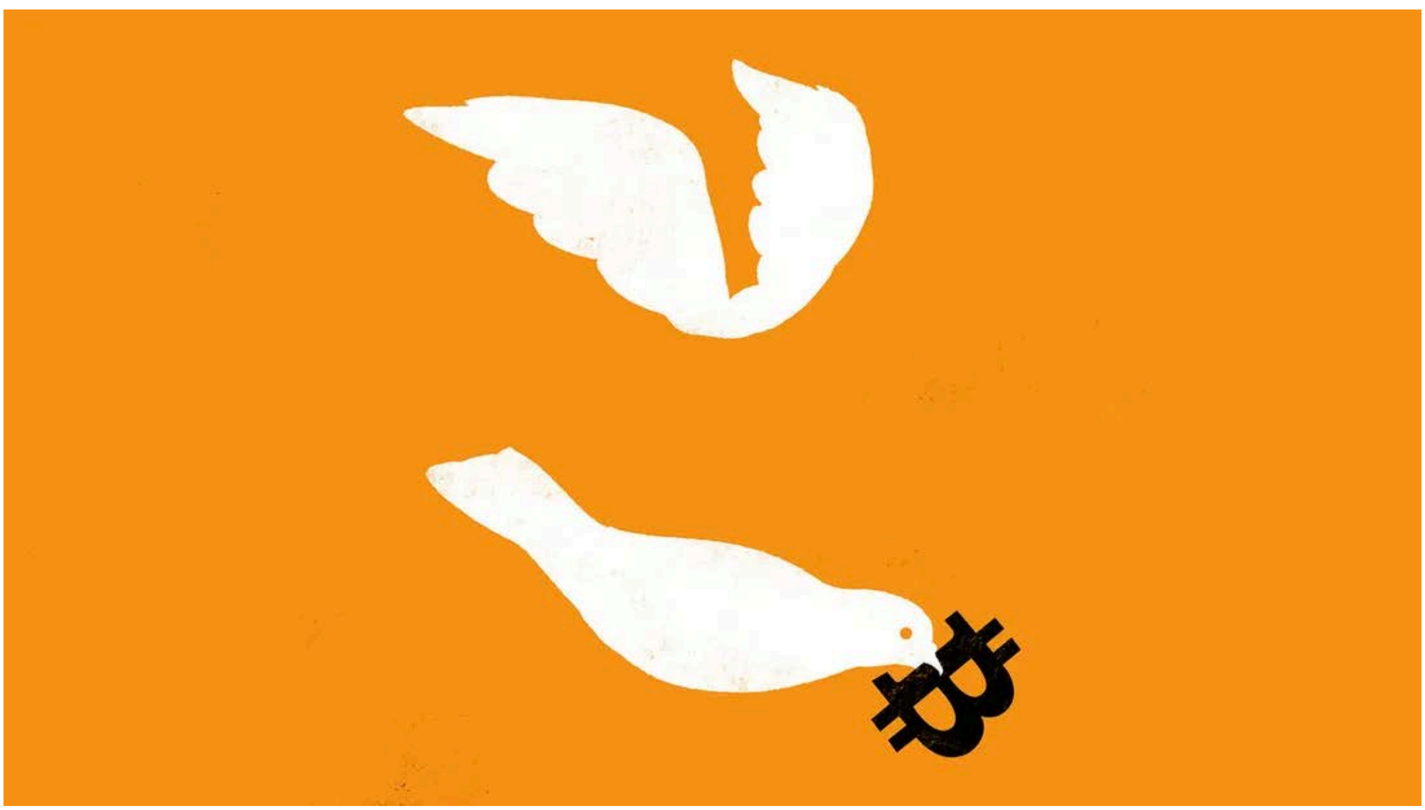

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Nov 18th 2025 | NEW YORK | 5 min read

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ON JANUARY 3RD it will have been 17 years since Satoshi Nakamoto, the pseudonymous founder of bitcoin, first unveiled the cryptocurrency. The most popular digital coin has cemented itself in the global financial order faster than any other asset. In recent years the crypto industry has gone from an object of mockery in mainstream finance and the target of outright hostility from regulators to being broadly accepted, even encouraged. Banks and asset managers are launching products and the latest cast of American regulators are crypto enthusiasts. In October bitcoin's market value peaked at $2.5trn.

Odd as it might seem, these victories now pose a problem for crypto. Prices have tumbled: bitcoin has dropped from an all-time high of around $126,000 in early October to just above $92,000. For a speculative asset—one which produces no income and relies solely on hopes for future capital gains—the absence of a fresh bullish narrative to justify further price rises is a challenge. And because wider acceptance has deepened crypto's links with other markets, the ripple effects from the dip will be felt far beyond the industry.



It is hard to say anything with confidence about the future direction of an asset like bitcoin. Many investors (and financial journalists) have tried, and failed. But there has been a clear pattern to rallies in recent years. Every exhilarating upswing has been bound up with optimistic stories about greater acceptance.

In 2020 and 2021 lockdowns and fiscal largesse were paired with the increasing provision of crypto trading by mainstream brokers. From late 2023 hopes rose that crypto exchange-traded funds would soon be launched. And, indeed, the first ETF applications were approved by America's regulators in January 2024. Donald Trump's election victory in November that year gave bitcoin another boost.

Today investors have no trouble getting their hands on bitcoin. Brokers offer access to a range of crypto assets to anyone with a phone. Some big investors have stayed away. This month crypto enthusiasts cheered the news that the Czech central bank had purchased $1m in bitcoin and other cryptocurrencies. But that was a drop in the ocean relative to the bank's $171bn in reserves. And most central banks still rule out including digital assets in their defensive hoards. The scope for higher trading volumes, then, seems limited.

The other price of victory is that the pain from a crypto crash will be felt more widely than in the past. The investors most exposed to the recent slump are those who behaved as if the boom would never end. That includes Strategy, a software company that is now mainly a leveraged bet on bitcoin, having borrowed to accumulate about $60bn-worth. The firm's market capitalisation is now below the value of its bitcoin holdings, raising the prospect of crypto fire-sales. It is not the only source of risk in the digital-asset universe. On October 10th some $19bn in leveraged crypto positions were wiped out after Mr Trump announced fresh 100% tariffs on China (the levies were walked back a few days later). No one knows how much leverage remains, but the further prices fall, the greater the risk of serial blow-ups.

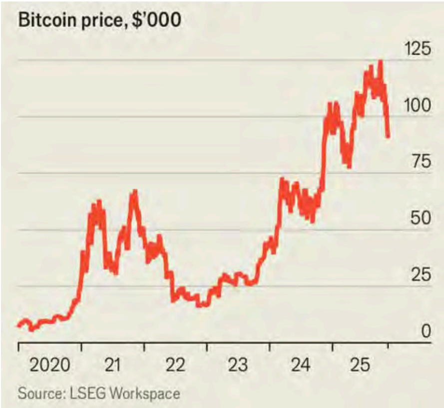


CHART: THE ECONOMIST

other markets. Since 2020 bitcoin has become more correlated with technology stocks. These could fall further if flighty crypto investors flee equity markets. The adoption of digital-asset products by mainstream financial firms has also bound crypto to traditional markets. BlackRock, which manages $13.5trn of assets, is custodian of the world's largest bitcoin ETF. One-third of the customers who bought into the fund as their first BlackRock product have gone on to invest in the firm's more classic ETFs. The European Systemic Risk Board, a financial watchdog, fears that the failure of a large crypto-investment product could spill across conventional finance. "The overall volumes have now reached levels that make this scenario a genuine concern," it wrote last month.



Stablecoins—crypto assets designed to hold their value and facilitate payments—are another source of overlap. The size of the outstanding market has grown by almost 50% in the past year, to more than $300bn. In July they won regulatory certainty in America, when the GENIUS Act set out the assets their issuers could hold.

But so far, most stablecoins are still used to transact in crypto rather than outside of it. That means bear markets in riskier crypto assets can drive outflows from stablecoins. Since these are mostly backed by American Treasuries, a shock could shake bond markets if issuers have to fire-sell assets to return cash to investors. Any stablecoin not fully backed with the safest assets may well "de-peg" and enter a bank-run-like spiral, accelerating liquidations.

Crypto may have exhausted most of the obvious catalysts for a proper rebound, from the greater ease of investment to more regulatory certainty. But one piece of news could just help it soar again. Enthusiasts got less than they had hoped for from the Strategic Bitcoin Reserve, set up by Mr Trump in March. It has remained a vehicle for bitcoin acquired mainly as a result of law-enforcement seizures.

Some legislators, including Cynthia Lummis, a Republican senator, have supported the purchase of more bitcoin on the open market. If the price continues to fall, advocates might call it a buying opportunity. Crypto fans close to the administration—many of whom will be nursing losses—might well agree. The prospect of the government stepping in seems remote. But when it comes to both crypto and politics, surprises can never be ruled out. ■

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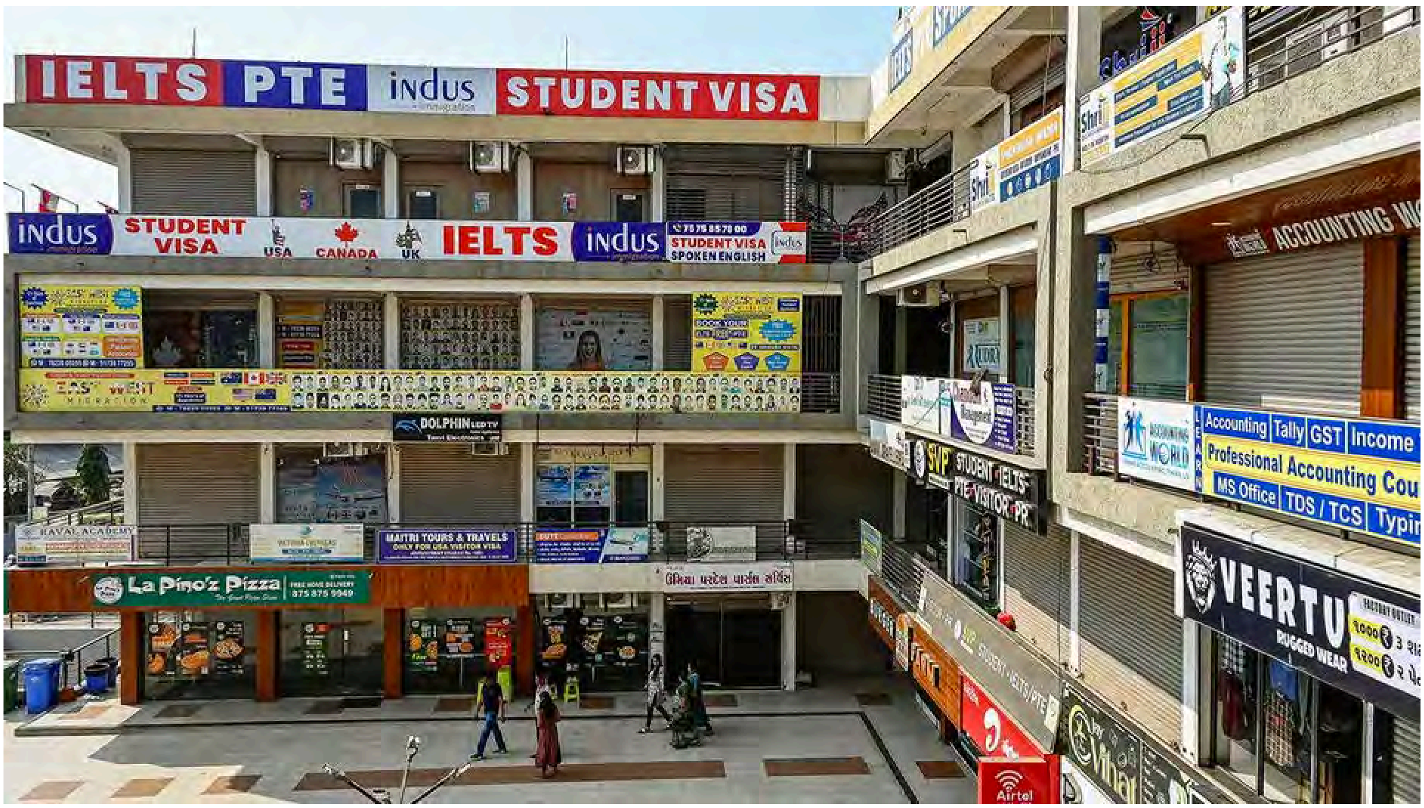


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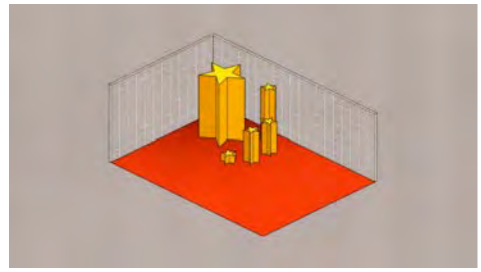

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MARKETS & FINANCE | CURRENCIES

# It Was Supposed to Be Crypto’s Year. Then Came the Crash.

Crypto market turmoil intensified this week, with bitcoin shedding more than 10% and over $10,000 in value

*By Kevin T. Dugan* Follow *and Vicky Ge Huang* Follow

*Nov. 21, 2025 12:46 pm ET*

The Bitcoin 2025 Expo in Las Vegas in May. ROGER KISBY FOR WSJ

Quick Summary

- Bitcoin’s value decreased by over 10% this week, falling below $81,000, and is on track for its worst monthly performance since June 2022.
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Earlier this month, Cantor Fitzgerald Chairman Brandon Lutnick presided over an “unveiling” of Satoshi Nakamoto to close out the first day of his firm’s Miami crypto conference. At least, it was a statue of the mysterious creator of bitcoin.

At the Ritz-Carlton, more than 200 bankers and investors gathered to see the artwork, sculpted to resemble code out of "The Matrix." Selfies were taken. Michael Saylor looked on approvingly. A string ensemble played "New York, New York." Though the statue was sitting cross-legged with a laptop, a plaque beneath it read, confusingly, "Always Standing for Freedom."

On that day, bitcoin was down about 19% since its October peak. It would fall further still, giving up all its gains for the year, and leading a $1 trillion loss in digital currencies more broadly.

The crypto market turmoil only intensified this week, with bitcoin shedding more than 10% and over $10,000 in value. In the 24 hours leading up to Friday morning, more than $2 billion worth of leveraged crypto trades were liquidated, pushing bitcoin below $81,000, according to data from CoinGlass. The largest cryptocurrency is now on track for its worst monthly performance since June 2022, when the collapse of crypto lender Celsius Network plunged the market into what became known as its crypto winter.

Some traders have said the drop in bitcoin may be forcing some other selling in the traditional markets, which swooned this week.

**Bitcoin price performance**


Source: CoinDesk

"Every group chat I'm in, everyone wants to know who blew up," said Nic Carter, founding partner at Castle Island Ventures. "You can't make sense of it all now. There's a general malaise with no exact catalyst to say this is why."

This was supposed to be crypto's year. There was a perfect storm of a crypto-loving White House, Wall Street adoption and friendly legislation that put a close to more than a decade of antagonistic U.S. regulation and prosecutions.

