

Tennessee's Education Freedom Scholarships challenged | Tennessee

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By Kim Jarrett |, Kim Jarrett

November 24, 2025



(The Center Square) – A lawsuit filed in Davidson County Chancery Court challenges the constitutionality of Tennessee's Education Freedom Scholarships as the program enters its second year.

The plaintiffs are five parents and five taxpayers represented by the American Civil Liberties Union of Tennessee, the Education Law Center, the Southern Poverty Law Center, the Public Funds Public Schools campaign and the Southern Education Foundation, according to a release from the ACLU. The Robbins Geller Rudman and Dowd LLP law firm is representing the plaintiffs pro bono.

The scholarships, approved by the General Assembly in January during a special session, discriminate against students with disabilities, one parent said.

"Private schools can refuse to admit students like my son or fail to provide the accommodations he needs to succeed," said Dustin Park, Blount County parent of a student with Down syndrome, in a statement.

Critics have claimed school choice siphons money away from public schools.

"They call this 'school choice,' but the choice isn't yours, it's the private school's," said Crystal Boehm, a Hamilton County parent and preschool teacher. "They can reject your child for a disability, for your family's religion, for any reason at all. Meanwhile, public schools that educate everyone are losing the funding they need."

Gov. Bill Lee has advocated for school choice and made it the focus of the January special session.

"This remarkable response demonstrates what we have known all along: Tennessee parents want choices when it comes to their child's education," [Lee said previously](#). "I'm grateful to the General Assembly for their partnership in delivering universal school choice to families across our state, and I thank the Department of Education for their dedication to a smooth implementation."

More than 42,000 applications were filed for the 2025-2026 school year, according to the Tennessee Department of Education. The Tennessee General Assembly approved 20,000 scholarships of \$7,295 for the 2025-26 school year, with the first 10,000 based on income and the second 10,000 open to all families.

The application window for students currently receiving Education Freedom Scholarships opens on Dec. 9. New applications will be accepted beginning Jan. 13, according to the education department.

"In its first year of implementation, the Education Freedom Scholarship Program has been a remarkable success, and I look forward to continuing to deliver families with quality educational choices to best serve their students' unique needs," said Education Commissioner Lizzette Reynolds. "I'm grateful to the families and schools who have engaged in the program, and encourage interested families to apply."

Securities

Deep Dive

US Investor Suits Over Foreign-Born Securities Show Law in Flux

Nov. 26, 2025, 2:00 AM PST

In just a matter of months, three rulings and a one settlement showed just how scattered courts are on whether US law reaches some American depository receipts, stand-ins for stock traded on foreign exchanges.

The securities fraud cases, which involve Bayer AG, Toshiba Corp., and other companies, illustrate the complexities and difficult policy choices facing courts assessing whether purchases of new ADRs qualify as foreign or domestic under US law when the issuer didn't arrange for their appearance in the US market. The divergent outcomes likely herald a US Supreme Court revisit and resolution.

Once ADRs are on a US exchange, the transactions are considered domestic. But categorization becomes trickier when an investment fund has a new batch of ADRs created from stock purchased abroad. The wrinkle is challenging courts applying the high court's 2010 decision in *Morrison v. National Australia Bank Ltd.*, which attempted to create a clear demarcation based on where the transaction occurred.

"It's clear at this point that there's no 'bright line' for non-exchange traded securities," said University of California at Davis law professor Hannah Buxbaum. "Courts have come to different conclusions even when they're looking at similar transactions, including in the case of ADRs."

There's a circuit split on whether courts can decline to apply US law even when a domestic transaction took place, if the overall dispute is predominantly foreign, she said.

Robert Giuffra Jr. of Sullivan & Cromwell LLP also pointed to the gap concerning depository receipts that foreign companies haven't sponsored themselves. "In evaluating sponsored ADRs, courts have held that there can be US securities law liability," he said. "As to unsponsored ADRs, the law is less developed," he said, referring to situations where brokers buy shares and US banks issue ADRs.

Season of Developments

The US Court of Appeals for the Ninth Circuit in August said a pension fund couldn't sue over ADRs converted from Toshiba stock purchased in Japan because the conversion in the US didn't make the stock domestic. That non-precedential opinion is in tension with an earlier Ninth Circuit ruling in that case, as read in 2023 by a Northern District of California judge whose class certification order paved the way for investors to wrest \$38 million from Bayer AG in a settlement finalized in October.

The appeals court's 2018 opinion in *Stoyas v. Toshiba Corp.* adopted a test with three alternative ways to find a domestic transaction in circumstances where the trade wasn't on an exchange. And, in granting class status in *Bayer*, Chief Judge Richard Seeborg said even though the investors' brokers purchased shares in Germany, other parts of the process occurred in the US.

The *Bayer* investors' expert showed title passing in the US from the depository institution that issued the ADRs to a broker, and from the broker to the investors. That's "sufficient to establish that these transactions are domestic," said Carol Gilden of Cohen Milstein Sellers & Toll PLLC, who represented the plaintiffs.

But in the recent *Toshiba* memorandum opinion, the key factor was the agents' purchase in Japan. The Ninth Circuit called the conversion to ADRs in the US "irrelevant."

Gilden said the new *Toshiba* decision "has no precedential value and is limited to the facts in that case." Further, the facts "were different than in *Bayer* where we had a very well-developed record, probably better than the record in *Toshiba*," she said.

Meanwhile, the Second Circuit in November certified a class of Credit Suisse bondholders on the strength of their "standardized" method for showing which purchases were domestic, as Seeborg did in *Bayer*.

And in Pennsylvania, a federal court dismissed a case brought by US investors in Swedish gaming company Evolution AB for lack of jurisdiction. That suit is "the first where the court dismissed a case involving unsponsored ADRs solely based on personal jurisdiction," said Giuffra, who represented Evolution.

Neither Bayer nor the Evolution investors responded to requests for comment.

Policy Tug-of-War

Underlying most of the suits are claims the foreign issuer misled the market, usually through conduct in its own country. That's where policy considerations animating courts' guidelines come in.

For Gilden, anti-fraud imperatives go hand-in-hand with the sale of stock. "Foreign companies come to the US markets because they can raise a tremendous amount of capital from investors here, which includes overseas investors who invest in the US markets—all of whom rely on the integrity of our markets and the accountability that the federal securities laws provide," she said.

"Our markets give a premium—that is established by academic studies," she said. "That's why companies like to raise capital in the US markets and investors like to invest here."

But Giuffra said "non-US companies have a concern about being caught up or enmeshed in the US litigation system." They're unfamiliar with it, it's expensive, and it can involve time-consuming discovery, he said.

"From a policy standpoint, it makes good sense that if a European issuer of securities is not involved in setting up the ADR program, and it's just being done by a depository bank, the issuer shouldn't have liability in the United States for securities law violations because the company didn't opt into the US system," he said.

Buxbaum also pointed to other countries' interests in overseeing securities issued there. So too have several decisions, including *Morrison*.

"The courts are grappling as best they can with the basic tension here," she said. "We do want to protect U.S. investors against securities fraud—but applying U.S. law to the foreign conduct of foreign issuers creates some pretty significant challenges for international comity."

The Ninth Circuit's 2018 *Toshiba* ruling can be interpreted to mean that US law always applies to claims involving a domestic transaction, Buxbaum said. The Second Circuit's approach is better, she said, because it mitigates the risk of applying US law to predominantly foreign conduct.

"At some point the Supreme Court will have to weigh in again," Buxbaum said.

To contact the reporter on this story: Martina Barash in Washington at mbarash@bloomberglaw.com

To contact the editors responsible for this story: Andrew Harris at aharris@bloomberglaw.com; Keith Perine at kperine@bloomberglaw.com

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California Brief

Life Science REIT Alexandria Sued by Investor After Guidance Cut

Nov. 25, 2025, 1:13 PM PST

Alexandria Real Estate Equities Inc. hid the true leasing value of one of its life science properties, resulting in its sharpest stock drop since 2008 after lowering guidance for a key financial metric, an investor's proposed class action said.

The real estate investment trust had misleadingly touted its Long Island City, NY, property as one of its life science megacampus destinations while downplaying its declining leasing value and occupancy stability, said the complaint filed Tuesday in the US District Court for the Central District of California.

Alexandria's stock price plummeted 19% to close at \$62.94 a share Oct. 28, the day after it released disappointing third quarter results and lowered its 2025 funds-from-operations outlook. It was the share price's biggest one-day drop in almost 17 years, according to data compiled by Bloomberg.

Alexandria reduced the midpoint of its guidance range for 2025 funds from operations per share from \$9.26 to \$9.01, mainly rooted in "slower than anticipated re-leasing of expiring spaces and lease-up of vacancy in our operating portfolio, reflecting reduced demand across the life science industry," said its press release. FFO is a financial metric used to evaluate how well REITs are performing.

And it noted a real estate impairment charge of almost \$324 million, \$206 million of which was related to the Long Island City property, which investor Warren Hern pointed to in his complaint.



The proposed class would include those who acquired Alexandria securities from Jan. 27 through Oct. 27.

Levi & Korsinsky LLP represents Hern, who seeks damages for alleged Securities Exchange Act of 1934 violations. Hern's suing Alexandria, CEO Peter M. Moglia, Chief Financial Officer Marc E. Binda, and Executive Chairman Joel S. Marcus.

Alexandria didn't immediately respond to an email seeking comment.

The case is *Hern v. Alexandria Real Estate Equities, Inc.*, C.D. Cal., No. 2:25-cv-11319, complaint filed 11/25/25.

To contact the reporter on this story: Gillian R. Brassil in Washington at gbrassil@bloombergindustry.com

To contact the editor responsible for this story: Kiera Geraghty at kgeraghty@bloombergindustry.com

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Litigation

Manage Newsletters

Origin Materials' Shareholder Settlement Gets First Court Nod

Nov. 26, 2025, 7:26 AM PST

Origin Materials Inc.'s corporate reform settlement earned a federal judge's initial blessing to resolve shareholder allegations the sustainable plastics maker hid shifting plans that delayed construction for a manufacturing facility.

The shareholder derivative settlement would have Origin implement reforms for at least three years, a time period courts have held meaningful, Judge William B. Shubb said in an order entered Tuesday. The US District Court for the Eastern District of California judge preliminarily approved the agreement, under which Origin would establish a board "Operational Excellence Committee" and other changes.

A proposed \$9 million investor class settlement also tied to claims about the Origin 2 plant awaits Shubb's preliminary approval

Stockholders alleged Origin concealed shifting the plant's focus away from making carbon-negative materials used to produce a form of polyester known as polyethylene terephthalate, delaying construction

"The proposed settlements resolve all claims asserted against Origin and the other named defendants in the lawsuits, without any liability or wrongdoing attributed to them or the Company," Origin said last month

Rigrodsky Law PA, Kuehn Law PLLC, and Wolf Haldenstein Adler Freeman & Herz LLP represent shareholders in the derivative suit. Their attorneys didn't immediately respond to an email seeking comment. Freshfields US LLP represents current and former executives and board members and Origin, a nominal defendant. An attorney declined to comment.

The case is *In re Origin Materials, Inc., S'holder Derivative Litig.*, 2025 BL 424617, E.D. Cal., No. 2:25-cv-777, entered 11/25/25 .

To contact the reporter on this story: Gillian R. Brassil in Washington at gbrassil@bloombergindustry.com

To contact the editor responsible for this story: Martina Stewart at mstewart@bloombergindustry.com

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Critical Mass With Law.com's Amanda Bronstad: Judge Clamps Down on Claims Recovery Firms in Generic Pharma Settlements, Jury Deliberates Eight Days in High-Stakes Opioid Trial

November 26, 2025 at 09:48 AM By  **Amanda Bronstad**



Senior Judge Cynthia Rufe, of the U.S. District Court for the Eastern District of Pennsylvania. Courtesy photo

Welcome to **Law.com Class Actions: Critical Mass**, a weekly briefing for class action and mass tort attorneys.

This week: Happy Thanksgiving! 🦃 A federal judge in Pennsylvania ordered half a dozen claims recovery firms to disclose class member names and their social media advertising in antitrust settlements with generic pharma companies like **Apotex** and **Sandoz**. A jury in an opioid trial against **Walgreens**, **Walmart** and **CVS** wrapped up its eighth day of deliberations on Tuesday, asking more than half a dozen questions. Find out who **Boeing** turned to in lawsuits over last year's **Jeju Air** disaster in South Korea.