In a sense, it worked. Divisions between traditional and crypto finance seemed to blur. Portfolio managers are modeling cash flows based on the yields of stablecoins. BlackRock and Fidelity, among many others, hoovered up bitcoins for ETFs. Banks like BNY Mellon and JPMorgan Chase wanted to put funds on the blockchain, while digital token companies like Ripple tried to become banks.

"Gateways are being opened every single day," said President Trump's son, Eric Trump, who has co-founded two crypto companies. "This dam is cracking. The two were becoming one, and I think it's very exciting."

That helped make bitcoin trading less volatile than it used to be.

"Once institutions are involved, it starts to trade like an institutional asset," said Cory Klippsten, CEO of bitcoin exchange Swan Bitcoin.

A sculpture depicting Satoshi Nakamoto. CAMILO FREEDMAN/BLOOMBERG NEWS

The Trump family's sprawling crypto business would grow to be worth billions, the Journal has reported. The annual bitcoin conference in May, once Ground Zero for libertarian fringe types, went full-on MAGA. Saylor, whose company Strategy levered bets on the assets, lobbied Vice President JD Vance in Las Vegas.

While critics complained of conflicts, the industry's leaders took them as a green light.

"That conflict of interest, that's an argument that an opposing side is naturally going to make. I would make the argument that it's a positive," Brock Pierce, a longtime crypto entrepreneur, said in a recent interview. "I want my leaders to actually know what they're talking about, actually having built things."

But the sky-high expectations of a golden age have tumbled down to earth. Despite all the banks and federal officials giving digital assets their blessing, crypto's provenance as an antiestablishment asset, born out of institutional distrust stemming from the 2008-2009 financial crisis, has been hard to shake.

"When Trump got elected, we were saying 'gosh, finally we're going to get all the institutions, ETF approvals, pretty much all the headlines that we dreamed of in crypto,'" said Santiago Roel Santos, a longtime crypto investor and chief executive of Inversion. "The market just has not reacted the way that you would have thought."

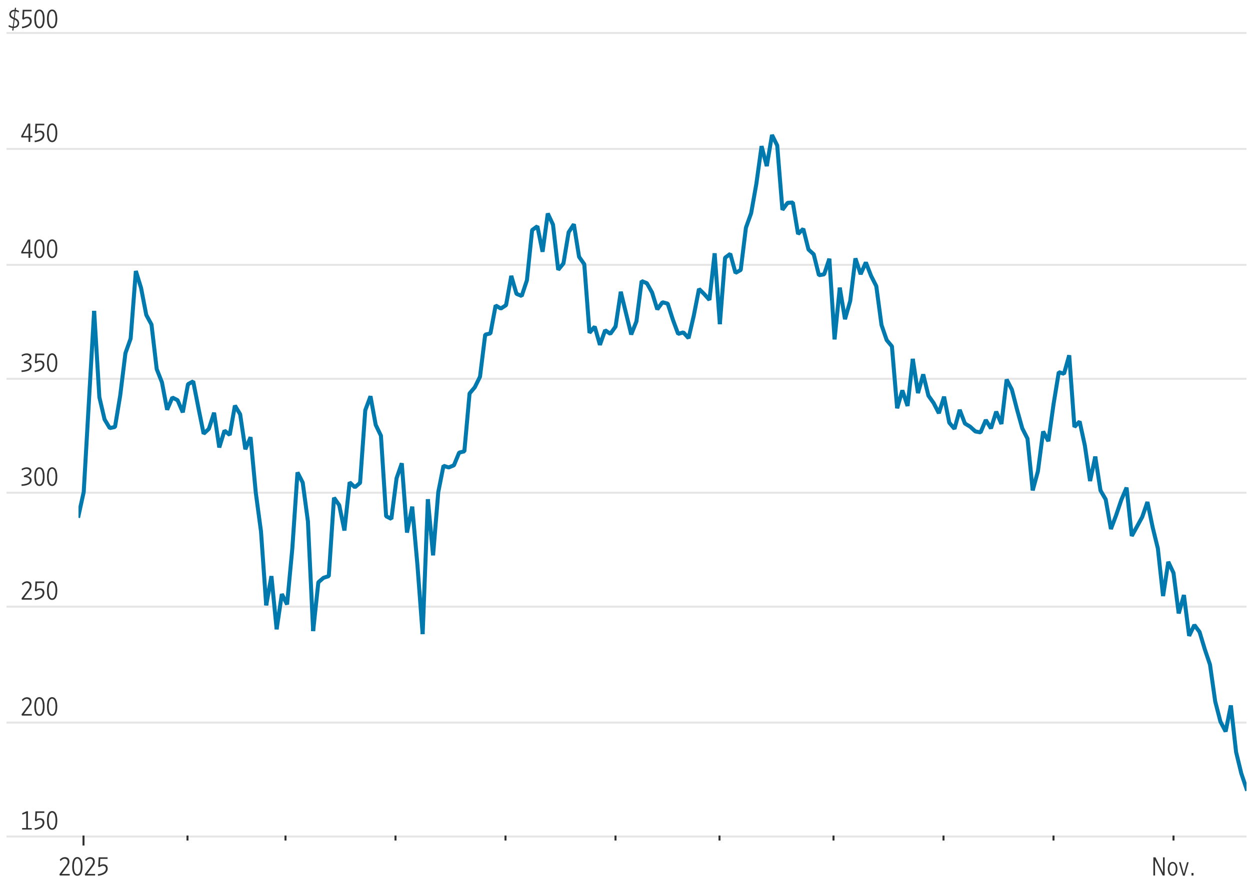
Instead crypto continues to struggle to break free of its reputation as the deranged, foul-mouthed little sibling of Wall Street, too volatile to trust, too entertaining to look away. Jamie Dimon, ever the mouthpiece for traditional finance, maligned the industry as a fraud, a Ponzi scheme and a collection Pet Rocks, among other colorful descriptors. The many attempts to go legit met with predictable ends. (See: Sam Bankman-Fried).

This year has included new chapters from its Wild West. Meme coins spawned on sites like Pump.fun, where the awful and the brainless alike became speculative fodder. One investor was allegedly kidnapped in the West Village. Another lost fingers in France.

Throughout the summer, traders increased their leverage to crypto, only to get caught off-guard by the risks from the real-world economy. On Oct. 10, Trump's surprise tariff announcement against China triggered a selloff that forced exchanges to liquidate over $19 billion worth of trades. The shock waves from the crash continue to push bitcoin prices lower.

Bitcoin's recent declines have dragged down the shares of the so-called crypto treasury companies, which sell stock or debt to fund their token acquisitions. Strategy, which pioneered the business model, has seen its market cap more than halved to about $50 billion from a peak of $128 billion in July.

**Strategy share-price performance**




Source: FactSet

The selloff also soured sentiment toward crypto exchange-traded funds. Investors have sold around $4 billion of bitcoin and ether ETFs from issuers including BlackRock and Fidelity Investments in November, according to JPMorgan data.

"The truth is this hangover trend started months ago," said Thomas Perfumo, global economist for crypto exchange Kraken, in a note.

Despite the sudden downturn, some in the crypto industry don't feel the need to rein it in. MoonPay, a crypto payments company, held a private dinner in the back room of Torrisi, a chic SoHo restaurant, to celebrate a partnership with Dorsia, an app for restaurant reservations.

Around the time bitcoin fell to about $86,000 on Thursday—the lowest since May—Keith Grossman, MoonPay's president, was at a doctor's office in Manhattan, where he was diagnosed with kidney stones.

"I was more frustrated by my current kidney stone situation than by the crypto markets," Grossman said. "Crypto kills nerves. If you're in crypto long enough, none of this stuff phases you."

# Permabull Tom Lee Sees Bitcoin as High as $200,000 by January's End

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Isabelle Lee November 21, 2025

Tom Lee makes his way to the New York Stock Exchange earlier this month.

Photographer: Gabby Jones for Bloomberg Businessweek

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## Summary by Bloomberg AI

AI Generated

- Tom Lee has built a reputation for making bullish and audacious bets, including the S&P 500 index more than doubling by 2030 and Bitcoin reaching $3 million.
- Lee's firm, Fundstrat Global Advisors LLC, has become one of the US's largest independent research firms, with more than 10,000 retail clients and over 400 institutional ones.

- Lee is known for his optimism, which he believes has served him well in his career, and he advises others to be humble, kind, curious, and hardworking, as he writes in a book about what he would tell his younger self.

Tom Lee makes his way to the New York Stock Exchange earlier this month.
Photographer: Gabby Jones for Bloomberg Businessweek

In finance circles, has built a reputation for bullish, audacious and arguably fantastical bets—the S&P 500 index more than doubling by 2030 or Bitcoin reaching $3 million (versus roughly $90,000 today) during that same stretch. But when it comes time for us to make our way from his Midtown Manhattan office to the New York Stock Exchange, on the island's southernmost tip, Lee is undeniably a realist. At this late-afternoon hour, he knows a brisk 10-block walk to the express train is a much better bet than the hired car his chief marketing officer has suggested we hail. "The train's always faster," Lee says.

It's a chilly November day, and Lee—sporting his trademark dark suit, black-rimmed glasses and famously voluminous hair—has just wrapped up a jam-packed day of meetings at his research firm, Fundstrat Global Advisors LLC, including a tight 50 minutes with me. His office is flanked by a quartet of 6-foot camera lights for his frequent appearances as a contributor on CNBC, but I'm more surprised by a different furnishing: Tucked into a corner is a small bed, added four years ago as a refuge after long-haul flights.


Lee in Manhattan.
Photographer: Gabby Jones for Bloomberg Businessweek

It takes real optimism to imagine you'll find time to stop working on a crazy day of research and trading to sneak in a nap after grueling business trips to Seoul, Singapore, Lima or Dubai, all of which Lee has visited in recent months. But optimism is the 56-year-old's hallmark trait, both in life and in markets. To skeptics, Lee's bold forecasts sound outlandish; to believers, intoxicating. Wharton-educated and media-savvy, he's become impossible to ignore—a megaphone for positivity in a cynical market. But he bristles at being labeled a "permabull"—not because he isn't one, but because, as he says, anyone who hasn't been bullish over the past decade has "been chronically wrong."

The road to this point began with what Lee, mostly jokingly, calls a midlife crisis back in 2014. Then 45, he was the chief equity strategist at , where he'd already spent 15 years. It was a prestigious, comfortable role, promising stability and status. But he felt like a small fish in a big pond and wanted to build something of his own. So Lee persuaded his longtime friend , who had just left his own old-school investment job at , to join him in setting up an independent firm. The two had family ties that stretched back generations—Bai's family had known Lee's in South Korea—and Lee's upbeat attitude proved infectious. The pair's first intrepid call was to Lee's former employer. It worked: JPMorgan signed on as an early Fundstrat client, he says, a quiet vote of confidence that helped launch the firm's spectacular rise.

Today, Fundstrat is one of the US's largest independent research firms, with more than 10,000 retail clients and over 400 institutional ones. Last year it added an asset management arm to manage three exchange-traded funds with nearly $4 billion in assets. A decade ago, "many thought that equity investing was largely going to be the realm of hedge funds and family offices, because they didn't think the stock market would come back," says Lee, who serves as head of research at Fundstrat Global Advisors and chief investment officer at Fundstrat Capital. The year the firm started, the Federal Reserve ended its quantitative easing program just as Europe was flirting with deflation, Japan's stimulus was faltering, and China's growth was slowing. Oil prices also collapsed, adding to fears of a potential downturn. Still, Lee's upbeat outlook bucked the trend. "My vision in 2014 was that the individual investor was going to actually come back strong," says Lee, ever the bull.

He was right. Over the past decade, US stocks have delivered one of their strongest runs on record, with the S&P 500 more than tripling. A significant share of that boom has come from individual investors, who've poured billions of dollars into stocks, mutual funds and ETFs. Lee says he believes retail investors will help keep driving the market higher, even as other smart people on Wall Street begin to whisper in private about potential bubbles.

Tom Lee makes his way to the New York Stock Exchange earlier this month
Photographer: Gabby Jones for Bloomberg Businessweek

Perhaps Lee's best-known bet came three years after starting Fundstrat, when his team became one of the first to lay out formal views on Bitcoin. Its report projected Bitcoin could reach as high as $55,000 by 2022, up from roughly $2,500 at the time of the call. "We lost 11 hedge fund clients after that," says Bai, head of sales, who briefly pops in during our chat and who, Lee says, revels in retelling the story. "It hurt our business," Lee admits. "People just thought it was a scam." In 2021, a full year ahead of schedule, the digital currency blew through that threshold and kept climbing, hitting an all-time high of about $126,000 this October before beginning a multiweek slide. (Lee still sees it rebounding to between $150,000 and $200,000 by the end of January, his team confirms this week, rout and all.)

More recently, Lee has been expanding his remit beyond equities and hoping clients come along for the ride. This year he became chairman of ., an erstwhile Bitcoin mining operation backed by Silicon Valley iconoclast Peter Thiel. BitMine has quietly accumulated roughly $12 billion worth of Ether, or about 3% of the total supply of the world's No. 2 digital asset, a bet that hasn't been a runaway hit. BitMine's shares are down about 50% in the past three months as Ether has tumbled roughly 40% from an August peak, leaving the company facing substantial paper losses. But Lee shrugs off any concerns. "BitMine's always going to be affected" by Ether's price, he says, eyes flicking politely between me and the cluster of glowing monitors spanning his desks.

I ask Lee what advice he might offer his younger self; turns out he's writing a book about exactly that. Some top-line insights include: be humble, be kind, be curious, never shy away from hard work and always do your homework. Since his childhood in Michigan, where he immersed himself in academic and extracurricular activities from computer club to swim team, Lee knew his future was in finance, even as his parents—cautious Korean immigrants—wanted him to go into medicine, like his father. "We got the newspapers, *Detroit Free Press* and the *Detroit News*, and I always liked looking at the stock tables," he says. "For whatever reason, I was always really optimistic." Even as a child, he saw himself on Wall Street.

Speaking of Wall Street, we need to get there before Lee is scheduled to address the at the stock exchange, so we squeeze on a spectacularly cramped express train from Grand Central, like Lee suggested. Sure enough, we're downtown in no time. When his session ends up starting two hours later than he'd expected, he remains unruffled, even though it means he'll have to catch a later train to his tree-lined Connecticut home. As others beeline for the NYSE's door after his remarks wrap near 8 p.m., Lee is quickly surrounded by Ethereum enthusiasts seeking a moment of his time. His team offers to escort him out, and he courteously declines. "I'll stay for a bit," he says, optimistically.

*Read next:* *OpenAI's Chairman Is Thinking a Lot About Bubbles Right Now*

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# Saylor's Preferreds Boom Comes Into Question as Bitcoin Slumps

Nov. 21, 2025, 5:33 AM PST


## Summary by Bloomberg AI

AI Generated

- The plunging value of Bitcoin is piling pressure on the securities Strategy Inc. has been issuing to buy the asset, raising questions about the financing model of the world's largest crypto treasury firm.
- Prices across the several preferred stock series sold by the firm have been falling, in line with a slump in Bitcoin's value, pushing up the yield and raising implied yields.
- Higher costs will cast a shadow over Strategy's ability to keep tapping the market for funds to buy Bitcoin and to pay dividends on the stock already issued.