I'm **Amanda Bronstad**. Feel free to reach out to me with your input. My email is amanda.bronstad@alm.com. Follow me on [LinkedIn](#) or X: [@abronstadlaw](#).



Judge William Alsup. Photo: Sarah Jeong

A “Meaningful Avenue to Opt Out”?

A federal judge [ordered more than half a dozen "claims recovery firms"](#) and individuals associated with them to rescind their contracts with class members after using misleading solicitations that promised a share of antitrust settlements with generic pharmaceutical manufacturers.

On Nov. 19, **U.S. District Judge Cynthia Rufe**, of the **Eastern District of Pennsylvania**, who is overseeing settlements with **Apotex Corp.**, **Heritage**, **Sun/Taro** and **Sandoz**, four drugmakers in multidistrict litigation accused of fixing the prices of generic drugs, ordered the firms, which include **Lightwave Solutions** and **Pearl Logic**, to provide lead counsel with a list of names of class members they contracted with, disclose social media posts and correct any misleading and false statements.

She scheduled a Dec. 3 hearing.

The motion comes as attorneys are grappling with the advent of third parties that, through the use of technology, have advertised their services to assist potential class members in making

settlement claims, usually for a fee.

Lead counsel in a \$1.5 billion class action settlement with **Anthropic** over copyright infringement claims sought a similar order from **U.S. District Judge William Alsup**, of the **Northern District of California**, involving a firm called **ClaimsHero**, which is soliciting authors on its webpage, and through paid influencers on **Instagram** and **Facebook**, to opt out of the deal.

“This is a bait-and-switch scheme that requires the court’s immediate attention,” lead counsel [Rachel Geman](#) (**Lieff Cabraser**) and [Rohit Nath](#) (**Susman Godfrey**) wrote in this month’s motion. ClaimsHero defended its actions and submitted declarations of six clients and [Martin Redish](#) (**Northwestern University School of Law**), an expert on class actions and the First Amendment.

Alsup has held two hearings over the issue, including [one on Tuesday](#). [Elizabeth Brannen](#) (**Stris & Maher**), who is co-counsel to ClaimsHero and represents the six authors who testified on Tuesday, including former **Wall Street Journal** reporter **John Carreyrou**, told me:

“The court today ultimately honored the First Amendment, allowing ClaimsHero to speak to authors and offer a meaningful avenue to opt out. For many class members, the approximately \$3k per work (less fees and costs) settlement may make sense. We stand ready to fight for those authors who choose instead to opt out. They deserve a full and fair chance for their claims to be heard on the merits.”



Valerie Hans, the Charles F. Rechlin Professor of Law at Cornell Law School. Courtesy photo

“That’s a Hallmark of an ‘Evidence-Driven’ Jury”

A Florida jury has deliberated for eight days in a high-profile opioid trial, asking more than half a dozen questions, including those pertaining to certain testimony, access to another laptop and more coffee creamer.

On Monday, the jury asked the court to provide the sworn juror oath, a request that prompted defense lawyers to raise concerns that they might be unable to reach a verdict and unaware they can alert the court about their situation. The judge cast doubt on those conclusions.

“In my pre-life before becoming a judge, I tried nearly 100 cases and there never had been an issue with this,” **Broward Circuit Chief Judge Carol-Lisa Phillips** told the lawyers, according to **Courtroom View Network**, which livestreamed the 51-day trial. “I’m not going to read too much into that.”

The case involves more than a dozen hospitals in Florida alleging that **CVS**, **Walgreens** and **Walmart** conspired as part of a racketeering enterprise to flood the state with prescriptions for opioids, which are painkillers susceptible to addiction. Plaintiffs’ lawyer [Warren Burns](#) (**Burns Charest**) asked jurors for a verdict of up to \$1.5 billion.

I reached out to [Valerie Hans](#) (**Cornell Law School**), an expert on juries, who told me she had never heard of a jury asking for a repeat of the juror's oath. She told me:

"It was a lengthy trial, so they could be very deliberate in how they are going through their review of the evidence. That's a hallmark of an 'evidence-driven' jury—extensive review of evidence first, then exchange of views about the verdict. Of course, it could also mean that they disagree about the interpretation of evidence in the case or about the verdict."



Boeing company facility in Irving, Texas, USA. Credit: JHVEPhoto/Adobe Stock

Who Got the Work?

Boeing has turned to longtime counsel [Mack Shultz](#) (**Perkins Coie**) to represent it in seven lawsuits filed over last year's crash of **Jeju Air Flight 7C2216**. In a motion before the **U.S. Judicial Panel on Multidistrict Litigation**, Shultz argued that the cases, brought on behalf of 23 passengers who died, none of them from the U.S., should be moved to South Korea or, if that's not possible, could be coordinated in the **Northern District of Illinois**, where three of them are pending. Of the 181 passengers and crew, 179 died in the crash on Dec. 29, 2024, when the Boeing 737-800 landed at South Korea's **Muan International Airport** with its gear up, skidded past the runway and crashed into a concrete barrier.

Here's what else is happening:

Cracked Open: At least [half a dozen class actions](#) were filed this month, accusing egg producers of conspiring to raise the price of eggs. The suits, all filed this month in federal courts in Indiana, Illinois and Wisconsin, follow a **U.S. Department of Justice** antitrust investigation this year of egg producers, such as **Cal-Maine Foods** and **Rose Acre Farms**. The suits, brought by firms including **DiCello Levitt** and **Schonbrun Seplow**, involve direct purchasers, like restaurants and grocery stores, and indirect purchasers, the customers. They allege the companies, which blamed the high prices on an avian flu outbreak that began in 2022, conspired through an information exchange called **Urner Barry Publications**, also named as a defendant in the cases.

Off Road: Ford's racketeering suit against three "lemon law" firms in Southern California crashed on Monday when a federal judge [dismissed the entire case](#). **U.S. District Judge Michelle Williams Court**, in the **Central District of California**, found that **Knight Law Group**, **Altman Law Group** and **Wirtz Law**, and five lawyers associated with them, were immune under the Noerr-Pennington doctrine, which protects lawyers from liability for simply suing, unless the cases are "sham" lawsuits. She also concluded that Ford failed to establish sufficient facts to bring claims under the **U.S. Racketeer Influenced and Corrupt Organizations Act**. The court allowed Ford to amend its complaint by Dec. 22.

Family Feud: The ongoing feud between **Kline & Specter** and its former lawyer [Tom Bosworth \(Bosworth DeAngelo\)](#) returned to court this month when co-founder [Shanin Specter testified as part of an evidentiary hearing](#) in **Philadelphia's Court of Common Pleas**. Specter took the stand on Nov. 20 to discuss a video Bosworth posted on social media that suggested resolving disputes through duels rather than the legal system. Specter said the video, which featured his own image in the background, raised personal safety concerns for its violence and antisemitic comments and forced him to improve his security, although he was uncomfortable explaining what he had changed.

Thanks for reading Critical Mass! I'll be back next week.

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Court rejects challenge to 'quick-pay' for lawyers in \$600 mln train derailment settlement

 [reuters.com/legal/government/court-rejects-challenge-quick-pay-lawyers-600-mln-train-derailment-settlement-2025-11-25](https://www.reuters.com/legal/government/court-rejects-challenge-quick-pay-lawyers-600-mln-train-derailment-settlement-2025-11-25)

David Thomas

November 25, 2025

Norfolk Southern logo is seen in this illustration taken August 5, 2025.

REUTERS/Dado Ruvic/Illustration [Purchase Licensing Rights, opens new tab](#)

Nov 25 (Reuters) - A U.S. appeals court on Tuesday largely upheld a lower court's handling of attorney fees in the \$600 million settlement over Norfolk Southern's freight train derailment in East Palestine, Ohio, rejecting most of a challenge by law firm Morgan & Morgan but reviving its claim that it was shortchanged.

The 6th U.S. Circuit Court of Appeals mostly affirmed the allocation of \$162 million in legal fees but [ruled, opens new tab](#) that U.S. District Judge Benita Pearson in Ohio's Northern District must revisit Morgan & Morgan's arguments that its work on the case was "not reflected" in its own \$7.7 million share.

"While it is not at all clear that Morgan & Morgan's assertions are meritorious, the district court's failure to address them amounts to an abuse of discretion," the panel said.

A spokesperson for Morgan & Morgan and its attorneys at Taft Stettinius & Hollister did not immediately respond to a request.

[Prominent litigator Paul Clement](#), who represented a group of law firms that served as co-lead class counsel in the litigation, did not immediately respond to a request for comment.

Clement [had argued](#) that Morgan & Morgan's objections to the fee allocation amounted to "sour grapes," and noted that no other firm challenged its share. The derailment in February 2023 spilled hazardous chemicals and forced thousands to evacuate. Lawsuits quickly followed, and by April 2024, [Norfolk Southern agreed to create a \\$600 million fund](#) to compensate residents and businesses.

The settlement, approved in September 2024, included a "quick-pay" provision allowing lawyers to collect their fees within 14 days — even while appeals were pending — while victims waited for their checks.

Morgan & Morgan, which represented some individual plaintiffs, had asked the district court to halt distributions and give it a role in dividing the \$162 million fee award among 39 firms. The court refused, and Morgan & Morgan appealed.

Circuit Judge Chad Readler, writing for a unanimous panel on Tuesday, said Morgan & Morgan lacked standing to challenge quick pay because the provision benefited the firm and it had endorsed the settlement.

The court also upheld the district judge's decision to let lead class counsel oversee fee allocations, noting that courts often allow lead lawyers to make initial decisions subject to later review.

In a concurring opinion, Circuit Judge Amul Thapar criticized quick-pay provisions as creating "an appearance of unfairness" because lawyers get paid while victims wait. He urged courts to impose safeguards, such as escrowing part of the fees and requiring claw-back terms, and warned against "rubber-stamping" allocations without scrutiny.

"Victims deserve better," Thapar wrote.

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

4th Circuit Judge's Worry of En Banc Overuse Spurs Back-and-Forth

"By subjecting litigation to the en banc detour, we shield it from Supreme Court review while the often year-long proceeding plays itself out," Judge J. Harvie Wilkinson III wrote. "Shielding significant cases from the Supreme Court for prolonged periods can have deleterious consequences."

November 25, 2025 at 03:22 PM By  **Avalon Zoppo**



Judges J. Harvie Wilkinson III, left, and Stephanie Thacker, right, of the U.S. Court of Appeals for the Fourth Circuit. Photos: Diego M. Radzinski/ALM

A denial of en banc rehearing last week in the U.S. Court of Appeals for the Fourth Circuit sparked a back-and-forth between judges over whether the Richmond, Virginia-based appeals court is at risk of overusing the practice.

In a [concurrency](#), Judge J. Harvie Wilkinson III argued that the full court hasn't been as sparingly as it should in conducting en banc polls. Given limited judicial resources, he said mere disagreement with a panel's decision is rarely enough of a reason to grant review.

"Requests for polls are always framed as exceptional, but there comes a point in which the exceptional becomes more and more the rule, and the practice more and more to our collective

detriment," Wilkinson wrote. "I cannot hurry to make myself party to such a trend or practice."

Wilkinson, a Ronald Reagan appointee, and nine other judges voted against reconsidering [a June ruling](#) that directed a lower court to assess whether the Civil Service Reform Act's dispute-resolution process for federal employees is still functioning after President Donald Trump fired certain independent agency board members.

Under the Federal Rules of Appellate Procedure, en banc hearings are disfavored and should only be ordered if there's an intra-circuit conflict or the proceeding "involves a question of exceptional importance."

Wilkinson argued it's more appropriate for the U.S. Supreme Court to decide which questions are of exceptional importance and deserve review through certiorari petitions.

"By subjecting litigation to the en banc detour, we shield it from Supreme Court review while the often year-long proceeding plays itself out," he wrote. "Shielding significant cases from the Supreme Court for prolonged periods can have deleterious consequences."

In the underlying case, the National Association of Immigration Judges brought First Amendment claims over the Justice Department's policy requiring the judges to get approval before writing or making comments about immigration issues in their personal capacity.

In 2023, U.S. District Judge Leonie Brinkema of the Eastern District of Virginia dismissed the case and said it had to go through the dispute resolution process set out in the CSRA. But the Fourth Circuit in June sent the case back to Brinkema to figure out if the CSRA is still functioning and if the judges' claims can be resolved through that scheme as Congress intended.

Wilkinson said while he disagreed with the panel ruling, it's up to the Supreme Court to reverse it.