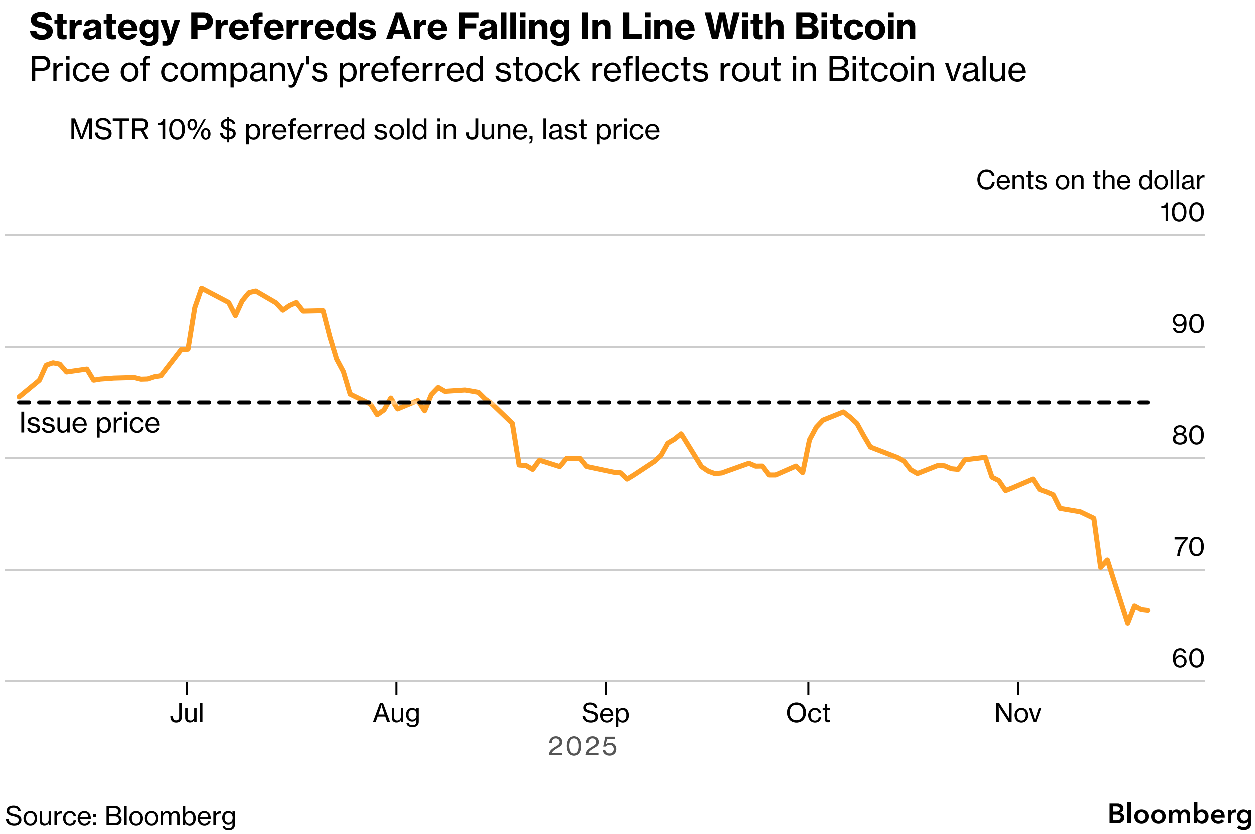

The plunging value of Bitcoin is piling pressure on the securities Strategy Inc. has been issuing in bulk to buy the asset, raising questions about the financing model of the world's largest crypto treasury firm.

Prices across the several preferred stock series sold by the Tysons Corner, Virginia-based firm have been falling this week, in line with a slump in Bitcoin's value. A $1.2 billion 10% issue that was priced at 85 cents on the dollar in June is now down to 66 cents, pushing up the yield to 15%, based on data compiled by Bloomberg. Other issues are also quoted lower, raising implied yields.

Read more: Michael Saylor's Strategy Risks Losing Billions in Index Flows

Higher costs will cast a shadow over Strategy's ability to keep tapping the market for funds in order to buy Bitcoin, and also its ability to pay dividends on the stock already issued. The firm has turned into one of corporate America's most prolific issuers of hybrid capital this year, having sold almost $7 billion of preferred stock that comes with an annual dividend bill of nearly $700 million.

"The current rating of B- kind of tells you our view in terms of their margin of error to survive through a Bitcoin winter or a severe downturn in Bitcoin. If we thought they could survive with no problem, the rating would probably be higher," said Diogenes Mejia, a credit analyst at S&P Global Ratings. "The key component of this is their capital markets access."




The B- rating falls six steps below the investment-grade threshold and just one above the triple-C level, which denotes the riskiest corner of the credit market.

A representative at Strategy did not respond to a request for comment.

Read more: Bitcoin Heading for Worst Month Since Crypto Collapse of 2022

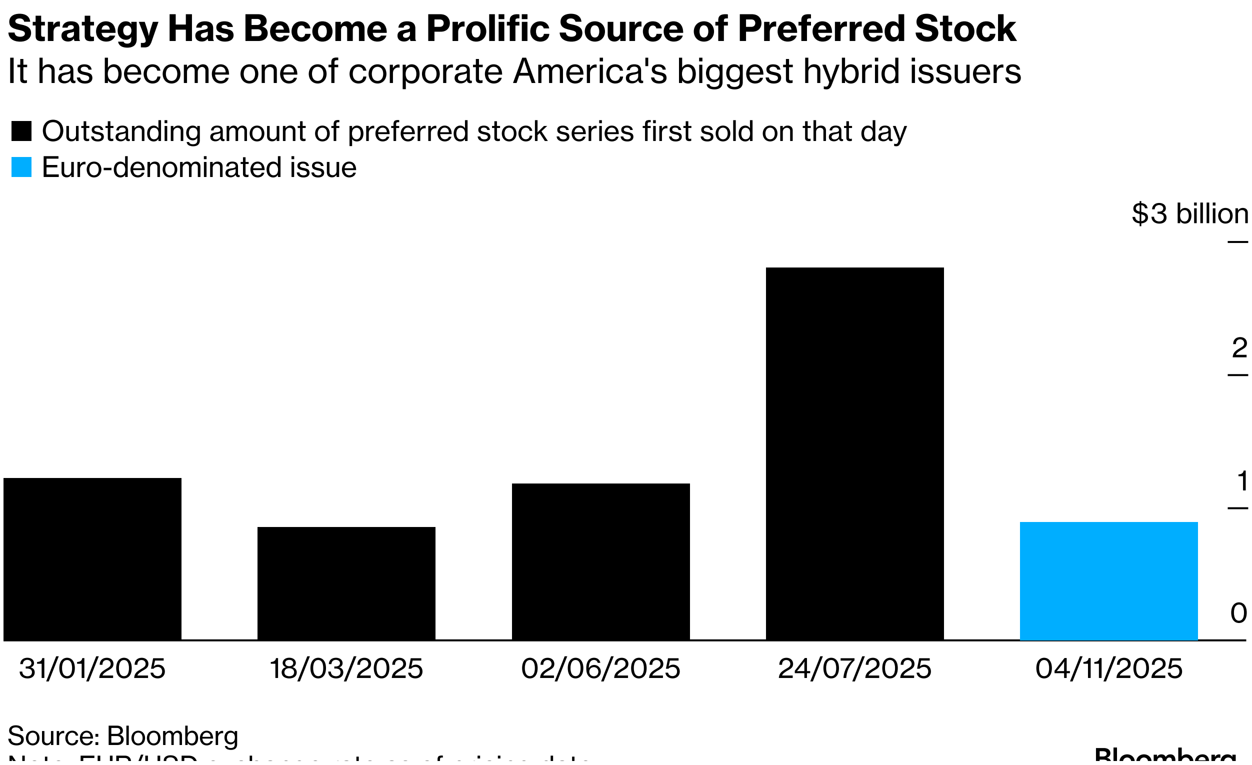
Formerly known as MicroStrategy, the company's main business has switched from software development to primarily holding Bitcoin. In order to finance purchases of the cryptocurrency, it has been raising equity as well as preferred stock.

Preferred shares typically give holders no voting rights but come with predetermined dividend yields, making them more akin to bonds with no fixed maturity. Strategy has become a major issuer of these preferreds this year, rivaling major Wall Street banks, which sell them for regulatory capital purposes.

Dividends on its preferreds are payable in dollars and euros, not Bitcoin, so Strategy has to keep issuing securities to raise cash for those payments.

"They don't really maintain cash for very long before they use it to buy Bitcoin, which means that when they have to make dividend payments across their preferreds, they have to go issue equity" or some other instrument, said Mejia.

Strategy has sold five preferred stock series this year, based on data compiled by Bloomberg. Bankers arranging those transactions typically rely on yields of existing issues to set the cost of new shares.




“No question it will have a harder time accessing new financing whenever Bitcoin is under intense pressure, as it has been as of late,” said **Lance Vitanza**, analyst at TD Cowen, who has a buy recommendation on Strategy’s common equity.

To be sure, Vitanza says the experience of 2022, a time when Bitcoin declined sharply but Strategy survived, means “today’s downdraft – while certainly painful – is neither unique nor fatal.” And the current price of preferred stock is only an indicator of the cost of additional preferred issuance today, not of future sales.

As the preferreds are shares and not debt, Strategy is not obliged to even make payments on its existing preferreds and can skip dividend payments. However, doing so would deter investors from buying into subsequent issues, while a clause in certain preferreds entitles holders to a board seat if dividends are skipped.

And losing market access could start raising fresh questions about whether the giant buyer of Bitcoin might need to start selling instead.

“As long as they have access to the capital markets, they can continue to fund their business,” said S&P’s Mejia.

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Neil Chatterjee, Dave Liedtka

# Tesla hits the brakes as lawyers seek to share Autopilot information with each other

reuters.com/legal/litigation/tesla-hits-brakes-lawyers-seek-share-autopilot-information-with-each-other-2025-11-20

Jenna Greene November 20, 2025

Tesla logo is seen in this illustration taken July 23, 2025. REUTERS/Dado Ruvic/Illustration Purchase Licensing Rights, opens new tab

Nov 20 (Reuters) - “This is not our first rodeo.”

So said plaintiffs' lawyer Brett Schreiber, fresh off a $243 million win against Tesla before a Miami jury, who was squaring off against the automaker at a hearing Monday over another wrongful-death lawsuit.
Schreiber, co-founder of plaintiffs' firm Singleton Schreiber, is suing Tesla in San Francisco federal court on behalf of the family of a California man who died in a 2023 crash that occurred when the car’s Autopilot system was allegedly engaged.

Already, he and Tesla’s lawyers at Nelson Mullins Riley & Scarborough are sparring over discovery, opens new tab. Schreiber sought court permission to share confidential information from Tesla with other plaintiffs’ attorneys litigating similar self-driving tech cases against the automaker. In an early win for the company, the judge denied his motion at the preliminary hearing and asked the parties to come back with revised proposals – but more on that later.
Schreiber told me that, by his estimate, at least 20 lawsuits have been filed to date by people who blame Tesla for crashes that allegedly occurred while the vehicles were in Autopilot mode. Most of the cases have been resolved or dismissed before trial.

Schreiber was the first to prevail before a jury. Three months ago, jurors in Miami federal court found Tesla partly responsible for a 2019 fatal crash involving an Autopilot-equipped Model S. They awarded $129 million in compensatory damages plus $200 million in punitive damages.

Tesla, which has denied wrongdoing, has said it will appeal the verdict. A Tesla spokesperson did not respond to requests for comment on the case or other litigation related to the company’s self-driving technology.

Tesla lawyers have argued that driver error is to blame for the crashes. The Autopilot system, which can steer, accelerate and brake by itself, doesn't make the cars autonomous and requires a "fully attentive driver" who can "take over at any moment," Tesla warns its customers.

Those arguments carried the day for Tesla in the first two Autopilot-related cases to go to trial, both heard by California state court juries in 2023.
Schreiber's San Francisco complaint, opens new tab, which was filed last year, makes arguments that echo the Miami case. The suit alleges Tesla has "continuously misrepresented its cars' ability to provide safe, autonomous driving" and that the Autopilot design is defective.
In 2023, 33-year-old Genesis Giovanni Mendoza Martinez was killed while driving his 2014 Model S on a Bay Area freeway early in the morning, and his brother Caleb was injured. The car crashed into a parked firetruck that had stopped to respond to another incident.

In moving to dismiss a swath of the case earlier this year, Tesla argued that the suit "represents a deeply flawed attempt to take products liability and fraud law where it has never gone before." Company lawyers said that alleged misrepresentations about self-driving technology from CEO Elon Musk – for example, he said Autopilot was "probably better" than human drivers – were not actionable because they were either opinions or predictions about the future.

In a May ruling, opens new tab, U.S. District Judge Vince Chhabria kept the claims alive.
"It can be reasonably inferred that Musk — the CEO of a major car company who repeatedly told investors and press that his company's cars would soon be fully self-driving— had special knowledge about the subject," Chhabria wrote.

As the litigation gets underway, discovery has been a hot spot.

Schreiber asked the court to issue a protective order that would include a provision allowing him to share materials he gets from Tesla with other plaintiffs' lawyers litigating Autopilot cases against the company. Such an order would allow him to provide information such as design and engineering materials related to the Model S.

Sharing provisions can promote efficiency when the same information is repeatedly sought in multiple suits, Schreiber argued, noting that Tesla "routinely agreed" to such terms in the early years of the Autopilot defect litigation.

Tesla lawyers opposed the move, objecting in court papers to "Plaintiffs' attorneys' aspirations to become a clearing house of Tesla trade secret information."

Tesla said the trade secret design and engineering information relevant to the case "is still of significant commercial value, and Tesla goes to substantial lengths to protect that information from disclosure."

If other litigants want information, they should first have to show it's specifically relevant to their case and ask the court for access, they said.

Similar spats over plaintiffs' lawyers' requests to share evidence gleaned in discovery have arisen in other mass tort cases. For example, plaintiffs' lawyers in litigation over alleged sexual assaults by Uber drivers sought court permission to use confidential documents obtained in other cases involving the ride-sharing company, as I wrote last year, with mixed success.
Schreiber has another ongoing Autopilot case against Tesla in San Diego and settled, opens new tab a fourth case in the Northern District of California in September.
In an interview, he noted that Tesla was hit with "substantial" sanctions for discovery abuses in the Miami case, though court records detailing the episode are sealed. Sharing provisions are a way to make sure the relevant materials are made available in every case, Schreiber said.

U.S. Magistrate Judge Lisa Cisneros largely agreed with Tesla. Ruling from the bench on Monday, she denied Schreiber's proposed sharing provision but added, "I don't think that entirely resolves the issue."

She directed the parties to meet and confer and come back with a revised proposal for how lawyers in other cases might seek information from them. Still, she cautioned that the court should have some role in reviewing what's disclosed, she said, "as opposed to free-for-all sharing."





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

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Tesla Q3 2025 California sales were down 9% YoY despite the huge rush for BEVs ahead of the Sept-30th expiry of the $7,500 tax credit.

The BEV market ex-Tesla grew by 29% YoY in Q3, causing Tesla's share of California's BEV market to drop from 57% in Q3 2024 to 48%.

www.cncda.org/news/califor...

**Detailed Results for All Brands in California Market**

California New Car and Light Truck Registrations

| | Third Quarter | | | | | | Year to date thru September | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Registrations | | | Market Share (%) | | | Registrations | | | Market Share (%) | | |
| | 3Q '24 | 3Q '25 | % Change | 3Q '24 | 3Q '25 | Change | YTD '24 | YTD '25 | % Change | YTD '24 | YTD '25 | Change |
| TOTAL | 426,860 | 442,152 | 3.6 | | | | 1,313,127 | 1,383,543 | 5.4 | | | |
| Acura | 3,354 | 4,016 | 19.7 | 0.8 | 0.9 | 0.1 | 9,944 | 13,580 | 36.6 | 0.8 | 1.0 | 0.2 |
| Alfa Romeo | 168 | 135 | -19.6 | 0.0 | 0.0 | 0.0 | 716 | 407 | -43.1 | 0.1 | 0.0 | -0.1 |
| Audi | [illegible] | 5,341 | [illegible] | 1.7 | [illegible] | [illegible] | 25,661 | 24,691 | -3.8 | 2.0 | 1.8 | [illegible] |
| BMW | 15,006 | 15,097 | 0.6 | 3.5 | 3.4 | -0.1 | 48,136 | 49,507 | 2.8 | 3.7 | 3.6 | -0.1 |
| Buick | 1,870 | 1,088 | -42.0 | 0.4 | 0.2 | -0.2 | 4,544 | 7,209 | 58.6 | 0.3 | 0.5 | 0.2 |
| Cadillac | 3,382 | 4,357 | 28.8 | 0.7 | 0.9 | 0.2 | 10,027 | 12,669 | 26.4 | 0.8 | 0.9 | 0.1 |
| Chevrolet | 27,012 | 27,960 | 3.5 | 6.3 | 6.3 | 0.0 | 78,805 | 90,288 | 14.5 | 6.0 | 6.5 | 0.5 |
| Chrysler | 1,126 | 509 | -54.8 | 0.3 | 0.1 | -0.2 | 3,622 | 3,210 | -11.2 | 0.3 | 0.2 | -0.1 |
| Dodge | [illegible] | [illegible] | [illegible] | 0.6 | 0.2 | -0.4 | [illegible] | [illegible] | [illegible] | 0.9 | 0.4 | -0.5 |
| Ford | 30,411 | [illegible] | [illegible] | 7.1 | 7.6 | 0.5 | 96,383 | 105,807 | 9.8 | 7.3 | 7.7 | 0.4 |
| Genesis | 1,811 | 2,219 | 22.5 | 0.4 | 0.5 | 0.1 | 5,380 | 6,968 | 29.5 | 0.4 | 0.5 | 0.1 |
| GMC | 9,030 | 9,560 | 6.1 | 2.1 | 2.2 | 0.1 | 26,254 | 29,112 | 10.9 | 2.0 | 2.1 | 0.1 |
| Honda | 48,467 | 47,408 | -2.1 | 11.4 | 10.7 | -0.7 | 143,177 | 151,327 | 5.7 | 10.9 | 10.9 | 0.0 |
| Hyundai | 20,344 | 23,184 | 14.0 | 4.8 | 5.2 | 0.4 | 58,566 | 68,810 | 17.5 | 4.5 | 5.0 | 0.5 |
| Infiniti | 1,046 | 691 | -33.9 | 0.2 | 0.2 | 0.0 | 3,097 | 2,459 | -20.6 | 0.3 | 0.2 | -0.1 |
| Jaguar | [illegible] | [illegible] | [illegible] | 0.3 | 0.0 | -0.3 | [illegible] | [illegible] | [illegible] | 0.2 | 0.1 | -0.1 |
| Jeep | 6,941 | 8,050 | 16.0 | 1.6 | 1.8 | 0.2 | 21,433 | 29,468 | 37.5 | 1.6 | 2.1 | 0.5 |
| Kia | 20,554 | 21,447 | 4.3 | 4.8 | 4.9 | 0.1 | 62,460 | 67,322 | 7.8 | 4.8 | 4.9 | 0.1 |
| Land Rover | 3,048 | 3,436 | 12.5 | 0.7 | 0.8 | 0.1 | 9,889 | 11,879 | 20.0 | 0.8 | 0.9 | 0.1 |
| Lexus | [illegible] | [illegible] | [illegible] | 3.8 | 3.6 | [illegible] | [illegible] | [illegible] | 3.8 | 3.7 | 3.6 | -0.1 |
| Lincoln | 1,131 | 1,060 | -6.5 | 0.3 | 0.2 | -0.1 | 3,726 | 3,948 | 5.9 | 0.3 | 0.3 | 0.0 |
| Maserati | [illegible] | 61 | [illegible] | 0.0 | 0.0 | 0.0 | [illegible] | 371 | [illegible] | 0.1 | 0.0 | -0.1 |
| Mazda | [illegible] | [illegible] | [illegible] | 2.3 | 2.3 | 0.0 | [illegible] | [illegible] | [illegible] | 2.2 | 2.4 | 0.2 |
| Mercedes | 16,083 | 17,708 | 10.1 | 3.8 | 4.0 | 0.2 | 49,312 | 56,475 | 14.5 | 3.8 | 4.1 | 0.3 |
| MINI | 740 | 1,006 | 35.9 | 0.2 | 0.2 | 0.0 | 2,919 | 3,295 | 12.9 | 0.2 | 0.2 | 0.0 |
| Mitsubishi | 716 | 508 | [illegible] | 0.2 | 0.1 | -0.1 | [illegible] | [illegible] | 20.9 | 0.2 | 0.2 | 0.0 |
| Nissan | 15,754 | 15,591 | -1.0 | 3.7 | 3.5 | -0.2 | 51,476 | 55,136 | 7.1 | 3.9 | 4.0 | 0.1 |
| Polestar | 785 | 211 | -73.1 | 0.2 | 0.0 | -0.2 | 1,759 | 901 | -48.8 | 0.1 | 0.1 | 0.0 |
| Porsche | [illegible] | [illegible] | [illegible] | 1.1 | 1.0 | -0.1 | [illegible] | [illegible] | 8.6 | 0.9 | 1.0 | 0.1 |
| Ram | 5,854 | 5,826 | -0.5 | 1.3 | 1.3 | 0.0 | 15,838 | 17,516 | 11.0 | 1.2 | 1.3 | 0.1 |
| Rivian | 2,149 | 3,177 | 47.8 | 0.5 | 0.7 | 0.2 | 9,048 | 9,717 | 3.7 | 0.7 | 0.6 | -0.1 |
| Subaru | 14,394 | 12,543 | -12.9 | 3.4 | 2.8 | -0.6 | 45,414 | 43,734 | -3.7 | 3.5 | 3.2 | -0.3 |
| Tesla | 57,506 | 52,114 | -9.4 | 13.5 | 11.8 | -1.7 | [illegible] | [illegible] | -15.1 | 12.1 | 9.8 | -2.3 |
| Toyota | 64,324 | 77,410 | 20.4 | 15.1 | 17.5 | 2.4 | 214,542 | 240,769 | 12.0 | 16.4 | 17.4 | 1.0 |
| Volkswagen | 7,786 | 7,269 | -6.6 | 1.8 | 1.6 | -0.2 | 24,754 | 20,935 | -15.4 | 1.9 | 1.5 | -0.4 |
| Volvo | 3,224 | 2,913 | -9.6 | 0.8 | 0.7 | -0.1 | 10,811 | 10,094 | -6.6 | 0.8 | 0.7 | -0.1 |
| Other | 2,276 | 1,638 | -28.1 | 0.5 | 0.4 | -0.1 | 7,612 | 5,973 | -21.5 | 0.6 | 0.4 | -0.2 |

Data sourced from Experian Automotive.

Nov 20, 2025, 5:57 PM Everybody can reply

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**smellytoe** @smellytoe.bsky.social · 18h
I cannot imagine a CEO who is compensated at levels beyond ludicrous for failing to deliver on much of anything, over and over again—all while openly tanking his companies' future because he can't stop running his mouth. It makes no sense.

4 5 125

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# Tesla Sued Over Another Fatal Crash in Growing Scrutiny of Doors

Nov. 21, 2025, 9:41 AM PST


## Summary by Bloomberg AI

AI Generated

- Tesla Inc. was sued over a crash in Washington state that left one person dead and another seriously injured after rescuers allegedly struggled to open the vehicle's doors.
- The lawsuit claims Tesla's "unique and defective door handle design" rendered the doors inoperable and impeded the rescue process.
- The lawsuit accuses Tesla of negligence and misleading customers, arguing that the company knew the door handles could become inoperable after a crash and was aware of fire hazards from the lithium-ion battery pack, but did nothing to address either issue.


Tesla Inc. was sued over a fiery crash in Washington state that left one person dead and another seriously injured after rescuers allegedly struggled to open the vehicle's doors, the latest in a growing body of litigation scrutinizing the company's electrically powered handles.

The claims stem from an accident in January 2023, when Jeffery Dennis and his wife, Wendy, were running errands on a Saturday afternoon in their Model 3 sedan. The electric vehicle "suddenly and rapidly accelerated out of control," hitting a utility pole and bursting into flames, according to the suit, which was filed Friday in federal court in Washington state.

Tesla's "unique and defective door handle design" rendered the doors inoperable and impeded the rescue process, according to the complaint. Wendy Dennis died at the scene and Jeffery Dennis suffered injuries including burns to his legs.


The vehicle on fire following the crash.
Source: Court Documents

“Several bystanders ran to the vehicle and attempted to assist Jeff and Wendy Dennis but the Model 3’s door handles would not operate,” lawyers representing Jeffery Dennis and the estate of his wife said in the lawsuit. “Several good Samaritans even attempted to use a baseball bat to break the car windows to help.”

Tesla didn’t immediately respond to a request for comment.

Electric door controls have drawn attention since a Bloomberg News investigation uncovered incidents in which people were seriously injured or died after they were unable to open doors following a loss of power, particularly after crashes.

Read More: Tesla Doors Can Trap People Desperate to Escape

The lawsuit comes weeks after one was filed against Tesla in Wisconsin over a Model S crash that killed five occupants who allegedly became trapped in a fast-moving inferno when the doors wouldn’t open. Separately, Tesla was sued in October over claims that defects in the doors of a crashed Cybertruck in Piedmont, California, made it a “death trap” by preventing three college students from escaping before they died of smoke inhalation.

And in July, a lawsuit was filed on behalf of the sole survivor of a Tesla crash in Murrieta, California, in which three teenagers died.

**Low-Voltage Battery**

The new lawsuit accuses Tesla of negligence and misleading customers, arguing that Elon Musk's company knew the door handles could become inoperable after a crash and was aware of fire hazards from the lithium-ion battery pack, but did nothing to address either issue. It also claims that the Model 3 involved in the crash had a defect that caused the vehicle to suddenly accelerate out of control and that the automatic emergency braking system failed.

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

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

The case is Dennis v. Tesla, 3:25-cv-06052, US District Court, Western District of Washington (Tacoma).

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Securities

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# Geotech’s Auditor Resigns Due to Alleged Scam Kingpin Chen Zhi

Nov. 21, 2025, 1:25 AM PST

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Geotech says Grant Thornton has resigned as the auditor of the company effective from Nov. 21, according to a statement to Hong Kong stock exchange.

Allegation linked to Chen Zhi, a former executive director and the controlling shareholder of the company, gives rise to a conflict with Grant Thornton’s ethical responsibilities and client continuance policies

Grant Thornton has determined it would be inappropriate to maintain its association with the company and is unable to continue in its capacity as auditor

Chen is under the sanctions administered by OFAC in connection with his alleged involvement with the Prince Group Transnational Criminal Organization relating to online scams and money laundering activities

NOTE: US Seizes Bitcoin Worth $15 Billion in ’Pig-Butchering’ Case

How an Accused Kingpin Built an Empire From Cambodia to London

To view the source of this information, click here

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This story was produced with the assistance of Bloomberg Automation.

WH Smith PLC

# PwC flagged WHSmith profit overstatement to accounting watchdog

UK Financial Reporting Council weighing opening probe into Big Four firm


WHSmith's disclosure of accounting errors has wiped nearly £600mn off its market capitalisation © Jason Alden/Bloomberg

**Ellesheva Kissin** and **Ashley Armstrong** in London

Published 3 HOURS AGO

The UK accounting regulator is weighing whether to formally investigate PwC's auditing of WHSmith, whose chief executive resigned this week over accounting errors in the retailer's US business.

WHSmith, which has been audited by PwC since 2015, said on Wednesday that an independent review by Deloitte had found that the company's revenues had been overstated and that the errors had been made over several years.

After WHSmith first announced in August that it had discovered accounting errors in its US business, PwC flagged the retailer's statement to the FRC as part of its standard practice, said people familiar with the matter.

The regulator routinely reviews situations where companies reveal problems with their accounts to determine whether to open a formal investigation. While the FRC has not decided whether to open a formal probe into PwC's work at WHSmith, the situation is the latest to bring scrutiny to the Big Four accounting firm's audits.

PwC has been in the regulator's crosshairs for its audits of companies including Sanjeev Gupta's Wyelands Bank and London Capital & Finance, which a court ruled was a Ponzi scheme. PwC also audited Tesco in the run-up to an accounting scandal that engulfed the supermarket group.

The FRC has the power to fine companies and even ban individual auditors when they fail to meet industry standards but generally gives discounts for co-operation and early engagement.

PwC and the FRC declined to comment.

PwC signed off on WHSmith's accounts for the three years where the retailer has subsequently disclosed an overstatement of profits through booking US supplier income too early. The errors went undetected until a member of WHSmith's finance team came forward in mid-August, the Financial Times has previously reported.

WHSmith's disclosure of accounting errors has wiped nearly £600mn off its market capitalisation. The episode has already claimed the retailer's group chief executive, Carl Cowling, who stepped down on Wednesday as the London-listed company revealed the top-level findings of an independent review, led by PwC's rival Deloitte.

This blamed "a backdrop of a target-driven performance culture" in WHSmith's North America business, which had "a limited level of group oversight of the finance processes" in the division, the retailer told the market.

Heading the US business over the relevant period was Toby Keir, who was promoted in 2021 after 19 years at WHSmith to run its Marshall Retail Group unit. Keir left the company earlier this year for family reasons, the people added.

He ran the US division out of its headquarters in Las Vegas, whereas the rest of the business — including its other global operations — reported to Cowling at WHSmith's headquarters in Swindon, Wiltshire. Deloitte gave the rest of WHSmith's business a clean bill of health. The group has about 1,300 stores globally located in airports, train stations and hospitals.

Keir did not respond to requests for comment.

The retailer's entire US finance team, which has been led by Kevin Gotthard since 2022, is being replaced, a person close to the company said. The group CFO, Max Izzard, only joined the company in late 2024.

WHSmith declined to comment. Gotthard did not respond to a request to comment via LinkedIn.

### Nearly £600mn has been wiped off WHSmith's value since it disclosed accounting errors

Share price, pence


Source: LSEG via markets.ft.com

The accounting issues centred around the way WHSmith recognised payments from suppliers when they ran promotions. Typically such income is recorded gradually over time to align with when the related products are sold. Deloitte found that WHSmith instead recorded the income when deals were agreed.