"I do not believe that our court enjoys the prerogative to decide whether a particular statutory program is 'functioning as Congress intended,'" Wilkinson wrote. "This 'functionality' test plants the seeds of real mischief to which I think only the Supreme Court can bring an effective halt."

'Unintended Chilling Effect'

In a separate concurrence, Judges Stephanie Thacker and Robert King pushed back against the idea that the circuit runs the risk of holding en banc hearings too often. They worried Wilkinson's viewpoint could have an "unintended chilling effect."

"[I] acknowledge that en banc proceedings are 'not favored,'" Thacker wrote in a concurrence King joined. "But it is not an act of anarchy when we as a court work within the rules to correct what a majority of us believe to be an error. Nor is doing so an 'enormous distraction' from our workload."

Thacker noted the court has held fewer en banc proceedings in recent years than in the late 1990s.

The Fourth Circuit held 17 full court hearings for the most recent five years, compared to 55 en banc hearings from 1995 to 1999.

"My esteemed colleague was on the court when, during the 1995 calendar year, our court held thirteen en banc proceedings," wrote Thacker, a Barack Obama appointee. "What is more, such proceedings appear to have been held as a matter of course on some relatively run of the mill issues. But it is now that my colleague is concerned that en banc proceedings may be overused?"

Wilkinson, however, stated the trend away from en bancs shows that court members were dissatisfied by overuse of the practice. He wrote that he worries the Fourth Circuit is "reverting to our former bad habits."

Wilkinson noted that the circuit has conducted five en banc polls in the past three months.

"The fact that these polls have not carried the day does not eliminate the danger that resort to en banc proceedings may become all too facile a practice," Wilkinson wrote.

But Thacker rejected Wilkinson's argument that it would be better for the Supreme Court to decide what cases are exceptional. She wrote that the Supreme Court could deny review, leaving in place a three-judge panel's decision that a Fourth Circuit majority would have overturned following an en banc hearing.

"Judge Wilkinson would have the majority of the court take a pass on en banc review in favor of the Supreme Court deciding the issue—which may never actually come to pass," Thacker wrote. "The viewpoint of the dissenting voices on the court would then prevail and an opinion that a majority of the court views as legally wrong would remain the law for the entire Circuit. That cannot be right."

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California Brief

Judge Slams 'Hold-Up Artist' in \$1.5 Billion Anthropic Pact (1)

Nov. 25, 2025, 12:59 PM PST

A federal judge ordered a third-party law firm to inform prospective clients that opting out of a record \$1.5 billion class action settlement with Anthropic PBC could leave them empty handed, doubling down on his position that the firm was committing fraud by tricking authors into leaving the deal.

Judge William Alsup said ClaimsHero's advertising tactics aimed at luring authors out of the settlement was a "bait-and-switch" that could dupe plaintiffs into believing they'll receive a cash award, when they're actually opting out to join a potential separate lawsuit. During the nearly four-hour hearing in San Francisco, Alsup reiterated his threat to refer ClaimsHero to the US attorney for extortion if it tries to strike a "sweeter deal" with Anthropic on the side.

He allowed the Arizona-based law firm to advertise to class members, but ordered it to inform clients that the firm may ultimately decide not to file separate copyright lawsuits against Anthropic seeking a larger settlement. ClaimsHero must also clearly state that authors could be left "without any remedy" to missing out on the current settlement if the firm doesn't file a new lawsuit.

Anthropic struck a deal in August to resolve authors' copyright lawsuit over the AI company's downloading of millions of pirated books, one of the largest settlements over artificial intelligence and intellectual property. The deal avoided a jury trial that was set to start Dec. 1 that could've destroyed Anthropic. The settlement is one of the first in dozens of copyright lawsuits filed against companies including OpenAI Inc., Meta Platforms Inc., and Midjourney Inc.

Alsup has noted in previous hearings that the deal includes a clause that allows Anthropic to back out if a certain number of works opt out.

"You're not going to ride on the coattails of this settlement," Alsup said, adding ClaimsHero had been "waiting in the weeds to try and work them for a nuisance settlement" since it still hasn't filed individual lawsuits against Anthropic.

Claims Hero's counsel, Devin "Vel" Freedman of Freedman Normand Friedland LLP, told Alsup it hasn't filed lawsuits because of the court's inquiry into the firm's advertising. He insisted the firm is committed to filing suits and has the legal resources to clash with a billion-dollar company like Anthropic. "No one is doing a quick money grab," he said.

Alsup doubted ClaimsHero would file a suit by the end of the year because it's "Mr. hold-up artist I'm talking to."

Crypto Scandal

Counsel representing the class of authors on Nov. 4 asked the US District Court for the Northern District of California to limit ClaimsHero's communications to settlement-eligible plaintiffs. Under the deal, Anthropic will pay about \$3,000 for each of the nearly 500,000 books included in the settlement over the company's AI training practices.

Alsup at a Nov. 13 hearing ordered updates to their website including new disclosures covering their lack of litigation experience.

Tuesday's evidentiary hearing included testimony from ClaimsHero's CEO Matthew Freund and six authors who hired the firm to represent them in opting out and filing a separate lawsuit, including New York Times reporter and Pulitzer Prize winner John Carreyrou.

Class counsel Rohit Nath of Susman Godfrey LLP questioned Freund about Kyle Roche, a ClaimsHero co-founder and partner at Freedman Normand, the firm representing ClaimsHero. Freund confirmed Roche was featured in videos in which he boasted about using litigation as a tactic to target rival cryptocurrency companies. The video eventually led to Freedman Normand's disqualification from two class actions.

Freedman objected, arguing the "years old" disqualification orders were irrelevant. Alsup told Freedman he was exaggerating, noting the orders were from 2023.

Agreement Language

Alsup took issue with ClaimsHero's contract with clients, which doesn't require the firm to file claims against Anthropic, and says "court litigation" and "appeals" aren't covered by the firm's 40% contingency fee. ClaimsHero's clients testified they were aware of the fee.

Freedman said ClaimsHero will amend the agreement to clarify litigation and appeals will be covered by the fee. Alsup ordered the firm to also tell clients they haven't officially opted out from the settlement by working with ClaimsHero, and instructed them to use the court-approved form.

ClaimsHero needs to decide soon whether to file lawsuits soon, Alsup said, noting the January deadline to opt out.

If ClaimsHero commits to filing suits and later backs out, Alsup said "that would be so unethical you should be disbarred."

Lieff Cabraser Heimann & Bernstein LLP, Cowan Debaets Abrahams & Sheppard LLP, Edelson PC, and Oppenheim + Zembrak LLP also represent the authors. Anthropic is represented by Arnold & Porter Kaye Scholer LLP, Cooley LLP, Latham & Watkins LLP, Lex Lumina LLP, and Morrison & Foerster LLP.

The authors who wish to opt out are represented by Freedman Normand and Stris & Maher LLP.

The case is Bartz v. Anthropic PBC, N.D. Cal., No. 24-cv-05417, hearing held 11/25/25 .

To contact the reporter on this story: Annelise Levy in San Francisco at agilbert1@bloombergindustry.com

To contact the editor responsible for this story: Kartikay Mehrotra at kmehrotra@bloombergindustry.com

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Securities

Meta Hit With Class Action Over Ads Promoting Investment Scam

Nov. 25, 2025, 12:38 PM PST

Meta Platforms Inc.'s advertising tools and targeting technology enabled scammers to carry out a pump and dump scheme that caused victims to lose more than \$110 million, a proposed class action alleges.

Meta allegedly knew about hundreds of fraudulent ads for investment clubs associated with celebrities and well-known financial advisers, but continued to host the ads on its Facebook and Instagram platforms, according to a complaint filed Monday in the US District Court for the Northern District of California.

Meta didn't immediately respond to a request for comment.

The plaintiffs, a group of individuals who say they invested in a Chinese penny stock based on ads they saw on Meta's platforms, are seeking to represent a class of all individuals who were lured into investing in the stock based on the allegedly fraudulent ads on Facebook and Instagram.

Members of an alleged criminal network operating out of China ran ads on Meta's platforms for supposed investment clubs. Users who clicked on the ads were added to a WhatsApp group where the scammers posed as financial advisers. Starting in May, the scammers allegedly encouraged users to purchase shares of Ostin Technology Group Co. Ltd. while their co-conspirators controlled roughly 75% of the outstanding shares. On June 26, the scammers dumped nearly 2 million shares, causing Ostin to lose more than 94% of its value that day, the complaint says.

Victims of the Ostin scheme lost more than \$110 million, and the alleged scammers are facing criminal charges from the US Department of Justice.

The plaintiffs assert Meta's advertising tools were "instrumental" in boosting the scheme's scale and effectiveness.

The ads were allegedly created using Meta's design tools, including its "Flexible Format" feature, which allows advertisers to upload multiple images for a single ad campaign. Meta automatically optimizes which format is shown to certain audiences to improve performance. The company also collects data on Facebook and Instagram users to tailor what ads they see based on each user's interests and activity, the suit says.

Meta was aware that scam ads were proliferating on its platforms, the plaintiffs claim, pointing to media reports on internal company documents. The company also allegedly received repeated warnings, including from groups of scam victims, about fraudulent ads on its platforms. Despite this, Meta has failed to implement software and processes to identify and prevent scam ads, the suit says.

The plaintiffs assert claims for aiding and abetting fraud, negligence, breach of contract, among others. They're seeking damages including disgorgement, reasonable attorneys' fees, and costs.

Morris Kandinov LLP represents the plaintiffs.

The case is Daigneau v. Meta Platforms Inc. , N.D. Cal., No. 3:25-cv-10180, complaint filed 11/24/25 .

To contact the reporter on this story: Mallory Culhane in Washington at mculhane@bloombergindustry.com

To contact the editor responsible for this story: Martina Stewart at mstewart@bloombergindustry.com

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Class Action

Manage Newsletters

Burger King Avoids Class Certification in Suit Over Whopper Size

Nov. 26, 2025, 6:58 AM PST

Summary by Bloomberg AI

AI Generated



- A federal judge in Florida said a suit challenging Burger King Corp.'s advertising isn't suitable for class certification.
- The plaintiffs failed to establish the criteria needed to certify a nationwide class for their claims under Florida law, Judge Roy K. Altman said.
- Altman said the plaintiffs didn't show that common issues of law predominated for each of their claims, and individual questions of fact also predominate.

A suit challenging the advertising Burger King Corp. uses to promote its Whoppers and other burgers isn't suitable for class certification, a federal judge in Florida said.

The plaintiffs failed to establish the criteria needed to certify a nationwide class for any of their claims under Florida law, Judge Roy K. Altman said Tuesday for the US District Court for the Southern District of Florida.

The plaintiffs purchased either a Whopper or Big King burger based on the size displayed in the ads, but the products they received were smaller than they expected. Had they known the actual size, they wouldn't have bought the burgers, they said.

After fending off BK's motions to dismiss, the plaintiffs sought nationwide class certification for three primary claims: one under the Florida Deceptive and Unfair Trade Practices Act; one for breach of contract under Florida law; and one for unjust enrichment under Florida law.

Applying Federal Rule of Civil Procedure 23(b)(3), Altman said that the plaintiffs failed to show that common issues of law predominated for each of their claims.

For the FDUTPA claim, the consumer laws of all 50 states must be applied and the plaintiffs didn't show any homogeneity in them, he said.

Similarly, breach of contract cases under Florida law are governed by the law of the state in which the contract was made, Altman said. The unjust enrichment laws in each state also vary, and the plaintiffs failed to show any consistency in the laws for either claim, he said.

Individual questions of fact also predominate, Altman said. For the FDUTPA claim, BK showed that different plaintiffs saw different ads; the plaintiffs didn't show how the ads overstated the size of the burgers; and BK's customers who use its app agreed to arbitrate claims against the company, he said.

The plaintiffs also didn't show that each plaintiff entered into a similar contract, common questions of fact rarely predominate in unjust enrichment cases, Altman said.

Calculating damages on a class-wide basis would also be difficult because, among other things, prices may vary at different locations, Altman said.

The proposed class potentially contains millions of BK customers dating back to 2018 and it's likely that few, if any, retained their fast food receipts, Altman said.

The Russo Firm and Panzavecchia & Associates PLLC represent the plaintiffs. Venable LLP and Faegre Drinker Biddle & Reath LLP represent BK.

The case is *Coleman v. Burger King Corp.*, 2025 BL 424623, S.D. Fla., No. 22-cv-20925, 11/25/25 .