The move to book supplier income earlier than cash had been received gave a flattering impression that its US profits were higher than they were, and meant senior managers were able to financially benefit by hitting bonus performance targets, according to people familiar with the company.

The errors would result in a larger-than-expected hit to the retailer's profits, Deloitte concluded. The travel retailer said it expected to have to restate full-year earnings for 2023 and 2024, and it further cut forecasts for trading profit in its US business to £5mn-£15mn for 2025, down from a reduced £25mn guidance set in August.



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# 'Baby Shark' Creator's 47% Wipeout Sinks Stock Below IPO Price

Nov. 20, 2025, 10:10 PM PST


## Summary by Bloomberg AI

AI Generated

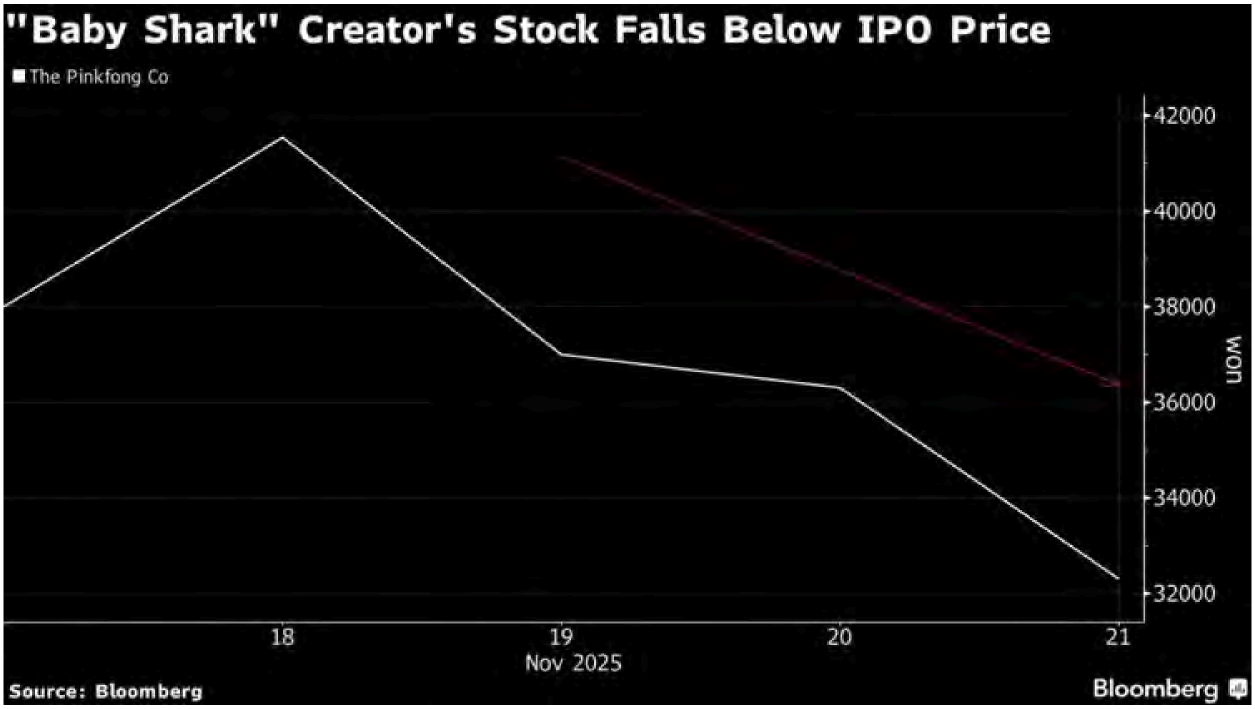
- Shares of Pinkfong Co. tumbled to as low as 32,500 won on Friday, a decline from its initial public offering price of 38,000 won.
- The company's IPO raised 76 billion won, with investor orders exceeding available shares more than 600 times.
- Some have started questioning the company's valuation and ability to replicate prior success, saying further gains depend on its capacity to create more characters and monetize them effectively.


The frenzy for the company behind the viral children's hit "Baby Shark" has quickly cooled, with shares dropping below the initial public offering price just days after their trading debut.

Shares of South Korean entertainment firm Pinkfong Co . tumbled to as low as 32,500 won on Friday, a 14% decline from its IPO price of 38,000 won. The stock fell 47% from its Tuesday intraday high through Friday's intraday low.

Pinkfong had initially surged as much as 62% on its Tuesday debut before losing steam as share prices sank worldwide. The quick reversal underscores how some of the market's hottest stocks have been hit hardest in the downturn as investors question whether equity valuations are justified.

"Slipping below the IPO price sends a bad signal, no doubt," said **Choi Jong-kyung**, an analyst at Heungkuk Securities in Seoul. "But we're just four days in, and the debut came on a soft market day. It's too early to pin this on the company alone."




Pinkfong's IPO raised a modest 76 billion won ($53 million), though the debut drew intense interest as investor orders exceeded available shares more than 600 times. Pricing also landed at the high end of its marketed range.

Riding on the success of "Baby Shark," which has been viewed more than 16 billion times, the company went public to grow its reach beyond toddlers' screens and position itself as a full-fledged media studio capable of producing big hits.

The Pinkfong mascot strikes the gong during the listing ceremony in Seoul.
Photographer: SeongJoon Cho/Bloomberg
Investors had bet the IPO proceeds and a public listing would turn Pinkfong into the next big trade amid global interest in Korean entertainment fueled by K-pop giants like BTS and Blackpink.

Read more: How 'Baby Shark' Drove Pinkfong to the Stock Market: QuickTake

But some have started questioning the company's valuation and ability to replicate prior success, saying further gains in the stock depend on its capacity to create more characters and monetize them effectively.

Despite the setback for Pinkfong, Choi said this event is unlikely to cast a shadow over future listings. "Plenty of stocks have soared well above their offer price. And for next year, when AI will steal the spotlight, there is a flood of related companies lining up to go public."

--With assistance from **Joanna Ossinger**.

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Catherine Ngai, Balazs Penz

Securities

# Nikola Corp., Trevor Milton Settle Fraud Claims for $27 Million

Nov. 20, 2025, 1:37 PM PST

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Trevor Milton will pay $2.5 million to resolve fraud claims stemming from Nikola Corp.'s blank-check merger in 2020, as part of a $27.45 million settlement approved Thursday.

The Delaware Chancery Court finalized a settlement already authorized by a bankruptcy court to end all derivative claims, including litigation in federal courts in Delaware and Arizona, against the electric-truck startup's senior leaders and backers. The money will be paid back to the company that's often been in turmoil since it went public through a deal with a special purpose acquisition company.

"Everything looks great," Chancellor Kathaleen St. Jude McCormick said in a hearing in Wilmington, Del. She called the accord, along with a separate $6.3 million deal to compensate SPAC shareholders, an "incredibly complicated settlement to achieve."

Nikola filed for bankruptcy in February. Milton, who left the company in 2020, had been accused of exaggerating the capability of Nikola's debut truck. President Donald Trump pardoned him in March, while the founder was appealing a 2022 conviction in a New York federal court for wire and securities fraud.

The settlement resolves claims that Nikola's officers and directors breached their fiduciary duties by failing to oversee and prevent false statements about the startup's technology and operations and allowing the company to issue misleading disclosures, all while a director allegedly sold stock at inflated prices.

Aside from Milton's share, most of the settlement will be funded by Nikola's D&O insurers. A former board member facing insider trading claims in the litigation, Jeffrey Ubben, and companies affiliated with him will pay $6.95 million. Insurers for director Mike Mansuetti will contribute $500,000.

McCormick also approved Thursday a separate $6.3 million cash settlement paid by insurers, compensating shareholders of the SPAC, VectoIQ Acquisition Corp., who didn't redeem their shares before the merger. That deal includes $1.26 million for fees and expenses for the shareholders' attorneys.

The derivative claims settlement also includes $1.8 million in legal fees for the shareholders' attorneys. The shareholders are represented by Cohen Milstein Sellers & Toll PLLC, Johnson Fistel LLP, Robbins LLP, Andrews & Springer LLC, and Cooch and Taylor PA.

"The fees are more than reasonable," McCormick said.

Nikola is represented by Paul, Weiss, Rifkind, Wharton & Garrison LLP. Milton is represented by Connolly Gallagher LLP and Paul Hastings LLP.

The case is In re Nikola Corp. Deriv. Litig., Del. Ch., No. 2022-0023, settlement hearing 11/20/25 .

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# Starbucks Can't Dump Investors' 'Triple Shot' Strategy Suit

By **Emilie Ruscoe**

Law360 (November 20, 2025, 10:42 PM EST) -- Starbucks and its former CEO can't shed investor class action claims that the company harmed shareholders by concealing its struggles to implement a "reinvention plan," which came to light when the company disclosed that its sales were being harmed by longer waits for customized drinks in its U.S. stores and by fierce competition in China.

In a **Wednesday order** in Seattle federal court, U.S. District Judge John H. Chun found that the Starbucks investors had sufficiently alleged a causal connection between Starbucks' allegedly misleading statements and the economic loss to shareholders.

He said this is so, even if the complaint didn't clearly show that certain claims were corrective disclosures instead of timely, proper disclosures.

"Loss causation may be shown even without a showing of a corrective disclosure," the judge said Wednesday, shooting down Starbucks' request to toss certain securities fraud claims for failure to show loss causation.

The lawsuit, first filed in August 2024, centers on Starbucks' disclosures about its struggles with its three-year "Triple Shot Reinvention with Two Pumps" plan, which aimed to fix inefficiencies and grow its sales outside the U.S., including in China.

In ruling on the motion to dismiss, Judge Chun declined to cut former Starbucks CEO Laxman Narasimhan from the lawsuit on the grounds that allegations against him raise a strong inference of scienter against him, not the least of which was his "abrupt termination on August 13, 2024."

The judge tossed, for now, a number of other claims, including allegations against former Starbucks Chief Financial Officer Rachel Ruggeri and over three groups of allegedly misleading company statements. The judge found that the statements didn't violate securities laws and the complaint didn't show that Ruggeri knowingly misled anyone.

The claims Judge Chun dismissed include those involving statements that he described as "accurate historical data accompanied by general statements of optimism," as well as claims involving an additional three statements the judge considered to be "general expressions of optimism that are unspecific and not capable of objective verification."

The judge added that the investors failed to show how certain statements about the company's loyalty program amounted to more than company financial data alongside statements of optimism or puffery.

The judge also found that certain company statements about its business in China were couched in a warning to investors that it faced competition in the Chinese market.

The judge gave the three institutional investor lead plaintiffs a chance to amend their claims, stating, generally, that "In amending the complaint, plaintiffs should consider other strong arguments raised by the defendants' motion to dismiss not explicitly addressed in this order."

In the latest version of the claims, from February, the investors accused the company of making a "concerted effort" to hide declining sales at Starbucks-operated stores in the U.S. and China.

The company announced the reinvention plan in September 2022 and contemplated store sales growth in the range of 7% to 9% annually between 2023 and 2025, and when Narasimhan took over as CEO in 2023, he updated the plan to include improving culture and customer experience and global footprint expansion, especially in China.

But according to the investors, Seattle-headquartered Starbucks "shocked" investors in April 2024, when it announced that instead of seeing store sales growth in the U.S. and China, its sales in those countries had actually declined.

Following that disclosure, trading prices for Starbucks shares fell 15%, from over $88 to near $74, hurting investors, the suit states.

In April, when it sought to shed the suit, Starbucks argued that all of its allegedly misleading statements were either just statements of its financial data or optimistic, generally positive statements protected by the Private Securities Litigation Reform Act's safe harbor.

On Thursday, a spokesperson for Starbucks told Law360 via email that "we are evaluating the decision and intend to continue to defend against the allegations."

Representatives for the investors did not immediately respond to requests for comment Thursday.

Lead plaintiffs the Pavers & Road Builders District Council Pension Fund, Teamsters Local 237 Additional Security Benefit Fund, and Teamsters Local 237 Supplemental Fund for Housing Authority Employees are represented by Erika L. Oliver, Laurie L. Largent and Evelyn Sanchez Gonzalez of Robbins Geller Rudman & Dowd LLP and Juli E. Farris of Keller Rohrback LLP.

Starbucks is represented by Tyler K. Lichter of K&L Gates LLP and Andrew B. Clubok, Susan E. Engel, Michele D. Johnson and Whitney B. Weber of Latham & Watkins LLP.

The case is Charles Garbaccio v. Starbucks Corp. et al., case number 2:24-cv-01362, in the U.S. District Court for the Western District of Washington.

--Additional reporting by Lauren Berg and Sydney Price. Editing by Michael Watanabe.

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# DocGo Investors Get First OK For $12.5M Settlement

By **Sydney Price**

Law360 (November 20, 2025, 8:33 PM EST) -- Investors of mobile medical provider DocGo have received preliminary approval of their $12.5 million settlement of claims that the company deceived stockholders before a $432 million contract with New York City to provide emergency migrant housing came under public scrutiny.

According to Tuesday's order, the court will likely be able to approve the settlement as being "fair, reasonable and adequate" to the class following the settlement hearing March 24, 2026.

U.S. District Judge Katherine Polk Failla preliminarily certified Genesee County Employees' Retirement System as lead plaintiff and Robbins Geller Rudman & Dowd LLP as class counsel for the purposes of the settlement.

Lead counsel for the proposed class will request up to 33%, or approximately $4.1 million, in fees, and up to $250,000 in expenses, according to the **motion for settlement** filed earlier this month.

The suit, which was launched in 2023, alleges that DocGo "overstated the efficacy of its mobile health and medical transportation services" in earnings calls, press releases and public filings, leading to inflated stock prices, which fell after public reports questioned the business's services to migrants in New York City.

In March, Judge Failla allowed the case to proceed after determining the complaint bases some of its claims on certain "indisputably false" statements that then-CEO Anthony Capone made about his educational history and DocGo's attempts to register migrants for Medicaid.

Although the company claimed in its defense that Capone's educational history is immaterial to the company's performance in the stock market, the judge noted that Capone repeatedly tied his educational background to DocGo's capabilities, so it is plausible that a reasonable investor would view this information as altering the "total mix" of information available.

In the same order in March, the judge agreed to toss other securities fraud claims, including all claims against two DocGo executives, Stan Vashovsky and Andre Oberholzer.

The investors are represented by Christopher M. Wood, Samuel H. Rudman, Eric I. Niehaus, Joseph J. Tull and David A. Rosenfeld of Robbins Geller Rudman & Dowd LLP and Thomas C. Michaud of VanOverbeke Michaud & Timmony PC.

DocGo is represented by Jason J. Mendro of Gibson Dunn & Crutcher LLP.

Anthony Capone is represented by Evan I. Cohen of Finn Dixon & Herling LLP.

The case is Genesee County Employees' Retirement System v. DocGo Inc. et al., case number 1:23-cv-09476, in the U.S. District Court for the Southern District of New York.

--Editing by Emily Kokoll.