To contact the reporter on this story: Bernie Pazanowski in Washington at bpazanowski@bloombergindustry.com

To contact the editor responsible for this story: Nicholas Datlowe at ndatlowe@bloombergindustry.com

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DOJ Settles Algorithmic Price-Fixing Claims With Landlord Tech Company RealPage

The proposed settlement between defendant RealPage Inc. and the U.S. Department of Justice includes no financial penalties or admissions of wrongdoing but would require RealPage to make behavioral changes in its revenue management software business. The deal requires final approval by the U.S. District Court for the Middle District of North Carolina.

November 25, 2025 at 04:35 PM By  **Sulaiman Abdur-Rahman**

What You Need to Know

- RealPage and the U.S. Department of Justice have agreed to settle antitrust claims.
- Gibson, Dunn & Crutcher helped RealPage reach the proposed settlement that includes no admission of wrongdoing.
- DOJ says the proposed settlement would protect American renters in the multifamily rental housing market.



Assistant U.S. Attorney General Gail Slater, head of the Justice Department's Antitrust Division. Photo: Diego M. Radzinski/ALM

The U.S. Department of Justice and RealPage Inc. have reached a proposed settlement resolving antitrust claims alleging the tech company participated in an algorithmic price-fixing conspiracy to inflate landlords' apartment rental prices.

"This resolution with the DOJ was necessary to provide certainty and finality for RealPage and its customers to avoid protracted litigation," Stephen Weissman, co-counsel for defendant RealPage, said Monday in a statement.

"While we deny any wrongdoing, we appreciate the constructive engagement by DOJ and its willingness to bless the legality of RealPage's prior and planned product changes under federal antitrust law through the consent decree," added Weissman, a Gibson, Dunn & Crutcher partner.

The [proposed settlement](#) includes no financial penalties or admissions of wrongdoing but would require RealPage to make behavioral changes overseen by an independent monitor if approved by U.S. District Judge William L. Osteen Jr. of the Middle District of North Carolina.

The DOJ's Antitrust Division and several state attorneys general filed an amended complaint in January alleging RealPage monopolized the commercial revenue management market and conspired to inflate rental housing prices in violation of the Sherman Act.

Richardson, Texas-based RealPage provides revenue management software to landlords in the multifamily rental housing market. The proposed settlement, if approved, would restrict how RealPage can use competitively sensitive data from landlords.

"Competing companies must make independent pricing decisions, and with the rise of algorithmic and artificial intelligence tools, we will remain at the forefront of vigorous antitrust enforcement," Gail Slater, the DOJ's top antitrust enforcer, said Monday in a statement announcing the proposed settlement with RealPage.

"The United States has obtained a settlement with RealPage that protects American renters by prohibiting the use of competitively sensitive information in RealPage's software to set rental prices, and by ending anticompetitive practices to align pricing among competing landlords," DOJ attorneys wrote in a competitive impact statement filed Monday.

Gibson Dunn and Robinson, Bradshaw & Hinson represent RealPage in the DOJ's antitrust complaint in North Carolina federal court.

"There has been a great deal of misinformation about how RealPage's software works and the value it provides for both housing providers and renters," Weissman, a former Federal Trade Commission deputy director, said in his statement as co-counsel for RealPage.

“We believe that RealPage’s historical use of aggregated and anonymized nonpublic data, which include rents that are typically lower than advertised rents, has led to lower rents, less vacancies, and more procompetitive effects,” Weissman added.

One of the co-defendants in the case, Greystar Management Services LLC, previously settled antitrust claims with the Justice Department and on Nov. 18 reached a [\\$7 million settlement](#) with nine state plaintiffs.

The DOJ’s proposed settlement with RealPage must receive approval from the U.S. District Court for the Middle District of North Carolina under the Tunney Act.

RealPage is also named as a defendant in [antitrust class-action litigation](#) pending in the U.S. District Court for the Middle District of Tennessee challenging the legality of its AI-powered software and conduct in the rental housing market.

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Judge lets Swift fans' antitrust claims proceed against Live Nation, Ticketmaster

DJ [dailyjournal.com/articles/388759-judge-lets-swift-fans-antitrust-claims-proceed-against-live-nation-ticketmaster](https://www.dailyjournal.com/articles/388759-judge-lets-swift-fans-antitrust-claims-proceed-against-live-nation-ticketmaster)

U.S. District Judge George H. Wu

Core monopoly claims survived in Taylor Swift fans' antitrust battle against Live Nation and Ticketmaster, as a federal judge in Los Angeles rejected the ticketing companies' bid to toss the case for the second time this year.

The complaint stems from botched presales for the U.S. leg of Swift's "Eras Tour," which the plaintiff fans claim exposed the companies' anticompetitive control over the concert ticketing market.

In an order filed Monday, U.S. District Judge George H. Wu kept alive the complaint's antitrust and unfair competition theories, while permanently dismissing negligence and fraud claims. He also preserved one breach of contract claim, giving the plaintiffs a final chance to identify specific terms they allege were breached.

Wu's two-page order analyzed only the dismissed claims.

"Even if the economic loss rule does not bar this claim, the Court remains unpersuaded that Plaintiffs can plausibly allege that the special relationship exception to the no-duty-to-protect rule is applicable here," Wu wrote in dismissing the negligence claim. "The Court declines to create a duty of care based solely on Defendants' exclusive control of their online ticketing service (even if Defendants were aware of the unprecedented demand for tickets)."

In this instance, Wu found that even if the plaintiffs weren't blocked by technical rules about recovering pure financial losses, they still hadn't shown that Ticketmaster owed fans a special legal duty to protect them from a chaotic ticket sale.

As for the dropped fraud and misrepresentation claims, the judge found the putative class of Swift fans failed to plausibly allege that Live Nation and Ticketmaster made any statements at the time that were false.

"Plaintiffs' reliance on the aftermath of the presales cannot support a plausible fraud theory," Wu wrote.

The motion was argued at a related hearing this month. Sole practitioners John M. Genga of Encino and Jennifer A. Kinder of Dallas represented the plaintiffs.

Latham & Watkins LLP attorneys Samuel R. Jeffrey, Timothy L. O'Mara and Alicia R. Jovais appeared on behalf of Live Nation and Ticketmaster.

The companies argued the lawsuit tries to "shoehorn" fan frustration into defective legal theories and that the antitrust allegations rested on flawed market definitions.

The plaintiffs countered that prior ticketing failures and Ticketmaster's exclusive control of the platform showed the companies should have foreseen the "Eras Tour" meltdown and that their conduct reflects longstanding anticompetitive practices. *Barfuss et al. v. Live Nation Entertainment Inc. et al.*, 2:23-cv-01114 (C.D. Cal., filed Feb. 14, 2023).

#388759

Devon Belcher

Daily Journal Staff Writer

devon_belcher@dailyjournal.com

Judge green lights class action vs Amazon over Alexa 'voiceprints' | Cook County Record

 [legalnewsline.com/cook-county-record/federal-judge-okays-class-action-vs-amazon-regarding-alexa/article_cc0395d2-cc51-46bb-badb-206c4dfa1118.html](https://www.legalnewsline.com/cook-county-record/federal-judge-okays-class-action-vs-amazon-regarding-alexa/article_cc0395d2-cc51-46bb-badb-206c4dfa1118.html)

Scott Holland, Jonathan Bilyk

November 25, 2025

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CHICAGO - A federal judge has greenlit a class action alleging Amazon's Alexa devices violated an Illinois privacy law through unauthorized voice recordings.

U.S. District Judge Franklin Valderrama's Nov. 19 opinion is the latest ruling in litigation that dates to June 2019 when attorneys with the firms of Taxman Pollock Murray & Bekkerman, of Chicago, and KamberLaw, of Chicago and Denver, filed a complaint in Cook County Circuit Court.

[The original lawsuit alleged Alexa devices start recording](#) when a user poses a question and "keeps a recording of the user speaking those words, as well as any follow-up statements or questions, and the statements of any other persons who just so happen to be within recording distance of the Alex device."

The complaint claimed this recording practice violates the Illinois Biometric Information Privacy Act, which forbids the "collection, retention, capture or purchase of biometric identifiers," including people's speech and speech patterns, or their "voiceprint." The case was quickly removed to federal court, preceding additional plaintiffs and amended complaints filed in 2021 and 2023.

In the current ruling on Amazon's motion to dismiss, Valderrama said a potential class could include nearly 1.2 million Amazon Voice ID users "in Illinois for whom Amazon created a voiceprint on or after June 27, 2014." He also noted BIPA's penalties of \$1,000 per negligent violation and \$5,000 for a violation deemed reckless or intentional.

Amazon argued class certification would be improper because the claims of those potential Illinois residents would be subject to unique defenses, including ratification, waiver and estoppel, among others. The plaintiffs countered by saying Amazon couldn't use such common law defenses because BIPA is a strict liability law, cutting off an affirmative defense that focuses not on disproving allegations but the justification for avoiding liability.

Among Amazon's specific arguments were that two named plaintiffs enrolled in Voice ID in 2022, several years after the initial complaint. But the plaintiffs said the same timeline could apply to many other class members. They further noted Amazon didn't respond to discovery until December that year, meaning they didn't, as Amazon alleged, have "full knowledge of all the facts" when enrolling.

Valderrama noted Amazon's September 2019 motion to dismiss the first complaint discussed how the company creates voice profiles and made it clear enrolling in Voice ID required voiceprint creation. He said one original named plaintiff, Michael Gunderson, is an inadequate class representative because he enrolled in Voice ID years after Amazon's declaration.

But another, Christopher Block, wasn't a named plaintiff when he enrolled.

The judge noted Block was involved with KamberLaw as local counsel for several Americans with Disabilities Act lawsuits in 2019. But Valderrama said Block didn't communicate with anyone from the firm about the Amazon lawsuit until the spring of 2023, which the judge said undercuts concerns he is more concerned with supporting the firm than the class.

Amazon also challenged the viability of plaintiff Jason Stebbins, saying most potential class members would not have struggled with understanding that the words "conditions of use" in blue text were a hyperlink to the type of information that would've better informed his decisions regarding Voice ID. Amazon further provided a recording of Stebbins saying "Alexa I want to teach you my voice."

And while Valderrama agreed Stebbins could have a credibility problem, he said neither that nor his understanding of the hyperlink were likely to harm the class' chances of successful litigation.

Whether the named plaintiffs had knowledge of Amazon's disclosures when they enrolled in Voice ID is a question for summary judgment, Valderrama said, and not appropriate at the certification stage. He also said the fact the plaintiffs haven't deleted Voice ID doesn't place them at odds with potential class members.

Valderrama also said it's too early "to engage in a merit-based analysis" of whether Voice ID created the type of identifiers that fall under BIPA protections. He noted the plaintiffs adequately alleged all Illinois users had functionally the same experience when enrolling in Voice ID and "whether Amazon collected,

captured or received through trade, or otherwise obtained biometric identifiers or information is a common question that predominates over any individual inquiries.”

He further said that although Amazon pointed to its policy of not selling or sharing customers’ voice information, the question of whether it did so is not relevant to whether the evidence backing the plaintiffs’ claim would be the same across all class members.

Although Valderrama agreed with Amazon that BIPA can’t apply to people who enrolled in VoicelD outside of Illinois, he also agreed the plaintiffs sufficiently alleged the company’s own technology can show where users were physically located at the time they enrolled, effectively giving the company the power to show who should be excluded from the class.

Finally, Valderrama said “no individual analysis is required for determining damages” should the plaintiffs prevail and agreed a class action would be the most efficient way to resolve the underlying claims. He certified the class as requested and said Block and Stebbins — but not Gunderson — are proper representatives.

Amazon is represented in the action by attorney Elizabeth B. Herrington and others with the firm of Morgan Lewis & Bockius, of Chicago and Los Angeles.

The plaintiffs are represented by attorney Michael Aschenbrener and others with the firms of KamberLaw; Taxman Pollock Murray & Bekkerman; Bartimus Frickleton Robertson Rader, of Leawood, Kansas; Goldenberg Heller & Antognoli, of Edwardsville, Illinois; and Peiffer Wolf Carr Kane & Conway, of St. Louis.

Judge Slams Brakes on Ford's RICO Suit Against 'Lemon Law' Lawyers

'Without more, this court will not turn an ordinary business relationship into a RICO enterprise,' U.S. District Judge Michelle Williams Court, of the Central District of California, wrote in dismissing the case on Monday.

November 25, 2025 at 03:05 PM By  **Amanda Bronstad**

What You Need to Know

- The judge found the lawyers were immune under the Noerr-Pennington doctrine, which protected them from liability for simply petitioning the courts under the First Amendment.
- The suits, the judge concluded, were not 'objectively baseless,' and Ford's racketeering allegations 'lack an indication that the parties came together for a purpose of fraudulently inflating their billing.'
- Ford was allowed to amend it complaint, but the judge cautioned against references to private jets, past convictions, tax liens and other 'immaterial, impertinent or scandalous' matter.



Michelle Williams Court testifies before the Senate Judiciary Committee during her confirmation hearing to be U.S. District Judge for the Central District of California, on Wednesday, May 22, 20224. Photo: Diego M. Radzinski/ALM

Ford Motor Co.'s racketeering lawsuit against three "lemon law" firms in Southern California hit the skids on Monday when a federal judge dismissed the entire case.

U.S. District Judge Michelle Williams Court, in the Central District of California, found that Knight Law Group, Altman Law Group and Wirtz Law were immune under the *Noerr-Pennington* doctrine, which protects lawyers from liability for simply petitioning the courts under the First Amendment unless the corporations can prove the cases are "sham" lawsuits. As such, she dismissed the complaint, which had alleged the firms collectively billed \$100 million in fraudulent fees.

"The court finds that defendants' conduct in preparing billing records and submitting fee petitions was based on petitioning activity," the judge wrote. "Here, even accepting as true the allegation that some of defendants' purported work entitling them to fees was fictitious, that misrepresentation is not sufficient on its own to deprive the entire fee petition process – let alone the entire lawsuit – of legitimacy."

The judge also concluded that Ford, which brought the case under the U.S. Racketeer Influenced and Corrupt Organizations Act, failed to establish that the three firms, and five lawyers associated with them, had engaged in a racketeering enterprise. She acknowledged Ford's allegations that the "lemon law" attorneys backdated their billings and failed to record accurate time were plausible.

"But these allegations on their own lack an indication that the parties came together for a purpose of fraudulently inflating their billing, rather than having formed for the purpose of bringing lemon law cases but having utilized poor billing practices in doing so," she wrote. "Without more, this court will not turn an ordinary business relationship into a RICO enterprise."

Former U.S. Acting Solicitor General Neal Katyal represents Knight Law Group and two lawyers associated with the Los Angeles-based firm, Managing Partner Roger Kirnos and Steve Mikhov, the former managing partner, now at Rusk LLC in San Juan, Puerto Rico, described in the suit as the "ringleader of the criminal enterprise," as well as a former paralegal, Dorothy Becerra.

"We are tremendously gratified that the district court dismissed Ford's RICO lawsuit against Knight Law Group and other law firms," Katyal, a Milbank partner in Washington D.C., told Law.com. "Knight Law will never be deterred by attempts to chill its advocacy, and it will now go back to doing what it does best: protecting the American people."

Katyal represents Knight Law Group and the two associated lawyers alongside Aaron Dyer, of Pillsbury Winthrop Shaw Pittman in Los Angeles, and Zachary Warren at Williams & Connolly in Washington D.C.

Pamela Johnston, of Foley & Lardner in Los Angeles, who represents Amy Morse, a Knight Law Group partner accused in Ford's case of doing administrative work but submitting time entries on

34 occasions that included more than 24 hours in a day, did not respond to a request for comment.

Altman Law Group's attorney, Gregor Hensrude, a Seattle partner at Klinedinst, who also represents Bryan Altman, now at Los Angeles-based Quill & Arrow, and Matthew Craig, of Hecker Fink in Los Angeles, for San Diego's Wirtz Law and founding partner Richard Wirtz, did not respond to requests for comment.

Doug Lampe, in-house counsel at Ford, which is represented by Daniel Saunders, a Los Angeles partner at Kasowitz, said in a statement, "It is unfortunate that the RICO claims were dismissed in the case, at least for the time being, as Ford believes the loopholes to civil liability, that the lemon law lawyers used, were misapplied in this case. The court, however, did not find that Ford was wrong on the facts or that the lemon law lawyers did not commit fraud. Indeed, the overwhelming evidence shows that these lemon law lawyers worked together to create and submit entirely fictitious bills."

Judge: 'Their Actions Were Not 'Objectively Baseless'

The case is one of several in which corporations, such as Uber and 3M, have used the RICO Act to sue lawyers who have litigated against them. So far, the cases [have had mixed results](#) at dismissal. Uber has sued lawyers in California, Pennsylvania and New York, and 3M, in a suit brought against three firms alleging its dust masks failed to protect coal miners from "black lung" disease, insisted, in [opposing dismissal this month](#), that the *Noerr-Pennington* doctrine doesn't apply under an exception for "sham" litigation.

"The bottom line is, no grounds for immunity or abstention exist," 3M attorneys Benjamin Fultz, of Fultz Maddox Dickens in Louisville, Kentucky, and Winston & Strawn's Steve Grimes, in Chicago, wrote in a Nov. 14 filing. "No reasonable person could expect to win a lawsuit based on made-up facts that could never be proven. As alleged in the complaint, defendants filed dust mask lawsuits on behalf of individuals who did not wear a dust mask, did not wear a 3M dust mask, did not suffer from black lung disease, and/or were aware of their claim more than one year before it was filed."

In the "lemon law" case, [filed earlier this year](#), Ford alleged that the defendant lawyers billed "phantom legal fees" and "hoodwinked all of the judges" in hundreds of lawsuits brought under California's Song-Beverly Consumer Warranty Act. Ford insists they used the inflated fees to fund lavish vacations, expensive homes and private jets.

The lawyers countered that [Ford was retaliating against them](#) for their successful lawsuits.



Neal Katyal, partner with Milbank. Courtesy photo

But Court, in her dismissal order, which followed a Nov. 21 hearing, found that, under the *Noerr-Pennington* doctrine’s “sham” litigation exception, the “lemon law” attorneys didn’t bring “baseless” lawsuits and that most of the fee awards tied to them were proper.

“Defendants’ rightfully identify that they prevailed on both the overall lemon law litigation and the fee petitions in question, which provides strong support for the argument that their actions were not ‘objectively baseless,’” she wrote. “Plaintiff does not cite any case where a party prevailed, but its actions nonetheless fell within the sham litigation exception.”

Court allowed Ford to amend its complaint, over the objections of the “lemon law” lawyers, by Dec. 22, or risk final dismissal. But, in a footnote, she cautioned Ford against including in its amended complaint matter that is “immaterial, impertinent, or scandalous” and treating its adversaries with civility and respect.

“Accordingly, plaintiff’s counsel should omit references to private jets, past convictions, tax liens and the like,” she wrote.

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US group sues Apple over Congo conflict minerals

 [reuters.com/sustainability/land-use-biodiversity/us-group-sues-apple-over-congo-conflict-minerals-2025-11-26](https://www.reuters.com/sustainability/land-use-biodiversity/us-group-sues-apple-over-congo-conflict-minerals-2025-11-26)

Maxwell Adombila, David Lewis

November 26, 2025

An Apple logo and a computer motherboard appear in this illustration created on August 25, 2025. REUTERS/Dado Ruvic/Illustration/File Photo [Purchase Licensing Rights](#) , [opens new tab](#)

- IRAdvocates alleges Apple uses conflict minerals from DRC and Rwanda
- Apple denies links to armed groups, has said suppliers told not to source from region
- DRC's tightened controls on minerals affect global tech supply chains

DAKAR/LONDON, Nov 26 (Reuters) - A U.S.-based advocacy group has filed a lawsuit in Washington accusing Apple ([AAPL.O](#)) , [opens new tab](#) of using minerals linked to conflict and human rights abuses in the Democratic Republic of Congo and Rwanda despite the iPhone maker's denials.

International Rights Advocates (IRAdvocates) has [previously sued](#) Tesla ([TSLA.O](#)) , [opens new tab](#), Apple and other tech firms over cobalt sourcing, but U.S. courts [dismissed](#) that case last year.

French prosecutors also [dropped](#) Congo's case against Apple subsidiaries in December over conflict minerals, citing lack of evidence. A related criminal [complaint](#) in Belgium is still under investigation.

Apple [denied](#) any wrongdoing in response to Congo's lawsuits, saying it had instructed its suppliers to halt the sourcing of material from Congo and neighbouring Rwanda.

It did not immediately respond to requests for comment on the latest complaint.

IRAdvocates, a Washington-based nonprofit that tries to use litigation to curtail rights abuses, said in the complaint filed on Tuesday in the Superior Court of the District of Columbia that Apple's supply chain still includes cobalt, tin, tantalum and tungsten linked to child and forced labour as well as armed groups in Congo and Rwanda.

CONGO IS A MAJOR SOURCE OF COBALT, TIN, TUNGSTEN

The lawsuit seeks a determination by the court that Apple's conduct violates consumer protection law, an injunction to halt alleged deceptive marketing, and reimbursement of legal costs, but does not seek monetary damages or class

certification.

The lawsuit alleges that three Chinese smelters — Ningxia Orient, JiuJiang JinXin and Jiujiang Tanbre — processed coltan that U.N. and Global Witness investigators allege was smuggled through Rwanda after armed groups seized [mines](#) in eastern Congo, linking the material to Apple's supply chain.

A University of Nottingham study published in 2025 found forced and child labour at Congolese sites linked to Apple suppliers, the lawsuit said.

Ningxia Orient, JiuJiang JinXin and Jiujiang Tanbre did not immediately respond to requests for comment.

Congo, which supplies about 70% of the world's cobalt and significant volumes of tin, tantalum and tungsten - used in phones, batteries and computers - did not immediately respond to a request for comment. Rwanda also did not immediately respond to a request for comment.

'NO REASONABLE BASIS FOR LINKS TO ARMED GROUPS'

Apple has repeatedly [denied](#) sourcing minerals from conflict zones or using forced labour, citing audits and its supplier code of conduct. It said in December that there was "no reasonable basis" to conclude any smelters or refiners in its supply chain financed armed groups in Congo or neighbouring countries.

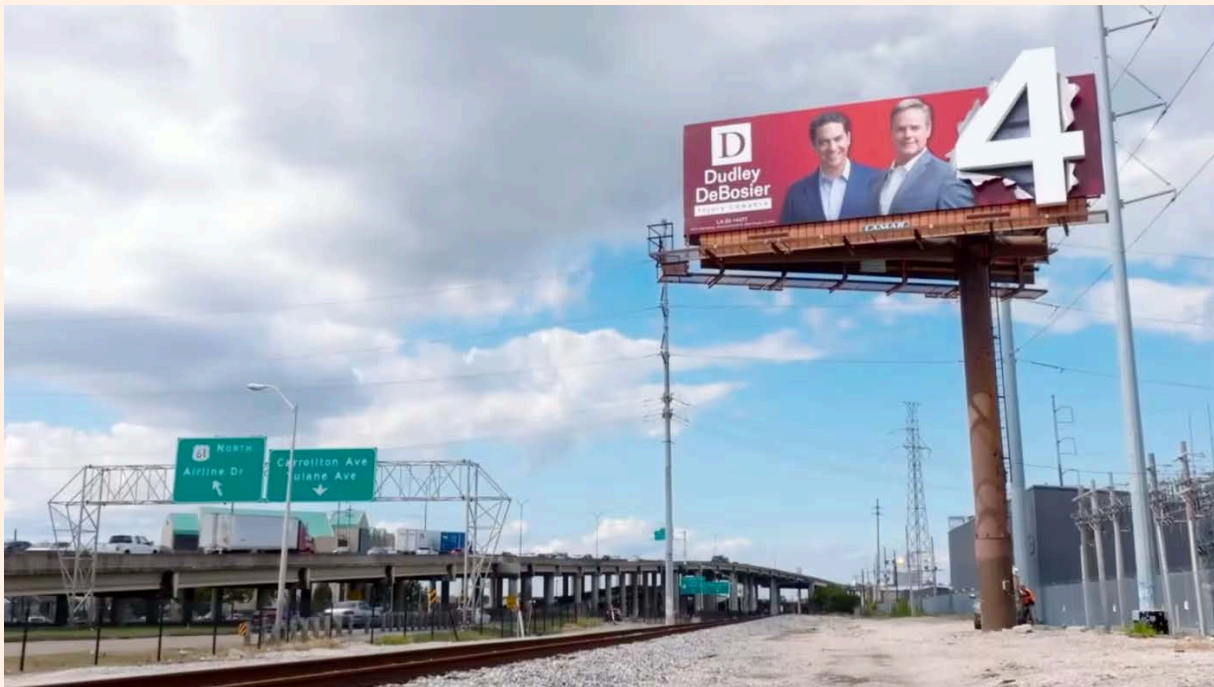
Congolese authorities say armed groups in eastern Congo use [mineral](#) profits to fund the conflict that has [killed](#) thousands and displaced hundreds of thousands. They have [tightened](#) controls on minerals to choke off funding, squeezing global supplies.