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# FirstEnergy Must Pay $250M In Ohio Bribery Scandal Fallout

By **George Woolston**

Law360 (November 20, 2025, 6:24 PM EST) -- FirstEnergy Corp.'s Ohio utilities were ordered to pay a combined $250.7 million in restitution to customers and civil forfeitures by the Public Utilities Commission of Ohio as part of the commission's investigation in response to the massive bribery scheme behind a $1.3 billion bailout for two nuclear energy plants.

PUCO announced Wednesday that it found FirstEnergy's Ohio utilities — Cleveland Electric Illuminating Co., Ohio Edison and Toledo Edison — violated state law and commission regulations and orders, including failing to adhere to a 2016 commission order authorizing it to collect a "distribution modernization rider," or a fee from customers for the sole purpose of supporting their efforts to modernize their distribution grids.

"The Commission has remained steadfast in ensuring that we have followed the facts wherever they may lead," PUCO Chair Jenifer French said in a statement on Wednesday. "Our hope is the events underlying these proceedings will remain a cautionary lesson of accountability and honesty in utility regulatory matters."

PUCO said it also found that the utilities used money collected from customers from 2017 to 2019 to subsidize its unregulated generation affiliate — a violation of Ohio law. It ordered the utilities to return to customers $179.99 million over three billing cycles after finding them liable for treble damages on the $59.99 million FirstEnergy spent in furtherance of the legislation behind the bailout, known as House Bill 6.

The utilities will further refund $6.64 million plus interest for certain transactions that they billed to customers but that lacked supporting documentation or were misallocated to customers, as identified by a 2021 PUCO audit, the commission said.

PUCO said the utilities also must pay a civil forfeiture of $21.7 million for violating the state's corporate separation laws, an $18.9 million civil forfeiture for violating disclosure laws, and a $23.3 million civil forfeiture fee after the commission found in its 2021 audit that the utilities lacked separation between regulated and unregulated affiliates, a chief compliance officer, and information in a cost allocation manual.

"These proceedings were the first, and we trust the last, of their kind," French said. "It is our responsibility and duty to impose appropriate remedies so as to ensure that they are."

FirstEnergy faces a **securities action** alleging it and its senior executives bankrolled the massive bribery scheme that ultimately caused its stock value to tank, and its former CEO and senior vice president of external affairs are defendants in a pending Summit County, Ohio, **criminal case**, facing allegations of conspiracy, bribery, money laundering and telecommunications fraud.

Former Ohio House Speaker Larry Householder and Republican lobbyist Matt Borges were **convicted** in June 2023 for their roles in the scheme.

FirstEnergy spokesperson Lauren Siburkis said in a statement to Law360 that PUCO's decision "closes a chapter tied to activities that do not represent the company we are today."

"FirstEnergy is committed to accountability, transparency and rebuilding trust," Siburkis said. "Under new leadership, we have transformed our culture, strengthened compliance programs and implemented rigorous oversight of our political and lobbying practices."

--Additional reporting by Tom Lotshaw. Editing by Nick Siwek.

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# Chinese Logistics Co. Investors Sue Over 95% Stock Crash

By **Katryna Perera**

Law360 (November 20, 2025, 7:15 PM EST) -- Investors of China-based Jayud Global Logistics have filed suit in New York federal court, alleging the company's stock price was artificially inflated through fake social media posts before it suddenly collapsed by 95% in one day, leaving everyday shareholders holding the bag.

Plaintiff Braden Lindstrom filed a **complaint** on Wednesday on behalf of a proposed class of all individuals and entities that purchased or acquired Jayud securities between April 21, 2023, and April 30, 2025.

In addition to the company, the complaint names as defendants Jayud's CEO Xiaogang Geng, Chief Financial Officer Mengmeng Hu, former CEO Alan Tan Khim Guan, former CFO Lin Ba, and several of the company's auditors.

According to the complaint, Jayud provides global supply chain solution services, including freight forwarding services, cross-border logistics and chartered airline freight services, among other things.

Lindstrom claims that the structure of Jayud's 2023 initial public offering was purposefully designed to facilitate an eventual pump-and-dump scheme.

"Jayud conducted a low-float IPO, offering just 1.25 million shares to the public, less than 5% of total outstanding equity, while maintaining overwhelming insider control through Class B supervoting shares and offshore holding entities," the complaint states. "The thin public float also made Jayud's stock uniquely susceptible to price manipulation, as even modest buying pressure could create explosive price moves."

The complaint alleges that throughout the class period, the defendants failed to disclose to investors that Jayud was the subject of a fraudulent stock promotion scheme and that company insiders and affiliates used offshore or nominee accounts to facilitate a coordinated share dumping during the price-inflation campaign.

Additionally, the complaint states that Jayud's public statements and risk disclosures during the class period failed to mention the false rumors or artificial trading activity driving the stock price, which surged in the weeks leading up to April 2025 from $1 to an all-time high of $8 per share.

According to the complaint, at that time Jayud had approximately 90 million outstanding Class A shares, giving it a market capitalization of around $720 million.

Lindstrom claims the stock price was inflated through a coordinated social media campaign across private investor chat groups and platforms such as WhatsApp and Facebook. The complaint states that promoters impersonated credible financial advisors and circulated false information and news to generate excitement and buying pressure for Jayud's shares.

"The statements had no legitimate basis in the company's actual operations or financial condition, yet they were presented as authoritative tips to lure retail investors into purchasing Jayud shares at inflated prices," the complaint states. "By peddling fabricated prospects of imminent corporate success, the scheme misled investors about Jayud's value and created artificial demand for the stock."

But the price increase was short-lived because on April 2, 2025, Jayud's stock fell by 95% to less than $1. Since then, the complaint states that Jayud has completed several reverse stock splits to maintain compliance with NASDAQ listing requirements.

The suit seeks damages, attorney fees and a jury trial. Jayud declined to comment on Thursday, and counsel for Lindstrom did not immediately respond to requests for comment.

Lindstrom is represented by Sean Masson, John T. Jasnoch and Mollie Chadwick of Scott + Scott Attorneys at Law LLP, and Tom Grady of GradyLaw.

Counsel information for the defendants was not immediately available.

The case is Lindstrom v. Jayud Global Logistics Limited et al., case number 1:25-cv-09662, in the U.S. District Court for the Southern District of New York.

--Editing by Emily Kokoll.

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# Chancery Says $33M Nikola Deal 'More Than Fair'

By **Jarek Rutz**

Law360 (November 20, 2025, 6:50 PM EST) -- Delaware Chancellor Kathaleen St. J. McCormick granted final approval Thursday to a pair of settlements totaling more than $33 million, including more than $1.8 million in fees and expenses, resolving years of shareholder litigation tied to Nikola Corp.'s fraud-shadowed SPAC merger.

Chancellor McCormick noted that the court faced unusual pressure to act quickly because the settlement was woven into Nikola's Chapter 11 process and required prompt approval. As counsel summarized the terms, Chancellor McCormick responded that the settlement was "far more than fair" as she granted approval.

The settlements resolve overlapping derivative and class actions filed after Nikola's 2020 merger with special purpose acquisition company VectoIQ Acquisition Corp. Investors alleged that insiders allowed founder and former chairman of Nikola Trevor Milton to mislead the market with false claims about Nikola's ability to produce hydrogen and battery electric trucks, inflating the company's valuation ahead of the SPAC deal.

A SPAC merger features a company that raises money and goes public for the purpose of merging with a privately-held company, bringing the private business onto the public market.

After a 2020 short-seller report questioned Nikola's claims, Milton was charged in 2021 and convicted in 2022 for securities and wire fraud, while the company later paid a $125 million U.S. Securities and Exchange Commission penalty. Shareholders filed suits in federal court and in Delaware, and Nikola's 2024 Chapter 11 filing added urgency to settlement negotiations.

President Donald Trump **pardoned** Milton in March from his four-year prison sentence.

The core derivative settlement provides $27.5 million in cash, including $17.5 million from directors and officers insurers, $2.5 million from Milton, $500,000 from director Mike Mansuetti, and $6.95 million from director Jeffrey Ubben. Counsel explained that Ubben's contribution rose from an initial $1.5 million to the final $6.95 million "as part of the negotiations."

A separate settlement for former VectoIQ stockholders , relating to claims that the SPAC misled investors about dilution and Nikola's business prospects, adds $6.3 million, funded primarily through VectoIQ's insurance.

The court approved a $1.8 million fee-and-expense award on the derivative side, a reduced figure negotiated in bankruptcy, and a 20% fee from the $6.3 million VectoIQ settlement.

No objections were lodged to the VectoIQ settlement, and only one stockholder objection was filed on the derivative side, which counsel noted "did not identify any specific objection" to the terms.

Richard A. Speirs of Cohen Milstein Sellers & Toll PLLC, representing the plaintiffs, said the deal was the product of years of litigation, "over 2 million pages" of discovery, extensive mediation, and coordination with Nikola's bankruptcy estate. Chancellor McCormick credited the multiparty negotiations.

Speirs said more than 4,900 hours were devoted to the Nikola litigation, spanning years of investigation, motion practice, discovery and mediation.

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

The plaintiffs are represented by Peter B. Andrews, Craig J. Springer and David M. Sborz of Andrews & Springer LLC, Blake A. Bennett of Cooch & Taylor PA, Julie Goldsmith Reiser, Richard A. Speirs and Benjamin F. Jackson of Cohen Milstein Sellers & Toll PLLC, Frank J. Johnson, Brett M. Middleton and Jonathan M. Scott of Johnson Fistel LLP and Gregory E. Del Gaizo of Robbins LLP.

Ed Lomont is represented by Peter Bradford deLeeuw of DeLeeuw Law LLC and Willem F. Jonckheer and Dustin L. Schubert of Schubert Jonckheer & Kolbe LLP.

Trevor Milton is represented by Henry E. Gallagher and Jarrett W. Horowitz of Connolly Gallagher LLP and Bradley J. Bondi and Sara E. Ortiz of Paul Hastings LLP.

Jeffrey W. Ubben and Inclusive Capital Partners Spring Master Fund LP are represented by C. Barr Flinn of Young Conaway Stargatt & Taylor LLP and Douglas A. Rappaport, Kaitlin D. Shapiro and Fatima Bishtawi of Akin Gump Strauss Hauer & Feld LLP.

Mark A. Russell, Sooyean "Sophia" Jin, Mike Mansuetti, Gerrit A. Marx, Jeffrey W. Ubben, DeWitt Thompson V, Stephen J. Girsky, Kim J. Brady and Britton Worthen and nominal defendant Nikola Corp. are represented by Matthew D. Stachel, Brad S. Karp, Susanna M. Buergel, Gregory F. Laufer and Alison R. Benedon of Paul Weiss Rifkind Wharton & Garrison LLP.

The cases are In re: Nikola Corp. Derivative Litigation, case number 2022-0023, and Ed Lomont v. Trevor R. Milton et al., case number 2023-0908, in the Court of Chancery of the State of Delaware.

The cases are In re: Nikola Corp. Derivative Litigation, case number 2022-0023, and Ed Lomont v. Trevor R. Milton et al., case number 2023-0908, in the Delaware Chancery Court.

--Editing by Alex Hubbard.

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# Target Investors' Pride Month Merch Suit Shipped To Minn.

By **Emilie Ruscoe**

Law360 (November 20, 2025, 10:34 PM EST) -- A consolidated set of shareholder class actions against Target Corp. over its 2023 Pride Month marketing campaign has been relocated from Florida to Minnesota, where the company is headquartered.

The investor claims, concerning an alleged drop in Target's share price after it introduced its Pride marketing campaign, were sent to Minnesota on Wednesday, about two weeks after Target filed notice with the court stating that a key witness it had identified earlier had recently left the company, but still lives in Minnesota.

"One of defendants' key arguments in favor of transfer to the District of Minnesota is that key non-party witnesses reside in Minnesota and are outside this court's subpoena power," Target told a Florida judge in its Nov. 6 filing.

The company said its former chief corporate affairs officer and chief communications officer Katie Boylan is a potential witness whose testimony it may seek should the matter go to trial.

"Ms. Boylan was one of Target's most senior executives who reported directly to Target's CEO, defendant Brian Cornell. If defendants are able to call Ms. Boylan at trial, she would testify about the statements at issue, as she was involved in reviewing and approving all of Target's public statements, including its annual reports, proxies, and the May 24, 2023 statements regarding backlash to [Target's 2023 Pride] collection," Target said.

The company added that Boylan could also talk about the company's risk oversight as a former member of the company's leadership team task force.

Target's transfer motion, filed in August, told the Florida court that "courts across the country routinely transfer representative actions to the forum in which they can most conveniently be litigated without regard for where they were originally filed. Here, the most convenient forum is Minnesota."

The parties that brought the now-consolidated cases include the State Board of Administration of Florida, which manages the Sunshine State's investments.

The Minnesota court will now oversee investor claims filed after the retailer became embroiled in criticism of its 2023 Pride offerings, which the suit describes as "exceptionally offensive."

The latest version of the claims, from February, cites market records showing that in May 2023, prior to the introduction of the Pride marketing, trading prices for Target shares were near $161, but by October 2023 its shares had fallen to as low as $105.

The investors are represented by James Uthmeier of the Florida Attorney General's Office, Reed D. Rubinstein and Andrew J. Block of America First Legal Foundation, R. Trent McCotter of Boyden Gray PLLC, and Paul C. Huck Jr., Samuel J. Salario Jr. and Jason B. Gonzalez of Lawson Huck Gonzalez PLLC.

Target and its board members are represented by Sandra C. Goldstein, Alexander Rodney, Jacob M. Rae and Ashley Grolig of Kirkland & Ellis LLP and Traci T. McKee, Jeffrey P. Justman and Sandra Dawn

Grannum of Faegre Drinker Biddle & Reath LLP.

The case is In re Target Corp. Securities Class Action Litigation, case number 0:25-cv-04380, in the U.S. District Court for the District of Minnesota.

--Editing by Linda Voorhis.

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# UiPath Execs Want Derivative Suit Axed Over Board Demand

By **Katryna Perera**

Law360 (November 20, 2025, 10:14 PM EST) -- The top brass of UiPath have hit back against a derivative suit in Delaware Chancery Court, arguing the plaintiff shareholder did not make a presuit demand on the company's board and that the complaint merely copies claims from a separate federal class action that was dismissed.

The defendants — UiPath's co-founder and former co-CEO Daniel Dines, its chief financial officer and chief operating officer Ashim Gupta, and several current and former directors — filed a dismissal **motion** on Wednesday, saying plaintiff Scott Rudolph's suit is a "tagalong" derivative action.

UiPath provides businesses with automation services and software designed to automate high-volume, repetitive digital tasks. The suit, filed in July, claims the defendants schemed to discount the company's artificial intelligence-related services to pump up business while trading on **insider information** and reaping more than $500 million in total proceeds.

On Thursday, the defendants said, as a threshold matter, the suit fails because Rudolph did not make a presuit demand on UiPath's board of directors, allegedly because it would be futile. But the defendants say a simple headcount of board members makes clear that a majority was independent enough to evaluate a presuit demand.

"[Plaintiff] concedes that three of the eight directors on the board are independent. Of the remaining five, plaintiff claims that two were conflicted solely because they were compensated for their board service and that two more were conflicted because they were early investors in UiPath," the motion states. "None of these threadbare allegations is sufficient to call into question these directors' independence and excuse plaintiff's failure to make a demand."