Apple says 76% of cobalt in its devices was recycled in 2024, but the IRAdvocates lawsuit alleges its accounting method allows mixing with ore from conflict zones.

Reporting by Maxwell Akalaare Adombila in Dakar and David Lewis in London;
Editing by Robbie Corey-Boulet and Emelia Sithole-Matarise

Legal services**US personal injury firms lead effort to bring private equity into legal sector**

Attorneys who pioneered billboard advertising are again pushing the boundaries around outside ownership of law groups



Dudley DeBosier of Louisiana aims to acquire other personal injury law firms © Lamar Advertising Company

Stephen Foley and **Kaye Wiggins** in New York

Published YESTERDAY



Personal injury attorneys are at the forefront of a movement to bring private equity investment into US law firms for the first time, following a financing technique used by medical practices and accountancies.

[Firms](#) in states from Louisiana to Michigan and Arizona to California have been sounding out investors about selling stakes, according to investors, bankers, advisers and lawyers.

The sector of the legal market that pushed the envelope decades ago by advertising on roadside billboards could set off a round of consolidation, if deals come to fruition, as regional firms armed with [private equity](#) cash buy up rivals across the country.

But the deals could attract scrutiny from regulators that historically policed a ban on non-attorney ownership of law firms, under ethics rules designed to prevent commercial considerations distorting the practice of law.

“It feels like we are at a tipping point and I don’t think there is any part of the legal market that’ll be untouched by this,” said Crispin Passmore, a former UK legal regulator who now runs transatlantic consulting firm Passmore & Oliver Partners.

McDermott Will & Schulte, one of the 20 largest law firms by global revenue, and the white-collar defence firm Cohen & Gresser were exploring [taking outside investment](#), the Financial Times reported earlier this month.

Advisers say the personal injury law firms are closer to doing deals.

“They are among the most entrepreneurial in the legal profession. They have concentrated ownership. And they are ripe for consolidation, not least because of the ability to share technology and marketing,” said Passmore.

Among the firms considering a deal is Louisiana’s Dudley DeBosier, a 16-year-old business that says it has recovered more than \$1.2bn for injury victims, according to people familiar with the matter. It had hired the investment bank KBW Stifel to look for a potential private equity backer to help fund acquisitions, the people said.

One of the firm’s founders, Chad Dudley, told the FT he expected firms that dominated local markets would look to expand nationally. He declined to comment on the possibility of his firm taking private equity investment.

“Smaller acquisitions have been going on for some time, as solo practitioners who are tired of running their firm are brought under the umbrella of a larger firm. But now the bigger players are going to be going into different geographies,” he said.

Dudley, who also runs a marketing agency and consultancy for other personal injury attorneys, said Dudley DeBosier aimed to become a platform for acquiring other firms, pitching them on its operational expertise and success for clients.

Advisers argue that personal injury firms could be attractive to private equity because of the high turnover of cases, most of which settle quickly. That gives them more predictable cash flows compared to firms that specialise in large civil cases such as class actions or white-shoe firms where top lawyers could take big clients with them to a rival firm.

“I think private equity investment in plaintiffs’ personal injury firms is a near-term reality because they are marketing machines in pursuit of valuable cases that can scale successfully with investment,” said Kent Zimmermann of the consulting firm Zeughauser Group.

“They are also largely recession-proof,” said Andy Halaby, chief legal officer at Arizona’s Rafi Law Group, which has hired KBW Stifel to seek a private equity investment. “People are always going to drive . . . There are always going to be accidents.”

Rafi is about to open its first office outside Arizona, in Colorado, and plans to expand into New Mexico and Texas. “All businesses that want to expand and innovate need capital to do it,” said Halaby.

Firms across the country are holding talks with potential investors. The Dominguez Firm in Los Angeles has hired Capstone Partners to solicit private equity interest and Michigan’s Mike Morse Law Firm is also exploring its options, according to people familiar with the matter. The firms did not respond to messages seeking comment.

The structure being proposed for private equity investment involves buying a stake in a “management services organisation” (MSO) that employs the non-lawyer staff and owns most of the assets. The part of the firm that runs the legal cases becomes a separate entity and pays fees to the MSO.

Similar structures have been used by private equity to invest in medical and dental practices and accounting firms. But only some US state regulators have weighed in on whether MSO arrangements comply with the legal profession’s ethics rules. A Texas ruling in January blessed the structure but set strict rules on the relationship between the two sides of the business.

Dudley predicted more firms would open themselves to private equity in the years ahead.

“You can stick your head in the sand if you want. But it doesn’t seem prudent. What was it Winston Churchill said? You can take change by the hand or it will grab you by the throat.”

AI jury simulation startup sues co-founder over trade secrets

 [reuters.com/legal/litigation/ai-jury-simulation-startup-sues-co-founder-over-trade-secrets-2025-11-25](https://www.reuters.com/legal/litigation/ai-jury-simulation-startup-sues-co-founder-over-trade-secrets-2025-11-25)

Blake Brittain

November 25, 2025

Artificial Intelligence words are seen in this illustration taken March 31, 2023.

REUTERS/Dado Ruvic/Illustration [Purchase Licensing Rights, opens new tab](#)

Nov 25 (Reuters) - A startup that creates artificial intelligence-powered courtroom simulations has sued one of its co-founders in California federal court for allegedly stealing its trade secrets.

Juries.ai [told a court in San Jose, opens new tab](#) on Monday that Vincent Sheu took confidential information including source code and business strategies to build a competitor after the company fired him.

"These allegations are unfounded, and I am confident that the facts will make that clear," Sheu said in a statement on Tuesday. "While I entirely reject the claims made, I remain committed to resolving this amicably and quickly to the satisfaction of all parties."

Spokespeople and attorneys for Juries.ai did not immediately respond to requests for comment on the lawsuit on Tuesday.

Juries.ai is part of a [wave of lawyer-focused generative AI startups](#) that have together raised hundreds of millions of dollars from investors during the ongoing artificial intelligence boom.

New York-based Juries.ai's platform uses artificial intelligence to simulate jury decision-making, "allowing litigation teams a private way to battle-test their case before it matters most," according to the complaint. Juries.ai said that Sheu co-founded the company in April and was responsible for product development and technical aspects of the platform.

The lawsuit said the startup terminated Sheu in October, and that "although Mr. Sheu presented himself as an AI expert capable of building the Juries.ai platform, he did not significantly contribute to the advancement of Juries.ai's product."

According to the complaint, Sheu has refused to return the company's confidential information, interfered with a company patent application and approached Juries.ai investors to pitch a "substantially identical" platform.

Juries.ai requested a court order to block Sheu from misusing its trade secrets and unspecified monetary damages.

The case is Juries.ai Inc v. Sheu, U.S. District Court for the Northern District of California, No. 5:25-cv-10188.

For Juries.ai: Blake Davis and Allison Harms of Latham & Watkins

For Sheu: Not yet available

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

Blake Brittain reports on intellectual property law, including patents, trademarks, copyrights and trade secrets, for Reuters Legal. He has previously written for Bloomberg Law and Thomson Reuters Practical Law and practiced as an attorney.

California Brief

Roundup Cancer Award of \$28 Million Affirmed by California Court

Nov. 25, 2025, 5:29 PM PST

A \$28 million damages award for a consumer who developed cancer from the weed-killer Roundup was upheld by a California state appeals court.

The California Court of Appeal, Fourth Appellate District, rejected Monsanto Co.'s arguments that Mike Dennis' failure to warn lawsuit was preempted by the Federal Insecticide, Fungicide, and Rodenticide Act and that the damages award violates due process.

The court found that the failure to warn tort under California law has requirements that parallel the federal law over pesticide misbranding, and provide no additional requirements that would trigger preemption.

Dennis first sued in San Diego County court, claiming Monsanto failed to warn consumers that Roundup presented a substantial danger. He said he used Roundup on a monthly basis around his house every year from 2000 to 2020. He was diagnosed with a form of non-Hodgkin's lymphoma in 2020, a direct result of his use of the product, he claimed.

A jury found in favor of Dennis, granting \$7 million in noneconomic damages and \$325 million in punitive damages. In a post-trial ruling, the court reduced the punitive damages to \$21 million.

Monsanto appealed, arguing that the trial court failed to conduct the proper analysis of the federal preemption argument. It also argued that the reduced \$21 million punitive damages award was excessive because it punished Monsanto multiple times for the same conduct.

The appeals court rejected Monsanto's damages argument, finding extensive evidence over decades of Monsanto's "highly reprehensible conduct" in attempting to hide Roundup's health side effects.

The case is *Dennis v. Monsanto Co.*, Cal. Ct. App., 4th Dist., No. D084130, 11/24/25.

To contact the reporter on this story: Isaiah Poritz in San Francisco at iporitz@bloombergindustry.com

To contact the editor responsible for this story: Keith Perine at kperine@bloomberglaw.com

Securities

NYC's Lander Advises Dropping \$42 Billion BlackRock Mandate (2)

Nov. 26, 2025, 7:17 AM PST

New York City Comptroller **Brad Lander** is urging three of the city's pension funds to drop BlackRock Inc. because of "inadequate" climate plans, the latest move to penalize investment firms for failing to tackle global warming.

The guidance to reject BlackRock, the city's largest money manager overseeing \$42.3 billion of index funds for the pensions, follows a review of the firm's efforts to press companies to decarbonize. Lander said Wednesday he's also asking plan trustees to terminate much smaller mandates with Fidelity Investments and PanAgora Asset Management.

BlackRock has scaled back "climate engagement in ways that put our investments at risk needlessly," Lander said in a phone interview. "Climate risk is financial risk. You can see it all around you in increased number of flash floods and wildfires."

In response, BlackRock Managing Director **Armando Senra** wrote in a letter to Lander that he is alleging that the firm is "abdicating its financial duty and putting New York City's pensions at risk. These statements are another instance of the politicization of public pension funds, which undermines the retirement security of hardworking New Yorkers."

Lander's recommendations must still be approved by the trustees of the pension boards and then depending on the decision, New York-based BlackRock will be able to rebid for the index-fund business. Lander's proposal is one of his last acts before his term as comptroller ends in a few weeks. Incoming Mayor **Zohran Mamdani** will be sworn in on Jan. 1 and his appointees will have some influence over the city's retirement system.



Brad Lander

Photographer: Michael Nagle/Bloomberg

BlackRock has been attacked by both Republicans and Democrats over its efforts on climate change. GOP politicians criticized Chief Executive Officer Larry Fink for years for championing environment and social strategies. But then when BlackRock pulled back more recently, Democrats including Lander scrutinized the world's largest money manager for not doing enough to make corporate America greener.

Read More: BlackRock Exits Major Climate Group Amid Wall Street Exodus

Lander's office said the Trump administration's changes to disclosure rules led BlackRock to stop pressing companies on environmental goals when it has a stake exceeding 5%.

The same reasoning was used to suggest the dismissal of Fidelity, which oversees \$384 million for the pension plans. It also said PanAgora, which like Fidelity is based in Boston, has failed to pressure companies to decarbonize. The firm has been managing \$358 million for the New York City funds.

Fidelity, which oversees \$6.8 trillion, and PanAgora, which manages about \$33 billion, haven't responded to requests for comment.

Lander is recommending that the city's pension investments managed by Fidelity and PanAgora be dispersed across other strategies.



The BlackRock headquarters in New York.

Photographer: Michael Nagle/Bloomberg

Lander's office said in its statement that State Street Corp., one of BlackRock's main rivals in index funds, had a "more robust approach" to engaging with companies on climate. The comptroller asked money managers of the city's pension funds in April to submit written reports describing their net zero plans, including how they intend to exhort companies in their investment portfolios to "drive real economy decarbonization" and push executives to align capital spending with climate targets.

At the time, Lander said the pensions would consider dropping any asset managers that "either refuse to submit plans or submit plans that don't meet our standard." In all, Lander accepted 46 of the 49 environmental plans submitted by investment firms.