According to the motion, Rudolph also claimed that several board members face a substantial likelihood of liability under his claims because they were involved in facilitating or making the allegedly false and misleading statements, or because they sold stock while possessing material non-public information.

However, the defendants argued on Wednesday that these claims are insufficient, and they noted that the statements at issue had been **dismissed** in a parallel federal class action.

According to the motion, Rudolph's primary claim that UiPath's top brass caused the company to issue false or misleading statements about its artificial intelligence-related services in relation to its initial public offering was dismissed with prejudice, after a New York federal judge found the challenged statements were inactionable.

The plaintiff in the parallel class action filed an appeal of the dismissal in October, according to the court docket.

Finally, the motion argues that even if Rudolph could sufficiently plead falsity, the suit still fails to show that any of the challenged statements caused an injury.

"Plaintiff's primary theory of injury is that, by making or facilitating these statements, defendants exposed UiPath to liability in the securities action and in unspecified 'other lawsuits.' But the securities action and all such 'other lawsuits' have been dismissed," the motion states.

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

The complaint states that automation software was in high demand during the COVID-19 pandemic, prompting major software companies such as Microsoft and IBM to invest in and develop their own automation software. But Rudolph says the defendants claimed that Microsoft was not a significant competitor of UiPath.

In May 2020, Microsoft announced it had acquired Softomotive, a robotic process automation company, to help jump-start its process automation offering, Microsoft Power Automate, according to the complaint. This allowed Microsoft to bundle automation offerings for customers into Microsoft Suite packages at much lower prices than UiPath, according to the complaint.

Rudolph alleges that UiPath's board structured the company's 2021 IPO to allow board members and company insiders to avoid a traditional lock-up period and sell their shares immediately.

Through this structure, Rudolph claims the defendants schemed to artificially inflate the price of UiPath's stock to maximize their own profits and collectively reaped more than $500 million.

The complaint also states that the defendants caused UiPath to spend more than $43.7 million to repurchase roughly 2.3 million of its own shares at artificially inflated prices from April 2021 through September 2022, resulting in the company overpaying for its own stock repurchases by more than $24.7 million.

Rudolph further alleges that throughout this time, the defendants failed to disclose to investors that UiPath had implemented a substantial discounting program before the IPO, which temporarily boosted the company's revenue, and that the company's total addressable market was not as large as portrayed, nor was it losing customers to competitors, among other things.

When the truth was finally revealed, and the executives conceded that the company was experiencing issues with its sales volume, UiPath's stock price fell, according to the complaint.

Rudolph is represented by Kurt M. Heyman and Gillian L. Andrews of Heyman Enerio Gattuso & Hirzel LLP.

The defendants are represented by S. Mark Hurd of Morris Nichols Arsht & Tunnell LLP, and Edmund Polubinski, Patrick Blakemore and Marie Killmond of Davis Polk & Wardwell LLP.

The case is Rudolph v. Dines et al., case number 2025-0835, in the Court of Chancery of the State of Delaware.

--Editing by Adam LoBelia.

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# Musk Lied About Tesla To Fund Twitter Buy, 9th Circ. Told

By **Bonnie Eslinger**

Law360 (November 20, 2025, 7:53 PM EST) -- Tesla shareholders urged the Ninth Circuit Thursday to revive their allegations that Elon Musk lied about the capabilities and safety record of Tesla's self-driving technology, saying the district court erred in finding no evidence of fraudulent intent since the billionaire clearly needed to boost Tesla's share price to buy Twitter.

The investors' lawsuit was tossed last year by a California federal judge, who found they had not shown Musk knew his statements were false and that other, forward-looking statements were protected from liability by provisions of the Private Securities Litigation Reform Act.

At the start of a hearing Thursday, a lawyer representing the shareholders, Jake Bissell-Linsk of Labaton Sucharow LLP, told a three-judge panel of the Ninth Circuit that in February 2019, Musk claimed Tesla would release "feature complete full self-driving" vehicles by the end of that year, adding that he was "certain of that … that is not a question mark."

But when the California Department of Motor Vehicles — which oversees autonomous vehicle permitting in the state — reached out to Tesla nearly two years later, the company's associate general counsel, Eric Williams, told the state agency Tesla's driving technology did not yet fit the DMV's definition for an autonomous vehicle, Bissell-Linsk said during the hearing.

The California DMV subsequently got on a call with several senior Tesla employees, including the company's director of autopilot software, Christopher "CJ" Moore, the lawyer said. Moore told the agency that Musk's messaging did not "match engineering reality," the panel heard.

U.S. Circuit Judge Salvador Mendoza Jr. questioned why those statements don't fall into under the PSLRA's safe harbor protections.

Bissell-Linsk said that to start, the provision does not shield statements that were made with knowing falsity.

Further, the lawyer added, the safe harbor protection doesn't extend to Tesla "given its history of securities law violations," a reference to an **agreement the company reached** with the U.S. Securities Exchange Commission in 2018 over Musk's tweets about taking Tesla private.

The safe-harbor provision is an anti-fraud provision, and Musk and Tesla were misrepresenting to investors the state of the technology, Bissell-Linsk argued.

Musk had personal knowledge about the state of the technology, the lawyer said.

In addition, false statements were made about the safety of Tesla's self-driving technology, with Musk saying the cars could self-drive better than humans can drive them, Bissell-Linsk alleged.

"A Tesla files leak revealed thousands and thousands of systematic problems with the technology, such as unwanted braking and unwanted acceleration," he told the court.

Counsel for Musk and Tesla, Ellyde R. Thompson of Quinn Emanuel Urquhart & Sullivan LLP, said the forward-looking statements are protected from liability because of the PLSRA safe harbor provision.

"They speak … of what would happen this year or what would happen next year," Thompson told the panel.

She also argued that Tesla was not excluded from that protection as a result of the SEC's 2018 order, which relates to SEC Rule 13a-15 and requires the company to maintain disclosure controls and procedures over Musk's tweets. The lower court held that the disclosure rule was not an antifraud provision, the Tesla attorney said.

Thompson also asserted that the safety statements at issue related to the autopilot feature in Tesla cars, which the company has always maintained required driver supervision.

"Autopilot is cruise control. It's a lane assist," she said. "It's not a product that Tesla indicated could be used without a driver at the wheel."

Another reason why the appellate court should affirm the suit's dismissal is because the investors failed to allege specific facts showing Musk and Tesla meant to commit a wrongful act, their lawyer contended.

"These are generalized allegations," Thompson told the judges. "They're not particularized."

U.S. Circuit Judge Daniel A. Bress asked about the claims related to the DMV. Thompson said the statements made to the DMV were consistent with what Musk was representing.

During his rebuttal, Bissell-Linsk said Musk claimed the cars could drive on their own without human intervention.

"He said, 'I'm very confident about full self-driving functionality being complete by the end of the year,'" Bissell-Linsk said.

There was a reason to lie about the capabilities of Tesla's vehicles, the shareholders' counsel alleged: Musk was going to need to liquidate a large number of Tesla stocks to fund the acquisition of Twitter. In line with that aim, he wanted to maintain Tesla's high share price, Bissell-Linsk said.

"He was motivated to make these misstatements," the lawyer told the panel.

In its written brief filed with the court in May 2025, Tesla pointed out that Musk's stock sales did not occur until after the first two disclosures that investors alleged were corrective.

In their complaint, filed Feb. 27, 2023, the shareholders alleged Tesla's stock price dipped upon news of a 2021 National Highway Traffic Safety Administration **investigation** into the electric-car manufacturer following a series of crashes potentially caused by the technology.

Last year, U.S. District Judge Araceli Martínez-Olguín **dismissed the case** with leave to amend, ruling that investors had not shown Musk knew he was making false statements when he touted the safety of self-driving technology or the progress the company was making toward fully autonomous vehicles.

The suing shareholders, led by the Oakland County Voluntary Employees' Beneficiary Association and Oakland County Employees' Retirement System, said testimony from a confidential witness, who worked at Tesla, indicated that Musk received regular reports about the progress of the engineering team to show he must have known his statements were false.

U.S. Circuit Judges Sidney R. Thomas, Daniel A. Bress and Salvador Mendoza Jr. sat on the panel for the Ninth Circuit.

The class is represented by Jake Bissell-Linsk, Carol C. Villegas, Guillaume Buell and Matthew J. Grier of Labaton Sucharow LLP, Lucas E. Gilmore of Hagens Berman Sobol Shapiro LLP and Aaron L. Castle of VanOverbeke Michaud & Timmony PC.

Musk and Tesla are represented by Alex Spiro, Ellyde R. Thompson and Jesse Bernstein of Quinn Emanuel Urquhart & Sullivan LLP.

The case is Thomas Lamontagne v. Tesla Inc. et al., case number 25-55, in the United States Court of Appeals for the Ninth Circuit.

–Additional reporting by Jessica Corso. Editing by Covey Son.

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# Meta Will Pay $190M, Change Policies To End $8B Privacy Suit

By **Hailey Konnath**

Law360 (November 20, 2025, 10:53 PM EST) -- Meta Platforms Inc. has agreed to pay $190 million, as well as enhance its whistleblower program and implement a new code of conduct and insider trading policy, as part of a proposed settlement in an $8 billion privacy suit tied to the Cambridge Analytica scandal, according to several new filings Thursday.

Under the deal, which was initially announced **midtrial in July**, Meta has agreed to add "more explicit language regarding reporting concerns about privacy violations of law and regulations" to its existing whistleblower program. Meta will also report whistleblower reports to a designated committee of its board of directors on a quarterly basis, it said in one of the filings in Delaware's Court of the Chancery.

As for its directors code of conduct, Meta will adopt a separate code that "will include provisions covering conflicts of interest, confidentiality, compliance with laws and regulations and illegal behavior," according to the filing.

Notably, the company will also amend its director conflicts of interest policy to remove founder Mark Zuckerberg's decision-making authority over potential director conflicts, the parties told the court. Now, if a director believes they could be involved in a business relationship that could create a potential conflict, the director must notify Meta's chief legal officer, the filing states.

"If the CLO or the CLO's designee determines that the proposed relationship is a potential conflict, the potential conflict will be evaluated by the lead independent director to assess whether any conflict would thereby be created," the parties said.

The Compensation, Nominating and Governance Committee will make the final determination in the event of a disagreement in the conflict assessment, they added. The chief legal officer will also be responsible for signing off on directors' trading plans, per the agreement.

The suit centers on alleged security failures that exposed the data of some 87 million Facebook users believed to have been improperly shared with Cambridge Analytica, the now-defunct political consulting firm hired by President Donald Trump's 2016 campaign.

In the sprawling suit, first filed in 2018, stockholders allege "intentional, recidivist violations of the law" by Zuckerberg and others. The claims that made it to trial related in part to failures to assure compliance with a 2012 Federal Trade Commission consent order, as well as subsequent insider trading claims involving violations of consent orders.

Attorneys for the stockholders told the court that they had reached a deal as the second day of the scheduled eight-day trial opened back in July. No details were available at that time, and Chancellor Kathaleen St. J. McCormick paused the case so that the parties could hammer out the settlement's terms.

In a stipulation filed Thursday, the plaintiffs said they "continue to believe that their claims have legal merit, but also believe that the settlement set forth below provides substantial and immediate benefits for Meta and its stockholders."

Meta and its directors continue to deny the allegations, they noted.

Samuel L. Closic of Prickett Jones & Elliott PA, co-lead counsel to the stockholder class, told Law360 Thursday, "We are proud of the settlement and look forward to presenting it to the court."

Meta said in a statement, "We are pleased that a settlement was reached that reinforces our longstanding commitment to strong corporate governance."

The Meta stockholder claims could have put Zuckerberg on the hook for disgorgement of more than $5 billion in shares allegedly gained through insider trading. Those named, aside from him, also face some $3 billion in damage claims, plus interest, paid out in a Federal Trade Commission settlement of claims alleging breaches of privacy regulations and privacy program failures.

Eleven current or former directors, including Zuckerberg, former Chief Operating Officer Sheryl Sandberg and four officers, some grouped as "insider trading" defendants, were facing trial when the settlement was reached.

The plaintiffs are represented by lawyers with Gainey McKenna & Egleston, Berman Tabacco, Robbins LLP, Cotchett Pitre & McCarthy LLP, Andrews & Springer LLC, Prickett Jones & Elliott PA, Hach Rose Schirripa & Cheverie LLP, Scott + Scott Attorneys at Law LLP, Dilworth Paxson LLP and Kaplan Fox & Kilsheimer LLP.

The current or former directors are represented by Wachtell Lipton Rosen & Katz and Gibson Dunn & Crutcher LLP. Zuckerberg and Sandberg are additionally represented by Potter Anderson & Corroon LLP.

Meta is represented by Ross Aronstam & Moritz LLP.

The case is In re: Facebook Inc. Derivative Litigation, case number 2018-0307, in the Court of Chancery of the State of Delaware.

--Additional reporting by Jeff Montgomery. Editing by Jay Jackson Jr.

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# Claims Firms Barred From Misleading Plaintiffs In Pharma MDL

By **James Boyle**

Law360 (November 20, 2025, 4:14 PM EST) -- On the same day that a Philadelphia federal judge approved $58 million in settlements as part of an ongoing generic-drug price-fixing multidistrict litigation, she also ordered several claims recovery firms to correct allegedly false and misleading ads used to attract potential clients seeking to make claims on the settlements.

U.S. District Judge Cynthia M. Rufe has sided with end-payer plaintiffs who sought relief from the aggressive marketing tactics of claims recovery firms, according to her Wednesday order. Judge Rufe also gave final approval to a $10 million settlement with Heritage Pharmaceuticals Inc. and a $48 million settlement with Apotex Corp. over claims they conspired to fix generic-drug prices.

The relief order names 19 claims recovery firms and individual members of the firms' staff, and directs them to complete several tasks within the next seven days. According to the order, the firms must provide a list of all persons they contacted regarding the litigation, disclose all marketing efforts to the plaintiffs' lead counsel, post corrections to any false, deceptive or misleading messages about the case, and clearly state in their messaging that the claims process has not begun on the settlements.

The claims recovery firms have also been ordered to submit future marketing materials to the court for approval at least 14 days before they are disseminated. A curative notice will be sent to all affected end-payer plaintiffs by the MDL's claims administrator at the expense of the named recovery firms and individuals, the order said.

The order also allows any plaintiff who entered into a contract with the identified recovery firms to rescind the contract, and any opt-out requests submitted by the recovery firms on behalf of a plaintiff in the MDL have been declared invalid.

Representatives from the claims recovery firms and the named individuals have been directed to appear before Judge Rufe on Dec. 3 to provide a status report of their efforts to follow the order.

The end-payer plaintiffs had filed a motion last week seeking relief against claims recovery firms that solicited class members to enter into contracts to get help recovering money, even though the claims process has not yet begun in settlements with several pharmaceutical companies. The marketing campaigns were accused of using "deceptive schemes" to subvert the court's "carefully crafted" claims process.

The motion said the claims recovery firms directed potential clients to go through them for updated information about settlement claims, rather than following the official sources of information about the MDL, such as court-approved notices, the settlements' website, or the lead counsel or claims administrator.

The motion said the premature contracts signed with the claims recovery firms could have prevented class members from receiving the full settlement amounts once the claims process begins.

Attorneys for the parties did not respond to requests for comment Thursday.

The end-payer plaintiffs are represented by Roberta Liebenberg of Fine Kaplan & Black RPC.

The defendants are represented by Chul Pak of Wilson Sonsini Goodrich & Rosati PC, Devora W. Allon of Kirkland & Ellis LLP, Sheron Korpus of Kasowitz LLP, and Alison Tanchyk of Morgan Lewis & Bockius LLP.

The case is In re: Generic Pharmaceuticals Pricing Antitrust Litigation, case number 2:16-md-02724, in the U.S. District Court for the Eastern District of Pennsylvania.

--Additional reporting by Nadia Dreid and P.J. D'Annunzio. Editing by Drashti Mehta.

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# Blue Shield Of California, Magellan Sued Over 'Ghost Network'

By **Gina Kim**

Law360 (November 20, 2025, 7:01 PM EST) -- Blue Shield of California and Magellan Health maintain a "ghost network" directory of mental health providers who don't exist or don't accept new patients, leading customers to hit a dead end or desperately resort to expensive out-of-network providers, according to a proposed class action filed Wednesday in California federal court.

In a **60-page complaint**, Jenniffer Roiz and other Blue Shield of California Life and Health Insurance members accused the insurance giant and Magellan Health — which administers mental health benefits for many of Blue Shield's plans — of violating federal and state network adequacy laws.

Roiz alleged the defendants mislead patients in need of qualified mental health providers by publishing a "grossly inaccurate" directory of doctors and therapists, also known as a "ghost network." The defendants maintain and publish a large swath of "illusory" listings of largely unavailable, irrelevant or out-of-network providers.

"When people in need are unable to find an in-network mental health provider urgent mental health treatment is often delayed and, at worst, abandoned completely," the complaint said. "Others seeking care rely on the directory to find a provider, only to face significant, unexpected cost when it becomes clear that the provider is not actually covered by their plan. And, in other cases, people urgently seeking care knowingly settle for seeing an out-of-network provider at great expense because they desperately need help and it is their only option."

When the defendants misrepresented the scope of coverage and extent of their provider networks, prospective customers were more inclined to pay higher premiums or were more likely to enroll in their health plans, the suit said. And, Roiz said, Blue Shield and Magellan enriched themselves as more patients enrolled in their plans and paid more for premiums.

Blue Shield and Magellan can also cut down on their own costs by not expending resources to keep and publish a robust provider network list or pay for members' care, the plaintiffs argued. While these inaccuracies and irregularities might look like a small oversight at first blush, vulnerable customers who need mental health care for themselves or their loved ones end up facing a massive problem, the suit said.

"The inclusion of incorrect telephone numbers artificially inflates the perceived size and adequacy of defendants' networks and forces members to invest more time and energy trying to find a mental health provider — only to be repeatedly led to a dead end," the complaint said.

Wednesday's filing echoes similar proposed class actions filed against health insurance companies targeting "ghost networks."

**In July,** Anthem Health Plans Inc. and its parent Elevance Health were sued in Connecticut on allegations of maintaining inaccurate directories of mental health providers that send patients on a "wild-goose chase" to find care.

Last month, Cigna **reached a $5.7 million settlement** to resolve a putative class action alleging it violated federal benefits law by advertising out-of-network providers as in-network to participants in benefit plans Cigna administered.

In Wednesday's suit, Roiz said she pays $200 a month for her Blue Shield PPO plan — the most expensive platinum plan — which she picked in 2024 after relying on the health insurer's statements as to the breadth of the provider network available. At the time, Roiz was seeing a therapist every week, and the plan she chose requires the lowest copayment for in-network services. However, her existing therapist was no longer in-network, prompting Roiz to look for a new provider.

The Blue Shield directory referred her to Magellan's directory, which listed hundreds of providers accepting new patients, among other things that met Roiz's criteria, the suit said. Roiz contacted 10 people on that list but none of them picked up. Even though she left voicemails, only two ended up returning her calls, neither of which was accepting new patients, the suit said.

Unable to find anyone listed on the defendants' directories, Roiz had to keep seeing her existing therapist, out-of-network, paying $150 a week, and eventually stopped seeing that therapist because she couldn't afford additional out-of-network care.

"Over the same time period which defendants failed to supply in-network mental health providers within a reasonable distance from Ms. Roiz's residence, Ms. Roiz identified and received treatment from in-network providers within a reasonable distance for a variety of types of medical care including primary care, gastroenterology and gynecology," the suit said.

The plaintiffs' counsel conducted a "secret shopper" experiment this past summer, replicating Roiz's steps trying to find an in-network provider. That experiment showed only 13% of the listed providers were in-network, could be reached, and were willing to book an initial appointment within a month, according to the suit.

Out of a total 100 directory listings, it wasn't possible to book an appointment with 87 of the providers published, the suit said. And, 47 providers had either invalid or incorrect numbers listed for them, or never returned their calls, the suit said.

Of the 53 providers that they managed to reach, 40 didn't accept the plaintiff's insurance plan, weren't accepting new patients, didn't provide relevant services, weren't practicing at the listed location or didn't have any appointments available within a month, according to the suit.

"That is an 87% ghost rate for Magellan's mental health network," the complaint said, adding that about 76% to 92% of Blue Shield's directory listings are "ghosts."

The 12-count complaint asserts several violations of the Employee Retirement Income Security Act — which established national standards for employee benefit plans — including breach of fiduciary duty, improper denial of benefits, false statements, parity in mental health benefits, and breach of contract. The complaint also asserts violations of California's Unfair Competition Law, intentional and negligent misrepresentation, and unjust enrichment.

Roiz brings the suit on behalf of a proposed class of all those who bought or enrolled in a Blue Shield plan in California from 2019 to the date of class certification.

The plaintiffs also seek to represent a trio of subclasses, the first consisting of all members who currently or previously were enrolled in any of Blue Shield's non-ERISA plans in California in the last four years through the date of certification.

The second subclass would consist of all members who currently or were previously enrolled in any of Blue Shield's ERISA plans in California from 2019 through the date of certification.

The third subclass encompasses all those who paid for out-of-network care from a provider inaccurately listed as in-network by the defendants' directories or paid for out-of-network care when there were no available in-network providers with similar qualifications within a reasonable distance.

Roiz asks the court to certify the proposed classes, appoint the plaintiffs as class representatives and their attorneys as class counsel, and for the defendants to pay compensatory, statutory, punitive damages and attorney fees.

"What we uncovered shows a fundamentally broken system," Steve Cohen of Pollock Cohen, one of the attorneys for the plaintiffs, said in a news release. "Families rely on these directories that are wildly inaccurate. In many cases, doctors aren't taking new patients, aren't in-network, or aren't even practicing at all. When insurers publish networks they know are inaccurate, it's not just an inconvenience to these families, it's a denial of care."

Blue Shield of California said it does not comment on pending litigation.

The plaintiffs are represented by Steve Cohen of Pollock Cohen LLP, Ben Travis of Ben Travis Law APC, and Jacob Gardener of Walden Macht Haran & Williams LLP.

Counsel information for the defendants was not immediately available.

The case is Jenniffer Roiz et al. v. Blue Shield of California Life & Health Insurance Co. et al., case number 4:25-cv-09978, in the U.S. District Court for the Northern District of California.

--Editing by Michael Watanabe.

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# Invisalign Buyers Get OK On Sweetened $32M Antitrust Deal

By **Bonnie Eslinger**

Law360 (November 20, 2025, 10:19 PM EST) -- A California federal judge who previously rejected Invisalign-maker Align Technologies' $27.5 million antitrust deal with buyers because it included a coupon program said Thursday he will approve a revised deal, which provides for an all-cash $31.75 million payout.

U.S. District Judge Vince Chhabria indicated during a Zoom hearing that he was satisfied with the revised settlement and would grant final approval.

"I think this is a reasonable settlement," the judge said. "I don't think anything has happened since preliminary approval to call into question the reasonableness of the settlement.

The deal resolves a lawsuit filed by Oregon resident Misty Snow in May 2021, accusing Align and the now-bankrupt SmileDirectClub LLC — which is not a defendant — of working together to restrict the consumer clear aligner market and overcharge customers, in violation of Section 1 of the Sherman Act.

On Thursday, Judge Chhabria asked for an update on the claims process.

Rio S. Pierce of Hagens Berman Sobol Shapiro LLP said there are approximately 1.4 million members in the class and about 250,000 people who filed for claims that they expect will get payment. Another 240,000 claims made online, however, appear to be fraudulent, "or has a high likelihood of fraud," Pierce said. '

At this point, the claims rate is about 17%, Pierce told the court.

"Which is obviously very high," Judge Chhabria said.

At this rate, each claimant will get somewhere between $80 and $100, the lawyer said.

The $31.75 million deal includes a 25% cut for the attorneys, nearly $8 million. During Thursday's hearing, Judge Chhabria noted that the parties offered to withhold 20 percent of those fees — about $1.5 million — until the claims process is completed.

The judge said he expected that accounting to include a detailed explanation of how fraudulent claims were determined.

"I'll be able to review that before I release the final 20% of attorneys fees," the judge said.

Pierce asked if the judge wanted to hear anything from the plaintiffs on the overall fee request and Judge Chhabria said no.

The judge said he would review the proposed order for final approval one more time to make sure there was nothing that gave him concern, "but I assume there won't be, and I can just sign it shortly."

Align cut its **$27.5M** antitrust deal back in August of last year, but the deal hit a **nerve** with the judge, who said in December that the agreement might be "inherently improper" due to a coupon component that "would bring additional business to the monopolist."

In a written order issued in February, the judge soundly **rejected** the deal.

The parties went back to the table and struck a new deal, eliminating the coupon program and agreeing to an all-cash $31.75 million settlement, according to an April case management statement from the parties. In May, Judge Chhabria granted preliminary approval to the revised settlement.

The consumers **first filed** suit in 2021, claiming that Align and SmileDirectClub schemed to restrict the direct-to-consumer clear aligner market, which Snow said allowed the companies to overcharge customers for the aligners, a plastic form of dental braces, in violation of Section 1 of the Sherman Act.

The customers alleged that a patent dispute with SmileDirectClub led to a series of 2016 deals through which Align bought a stake in SmileDirectClub and under which the two companies agreed to divvy up the market.

The plaintiffs are represented by Steve W. Berman, Theodore Wojcik, Joseph M. Kingerski and Rio S. Pierce of Hagens Berman Sobol Shapiro LLP.

Align is represented by Karma M. Giulianelli, John M. Hughes, Joseph W. Doman, Mark L. Levine, Robert B. Tannenbaum and Luke C. Beasley of Bartlit Beck LLP.

The case is Misty Snow v. Align Technology Inc., case number 3:21-cv-03269, in the U.S. District Court for the Northern District of California.

--Additional reporting by Hailey Konnath, Dorothy Atkins and Nadia Dreid. Editing by Vaqas Asghar.

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# Keurig Buyers Denied Class Cert. In K-Cup Antitrust Row

By **Rae Ann Varona**

Law360 (November 20, 2025, 9:54 PM EST) -- A New York federal judge on Thursday denied class certification to direct purchasers of Keurig K-Cups who accuse the coffee machine company of stifling competition, saying the coffee pod buyers failed to show that common questions predominate those affecting only individual class members, particularly when it comes to antitrust injury.

U.S. District Judge Vernon S. Broderick said direct purchasers in the consolidated suit did not prove that common issues predominate as to antitrust injury or impact for the entire proposed class.

The direct purchasers had leaned on an econometric model that their expert witness economist, Dr. Gary L. French, presented, which showed the average overcharges by Keurig for six categories of purchasers, according to Judge Broderick's opinion.

But French's model "does not take into account whether some customers were able to negotiate away the purported overcharges, and if so, by how much," Judge Broderick ruled.

He said that while direct-to-consumer customers had paid nonnegotiable prices, many buyers in other purchasing channels individually negotiated pricing with Keurig.

Even among customers that were able to negotiate pricing, some had more bargaining power and better negotiating skills than others, Judge Broderick said.

"The prevalence of individual negotiations renders Dr. French's model, which relies on averages, insufficient to demonstrate class-wide antitrust injury," Judge Broderick stated.

The long-running lawsuit centers on Keurig's K-Cup filter, which until September 2012 was patented, according to a consolidated class action complaint direct purchasers filed in July 2014.

The direct purchasers claimed Keurig devised a "multi-pronged strategy to exclude competition so that it could unlawfully exploit the monopoly it enjoyed" before and after the date its patent for the K-Cup filters expired.

They said Keurig bought out companies that were licensees of its filter patents and filed "sham litigation" targeting rivals who began making and selling filter-less compatible cups.

Keurig also allegedly entered into exclusive dealing arrangements with companies at "multiple levels of the compatible cup distribution system" to suppress competition, including after the patent's expiration.

The direct purchasers contended that Keurig also launched its **2.0 K-Cup Brewer** embedded with certain technology to "lock customers" into purchasing only K-Cups and "lock out competition."

The purchasers moved for class certification in 2021, seeking to represent all who purchased at least one branded coffee K-Cup directly from Keurig between Oct. 1, 2012, and the date of class certification.

In denying class certification, Judge Broderick also said Thursday that it was a "close question" whether the purchaser could satisfy the class action requirement that named plaintiffs' claims be typical of the class they represent.

The purchasers had argued that the named buyers' claims are typical of the class despite minor differences since each putative class members' claims stemmed from Keurig's alleged anticompetitive conduct and would be remedied by the same injunctive relief and overcharge damages.

But Judge Broderick said that while there are common issues shared between the proposed class, there were also "significant differences" between named plaintiffs and absent class members like big-time purchasers Costco Wholesale Corp., Amazon.com Inc. and Office Depot, "which arguably go to the heart of the claims at issue."

"The question of whether large companies negotiated away overcharges is foundational to the claims of such class members, yet it would not be relevant at all for the named plaintiffs, who had no opportunity to negotiate," Judge Broderick stated. "Thus, it cannot be said that the differences between named plaintiffs and certain absent class members are 'minor,' as the differences call into question the incentive and ability of the named plaintiffs to prove all the elements of the absent class members' claims."

Judge Broderick said that because he finds that class certification had to be denied on predominance grounds, there was no need for him to rule on the typicality issues.

Quoting a ruling from an unrelated case, he said it is "safe to say, at a minimum, that plaintiffs do not comfortably clear the Rule 23(a)[3] hurdle," referring to the typicality requirement.

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

The direct purchasers are represented by Michael M. Buchman of Motley Rice LLC, Robert G. Eisler of Grant & Eisenhofer PA, and William V. Reiss of Robins Kaplan LLP.

Keurig is represented by Rahul Mukhi, George S. Cary, Leah Brannon, Kenneth S. Reinker, Carl Lawrence Malm and Alan B. Freedman of Cleary Gottlieb Steen & Hamilton LLP, and Wendelynne J. Newton, Gretchen Jankowski and Mackenzie A. Baird of Buchanan Ingersoll & Rooney PC.

The case is In re: Keurig Green Mountain Single-Serve Coffee Antitrust Litigation, case number 1:14-md-02542, in the U.S. District Court for the Southern District of New York.

--Editing by Kristen Becker.