New York City has five pension plans, which together have about \$300 billion of assets. The three impacted by Lander's judgment are the New York City Employees' Retirement System (NYCERS), Teachers' Retirement System (TRS), and Board of Education Retirement System (BERS). He's recommending the three funds end their ties to BlackRock; that TRS removes Fidelity as manager; and that NYCERS and TRS terminate PanAgora.

Beside the \$42.3 billion in index funds, BlackRock also manages a total of about \$9 billion in private infrastructure, emerging markets equity, treasuries and mortgage investments for the three pension plans.

Lander, who recently mounted an unsuccessful bid for New York City mayor, will be out of elected office after Dec. 31, when his term as comptroller conclude. He is considering running for Congress in a primary challenge in 2026 against Democratic Representative Dan Goldman, who represents lower Manhattan and parts of Brooklyn.

Under Lander's leadership, the retirement system has been among those at the forefront of tackling climate change through its investments. Over the past decade, the three funds have taken steps including divesting from thermal coal in 2016, voting in 2021 to move away from fossil fuel reserves in their public equities and corporate bond portfolios, and committing to achieving net zero emissions by 2040.

Lander's latest suggestions come amid an increasingly combative political environment. Democratic state officials from New York to California sent letters to asset managers in August, urging them to resist pressure from the Trump administration and GOP lawmakers and to fully assess risks tied to global warming, supply chains and corporate governance. They said Republicans are misrepresenting "the true meaning of fiduciary duty" by ignoring long-term climate threats.

Read More: Why ESG Faces Backlash and Its Future Under Trump 2.0: QuickTake

The coordinated Democratic push follows more than three years of Republican attacks against environmental, social and governance investing. They have called ESG a threat to capitalism. GOP officials launched investigations, introduced anti-ESG state bills — many of which have failed — and restricted some firms from doing business in their states.

(Adds detail about Lander's political future in 15th paragraph.)

--With assistance from **Saijel Kishan**, **Silla Brush**, **Loukia Gyftopoulou** and **Laura Nahmias**.

To contact the reporter on this story:

Olivia Raimonde in New York at oraimonde@bloomberg.net

To contact the editors responsible for this story:

Tim Quinson at tquinson@bloomberg.net

Amanda Kolson Hurley

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<https://www.wsj.com/business/campbells-defends-its-ingredients-after-chicken-controversy-cbdb2833>

BUSINESS

Campbell's Defends Its Ingredients After Chicken Controversy

Executive put on leave after allegedly saying Campbell's food is for poor people

By [Alyssa Lukpat](#) [Follow](#)

Nov. 25, 2025 9:37 pm ET



Campbell's is best known for its canned-soup offerings. NIC ANTAYA FOR WSJ

Quick Summary

- Campbell's placed an executive on temporary leave following allegations he called company food "highly processed" and for "poor people."

[View more](#)

[Campbell's](#) CPB **0.18%** ▲ said it placed an executive on temporary leave after he was allegedly caught on tape saying the company made "highly processed food" for "poor people."

The company defended the ingredients it uses in its products and said it was investigating the allegations against Martin Bally, its vice president of information

technology.

“Campbell’s soups are made with real chicken. Period,” the company said.

Former Campbell’s cybersecurity analyst Robert Garza filed a lawsuit against the company and accused Bally of making racist comments and disparaging Campbell’s products in a secretly recorded meeting.

“If the comments heard on the audio recording were in fact made by Mr. Bally, they are unacceptable,” the company said. “Such language does not reflect our values and the culture of our company.”

Based in Camden, N.J., Campbell’s is best known for its canned-soup offerings. The company’s popular chicken noodle soup typically costs between \$1 and \$2 a can at grocery stores.

Garza said he has suffered stress and mental anguish since meeting with Bally last year. In the lawsuit filed last week in Wayne County, Mich., where Bally lives, Garza outlined how a meeting intended to be about salary got derailed.

Garza said Bally called Campbell’s food highly processed and said it was for poor people. Garza also accused Bally of disparaging Indian co-workers, calling them “idiots,” and saying he didn’t like working with them.

Garza, who had only worked at Campbell’s for a few months, reported the comments to his manager, according to the lawsuit. Garza said he was fired about three weeks later. He believes Bally and his former manager were behind the termination, according to the lawsuit.

“The situation has been very hard on Robert,” a lawyer for Garza said Tuesday.

Garza, of Monroe County, Mich., sued Campbell’s, Bally and his former manager for violating his civil rights. He said they retaliated after he complained about racial discrimination and harassment. He is seeking payment for damages including legal fees, according to the lawsuit.

Bally describes himself on LinkedIn as a leader and mentor. He has worked in information security for several companies, according to his profile.

Campbell’s defended its food products.

“Keep in mind, the alleged comments heard on the audio were made by a person in IT, who has nothing to do with how we make our food,” the company said Tuesday.

Campbell's released a fact sheet about its chicken that said the company doesn't use 3D-printed chicken, lab-grown chicken or any form of artificial or bioengineered meat in its soups.

Write to Alyssa Lukpat at alyssa.lukpat@wsj.com

Appeared in the November 26, 2025, print edition as 'Campbell's Defends Its Ingredients After Chicken Controversy'.

Videos

Campbell's soup stock crashes over alleged '3D printed meat'

F finbold.com/campbells-soup-stock-crashes-over-alleged-3d-printed-meat

Marko Marjanovic

November 25, 2025



Campbell's (NASDAQ: CPB) stock crashed more than 3% on Monday, November 24, after a former employee alleged in a lawsuit that the vice president and chief information security officer, Martin Bally, was mocking "poor people," ridiculing the company's products, and making racist comments about colleagues.

The accusations center on an audio recording that allegedly contains proof not only of a hostile work environment but also the firing of the whistleblower who reported the incident. Moreover, the executive's comments on "bioengineered meat that came from a 3-D printer" have also sparked a lot of controversy among [environmentally conscious investors](#).

Amid the growing pressure, Campbell's shares are down more than 27% year-to-date (YTD), and are trading at \$30.53 in pre-market as CPB stock slides further.



CPB 24-hour price. Source: Google Finance

The negative sentiment has also resulted in a social media boycott, in particular due to the company's association with backers such as BlackRock and Vanguard, who constitute some of Campbell's biggest share owners.

The Campbell Soup's Vice President wasn't just caught saying Campbell's soups are for poor people and use bioengineered meat

He literally said on a secret recording the company is using "3D printed meat"

This is a federal crime. It is illegal under US federal law to sell,...

pic.twitter.com/LBMboTuy39

— Wall Street Apes (@WallStreetApes) [November 24, 2025](#)

Campbell Soup Company faces misconduct charges

Robert Garza, a former cybersecurity analyst, says he started recording what was to be a routine salary meeting with Bally in late 2024 after sensing "something wasn't right." According to the lawsuit filed in Wayne County Circuit Court, the vice president started mocking the customers, claiming the company made products for "poor people" and questioning who would buy them at all.

The filing further alleges Bally launched into racist remarks about Indian colleagues, calling them "idiots" who "didn't know anything" and couldn't think independently. In addition, the recording allegedly has Bally admitting he used to arrive at work having consumed drugs.

Campbell's has confirmed that Bally has been placed on leave pending an internal investigation while rejecting the claims about its ingredients.

"We are proud of the food we make, the people who make it and the high-quality ingredients we use. The comments on the recording are not only inaccurate—they are patently absurd," a company spokesperson told Newsweek.

The lawsuit remains active, and a court ruling will ultimately determine whether any legal consequences stem from the behavior detailed in the complaint, a decision likely to impact share prices further.

Featured image via Shutterstock

Securities

Barnes & Noble Education Says Ex-Worker Evaded Internal Controls

Nov. 25, 2025, 2:33 PM PST

A former Barnes & Noble Education Inc. employee “knowingly circumvented” the company’s internal accounting guardrails to make journal entries that improperly reduced the cost of sales in the 2024 and 2025 fiscal years, the company said Tuesday.

Barnes & Noble Education completed its internal investigation and terminated the payment processing worker, according to the company’s filing with the Securities and Exchange Commission. The investigation started by the board of directors’ audit committee found no evidence that the former employee “derived any pecuniary gains, directly or indirectly,” the filing said.

Barnes & Noble Education didn’t immediately respond to a request for comment.

The company also announced its preliminary, unaudited financial results for the fiscal year that ended May 3, as well as preliminary, unaudited year-to-date results for the first six months of fiscal 2026.

Barnes & Noble Education is the parent of Barnes & Noble College, which operates more than 1,160 college, university, and K-12 bookstores across the country.

The company disclosed earlier this year that information regarding how the cost of digital sales was recorded was brought to the board’s attention in July, after which its audit committee started an internal investigation.

Separate from that review, the company found that aspects of how it had been accounting for its store operating agreements conflicted with US accounting rules for leases, according to Tuesday’s filing.

Because of this, the board decided that the company’s previously-issued unaudited financial statements for several time periods in 2023 shouldn’t be relied upon, the filing said. The company plans to include in a restatement the correction of the lease accounting.

The company’s filing outlines that correcting the lease accounting will result in preliminary adjustments, including a \$4.8 million decrease in gross profit for the full year for the 2025 fiscal year. The adjustments are subject to change.

Securities

Manage Newsletters

Intellego Dismisses CEO, Engages KPMG for Investigation

Nov. 26, 2025, 4:07 AM PST

Intellego Technologies' Board of Directors has dismissed the CEO and engaged KPMG to conduct an independent forensic investigation of the company's accounting and capital market communications.

CEO **Claes Lindahl** has been relieved of his duties, with board member **Jacob Laurin** named acting CEO

"The Board sees no basis for Lindahl's return, regardless of the outcome of the ongoing legal proceedings"

The process to recruit a permanent CEO has been initiated

Nasdaq has requested responses to a number of questions as by Dec. 5

The plan is for KPMG's work to form the basis of Intellego's response

The conclusions will be made public

NOTE, Nov. 21: [Intellego Technologies Says Nasdaq Stockholm Requests Delisting](#)

To view the source of this information, click [here](#)

To contact the reporter on this story:

Christopher Jungstedt in Stockholm at cjungstedt@bloomberg.net

To contact the editors responsible for this story:

Anton Wilen at awilen@bloomberg.net

Stephen Treloar

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Sanofi Stock Drops After Confirming Raid, Tax Fraud Investigation

IBD [investors.com/news/technology/sanofi-stock-paris-raid-tax-fraud-investigation](https://www.investors.com/news/technology/sanofi-stock-paris-raid-tax-fraud-investigation)

ALLISON GATLIN

November 26, 2025



Sanofi ([SNY](#)) stock dropped Wednesday after French authorities raided the drugmaker's Paris headquarters as part of a tax fraud investigation.

The pharma giant, whose biggest product is anti-inflammatory drug Dupixent, confirmed that the investigation is related to a financing arrangement offered by Societe Generale SA, dating back 10 years ago. The mechanism is now under investigation by the French National Financial Prosecutor's Office.

Officials visited the company's headquarters on Tuesday.

"Sanofi considers it has complied with all applicable laws and regulations in this matter," the company said in an emailed statement to Investor's Business Daily.

In morning trades, Sanofi stock slipped a fraction to 50.03. Shares came back slightly from a steeper 1.5% tumble in earlier action.

Sanofi shares are sitting on a floor at their [50-day moving average](#) inside a [consolidation](#) with a [buy point](#) at 60.12, according to [MarketSurge](#) pattern analysis. But the stock is trading under its [200-day line](#), which could provide some pressure on a breakout.

Nov. 25, 2025, 12:35 PM PST

Three Wall Street heavyweights are poised to suffer a total loss on a deal for a portable-toilet company orchestrated by Platinum Equity, spotlighting the hazards of a controversial strategy that's gained traction across private equity.

Fortress Investment Group, Ares Management Corp. and Blackstone Inc. are among the money managers set to lose a combined \$1.4 billion on United Site Services Inc. as Platinum prepares to hand control of the company to lenders, according to people with knowledge of the matter, who asked not to be identified discussing a private transaction.



Photographer: Smith Collection/Gado/Getty Images

The unraveling of USS stands as one of the most high-profile examples of how continuation vehicles — which give private equity firms the opportunity to monetize assets without an outright sale — can backfire. The deals have exploded in popularity in recent years amid a slump in dealmaking and a lackluster environment for initial public offerings, the two main avenues for buyout funds to exit investments.

Platinum hasn't made a final decision on USS and it's possible that a different solution may still emerge. The company is operating under a forbearance agreement with lenders that's set to expire in early December, the people familiar said.

Single-asset funds are among the riskiest and are avoided by some limited partners, who typically have mandates to deploy capital in diversified portfolios. Even so, a wave of specialist firms raising money specifically for continuation funds has fueled a surge of transactions in recent years, adding new layers of complexity to how these deals are structured.

[Read More: How Continuation Funds Are Changing Private Equity: QuickTake](#)

But the company has struggled to live up to the Covid-era hype that a return to in-person events would be a boon for its business. Higher interest rates, meanwhile, took a toll on both the construction market as well as USS' own balance sheet, where debt servicing costs continued to consume cash.

SEC Decision to Halt Review of Most Corporate 'No Action' Requests Draws Investor Ire

"Shareholders' only recourse is to sue in federal court to try to force the company to include the proposal in its proxy statement," said Paul Chesser of the National Legal and Policy Center.

November 25, 2025 at 11:40 AM By  **Chris O'Malley**



Paul Atkins, chair of the U.S. Securities and Exchange Commission. Photo: Diego M. Radzinski/ALM

A U.S. Securities and Exchange Commission decision to halt substantive review of public company requests to exclude certain shareholder proposals has investor groups concerned their voices will be diminished in U.S. corporate governance.

The move appears to strictly limit Exchange Rule 14a-8, which for 78 years has helped ensure proposals meet regulatory standards and that companies do not block them, according to the shareholder advisory group As You Sow.

[The decision](#) championed by SEC Chair Paul Atkins "is effectively forcing these matters into court, an expensive and lengthy outcome that is detrimental to both shareholders and companies," said

Danielle Fugere, president and chief counsel of the El Cerrito, California-based group. "It's incredibly short-sighted."

For decades, public companies have petitioned the SEC to exclude advisory—or nonbinding—shareholder proposals that are not eligible under 14a-8. Ineligible proposals include those that seek to micromanage ordinary business operations or otherwise have little economic relevance to the company.

Companies filed a "no action" letter with the SEC, seeking the agency's confirmation that it would not recommend enforcement action if the company excluded the shareholder proposal.

But on Nov. 17, the SEC announced its Division of Corporate Finance would no longer express its views on no-action requests—except on a narrow category of non-binding proposals under Rule 14a-8(i)(1).

Rule 14a-8(i)(1) has permitted companies to omit proposals that are not a "proper subject" for action by shareholders under the laws of the state in which they are incorporated. That's generally the laws of Delaware, as most U.S. issuers are incorporated there.

The SEC last week said its decision to halt staff review of no-action requests—except for those under 14a-8(i)(1)—partly stemmed from government shutdown staffing issues and a backlog in filings. The commission added that there was a sufficient body of guidance stemming from previous no-action decisions.

The SEC's decision followed a [speech Atkins gave last month](#) at the John L. Weinberg Center for Corporate Governance.

Atkins said nonbinding—also known as precatory—shareholder proposals "consume a significant amount of management's time and impose costs on the company."

He added that "perhaps nothing has epitomized the politicization of shareholder meetings more than shareholder proposals focused on environmental and social issues."

Delaware generally prohibits shareholder proposals that would bind companies to such things as spending decisions but does not ban advisory/precatory proposals, per se.

But Atkins cited [Delaware practitioner](#) Kyle Pinder as among the latest advancing a school of thought that—in the chair's words—"precatory (non-binding) proposals are not a 'proper subject' because Delaware law does not confer to stockholders an inherent right to vote on precatory proposals."

"Pulling this all together, if there is no fundamental right under Delaware law for a company's shareholders to vote on precatory proposals—and if the company has not created that right through its governing documents—then one could make an argument that a precatory shareholder proposal submitted to a Delaware company is excludable under paragraph of (i)(1) of Rule 14a-8," Atkins said.

If a company makes such an argument, seeks SEC staff views and obtains an opinion of counsel that the proposal is not a "proper subject" for shareholder action under Delaware law, "this argument should prevail, at least for that company," Atkins added. "I have high confidence that the SEC staff will honor this position."

But SEC Commissioner Caroline Crenshaw assailed [Atkins' comments](#).

"The Chairman's speech is a not-so-implicit invitation for any lawyer, knowledgeable or not, to write an opinion favorable to their client and then the Division will give its seal of approval to jettison a sweeping slate of shareholder proposals," Crenshaw said in a statement, adding that SEC's cites no changes in law "because there have not been any."

"The speech leaves the uncanny impression that the Commission is now anointing itself the newest Vice Chancellor on the Delaware Court of Chancery, effectively creating a new state law, which it can then itself bless, to carry out an agenda that affords companies sweeping rights to reject shareholder proposals without impediment or regard for precedent," Crenshaw said.

She called the SEC's change to the no-action process "a Trojan horse."

"It cloaks itself in neutrality by expressing that the Division will not weigh in on any company's exclusion of shareholder proposals, but then it hands companies a hall pass to do whatever they want," Crenshaw added. "It effectively creates unqualified permission for companies to silence investor voices, with 'no objection' from the Commission."

Morgan Lewis partner Leland Benton told Law.com the "new paradigm" established by the SEC's Monday statement "has the potential to reshape the way that proponents of shareholder proposals engage with company management."

Proponents will explore novel strategies and increase their use of existing alternatives to the Rule 14a-8 process, said Benton, who previously worked in the SEC Division of Corporation Finance.

"As foreshadowed in Monday's statement, in the immediate future we can likely expect well-funded proponents at Delaware companies who have submitted precatory proposals currently under consideration by the SEC, or who intend to do so shortly, to engage Delaware counsel and challenge companies seeking to exclude those precatory proposals as being improper under

Delaware state law through the same process, provided by Rule 14a-8(k)" that they would use to historically challenge no-action requests, Benton added.

Paul Chesser, director of the corporate integrity project at the National Legal and Policy Center, said that "shareholders' only recourse is to sue in federal court to try to force the company to include the proposal in its proxy statement."

The conservative NLPC, based in Falls Church, Virginia, has advanced proposals challenging corporate diversity, equity and inclusion programs in recent years.

Chesser said shareholder groups have other potential tools to continue their shareholder activism programs.

"I'm sure they [companies] are aware of the possibility of eliciting unintended consequences, like more opposition votes against directors because precatory proposals were excluded."

Fugere, of As You Sow, said she sees shareholder groups taking other actions as well, such as unfavorable say-on-pay votes.

Benton, of Morgan, Lewis & Bockius, stated in a [client advisory](#) he co-authored recently that the SEC's new policy shifts more responsibility—and more litigation risk—on companies and their counsel to determine whether they have a defensible basis for excluding proposals.

Companies must still provide the SEC and proponents notice that it intends to exclude a proposal from proxy materials, at least 80 calendar days before filing its definitive proxy, Morgan Lewis noted.

"Given this significant change and the potential for even more dramatic developments, it is imperative that public companies continue to ensure robust legal analysis and documentation when excluding proposals," the advisory cautioned, "as the lack of Staff concurrence does not insulate them from potential shareholder litigation or SEC enforcement actions in the future."

Chesser said the SEC's latest move in some ways underscores "the flimsiness of the no-action relief process in the first place."

Granting "no-action relief" only meant staff would take no enforcement action against a company should they exclude a shareholder's proposal, Chesser said.

Yet "the SEC never did anything to 'enforce' inclusion anyway, to my knowledge, or at least to any significant, newsworthy degree," Chesser added.

Fugere lamented how the SEC decision to no longer express its views on most no-action requests disrupts a process that has been in place for decades and largely worked.

Companies and proponents have often negotiated, sometimes resulting in a proposal being withdrawn once assurances were made to shareholders, she said.

To the extent companies may now be tempted to exclude proposals with abandon, they now risk legal challenges costly to both sides. And pension funds that rely on shareholder advocacy to improve corporate performance and returns to the funds' investors now stand to suffer as well, Fugere added.

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Securities

Deep Dive

Watchdog Agency 'in a Coma' Faces Uncertain Future Under Trump

Nov. 26, 2025, 2:00 AM PST

A lingering leadership vacuum has left the federal government's whistleblower and public employee protection agency hobbled during a historically busy time, prompting government accountability groups to look to make it easier for federal workers to bring their complaints to the courts.

The US Office of Special Counsel in the 10 months since President Donald Trump fired its last permanent leader Hampton Dellinger has experienced a record number of complaints and seen flagging employee morale over whether the agency can remain an independent auditor and whistleblower protector, according to whistleblower advocates and two current agency officials who spoke on condition of anonymity.

"I view them as in a coma," said Tom Devine, legal director for the Government Accountability Project, which represents federal complainants. "The whistleblower coalition I work with, we've pretty much written OSC off."

Federal workers alleging wrongdoing against government officials are limited to the OSC and the Merit Systems Protection Board, which until recently lacked a quorum. The three-member board needs at least two members to decide appeals.

Devine said he's now working with multiple congressional committees to loosen the requirements for bringing federal workforce cases to court. Such a change would mean federal workers could sidestep the OSC and sue the government over complaints that officials have violated federal laws that prohibit partisan activities by government employees or punishing people who report mismanagement of public funds.

The request was prompted by frustration with the OSC under Trump, which advocates and insiders say has not done enough to aid the tens of thousands of federal workers fired this year.

Leadership

Since Dellinger's firing, Trump has twice nominated and withdrawn someone to head the OSC. The most recent, Paul Ingrassia, withdrew amid revelations of racist texts sent to conservative activists. Trump hasn't yet nominated a replacement.

The special counsel's office, created under the post-Watergate wave of reforms to protect civil servants from partisan meddling, is a relatively small federal agency. It has fewer than 200 employees and a budget of roughly \$30 million.

Special counsels have historically served across administrations to ensure the agency investigates misconduct regardless of which party is in the White House.

Henry Kerner, tapped to run the OSC by Trump in 2017, found that Kellyanne Conway violated the Hatch Act by criticizing Democratic presidential candidates while a presidential aide. Kerner also filed a complaint against Neera Tanden, a top aide to then-President Joe Biden, for allegedly seeking political donations from Democrats on social media.

Without a Senate-appointed head, the OSC is in the hands of US Trade Representative Jamieson Greer, whose role as top trade negotiator places him at the center of Trump's tariff wars. Agency officials and advocates say he's been absent day-to-day.

Management of the agency has fallen to Charles Baldis, a former Republican Senate staffer.

Baldis made the decision earlier this year to drop investigations into the Trump administration's firing of probationary workers. In an April 8 memo, he argued that the Trump administration didn't violate civil service laws because the firing of more than 2,000 probationary workers wasn't a "reduction in force."

"The mass termination event was not a RIF because it targeted the specific employees and not their positions," he wrote.

The decision prompted a legal challenge and, according to one OSC official who spoke on the condition of anonymity, disturbed many career employees. The official felt the agency's nonpartisan mission had been indelibly tarred, and that the memo was written on shaky legal ground.

"That causes individuals to question whether or not the office has their best interest at heart," said Ariel Solomon, a federal employment attorney who represents whistleblowers. "The concerning part was it came on the heels of the changing of the guard."

Baldis didn't respond to messages seeking comment for this article and hung up when reached by phone. Officials from the White House, the OSC, and Greer's office staff didn't respond to calls or emails for comment.

Increased Workload

The OSC broke its own annual record for new cases by April this year. The agency received more than 6,200 new cases in the first four months of 2025, more than in all of 2024, according to a budget request sent to Congress.

That threatens to stretch the agency thin and delay the resolution of complaints. In 2024 Dellinger warned in a report that having more than 6,000 cases that year “threatens to increase the number of active cases that OSC carries over to the following fiscal year.”

The OSC has 120 days to review allegations and decide whether to investigate. After that, workers can file complaints independently with the MSPB.

But the MSPB is also reportedly overloaded. It received 11,166 appeals as of late May—twice the typical workload in an entire fiscal year, according to agency records.

Federal workers can take constitutional claims to the courts. In some cases, workers can sue under the Administrative Procedure Act, if their employer didn't follow the proper process, Solomon said.

“It would be nice, actually, to have the option of commencing an action in federal district court,” Solomon said.

To contact the reporter on this story: Ian Kullgren in Washington at ikullgren@bloombergindustry.com

To contact the editors responsible for this story: Alex Ruoff at aruoff@bloombergindustry.com; Jay-Anne B. Casuga at jcasuga@bloomberglaw.com

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Securities

Exclusive

CFPB to Restart Investigations After Transferring Litigation

Nov. 25, 2025, 5:18 PM PST

The Consumer Financial Protection Bureau is set to restart some investigations even as the Trump administration has moved all agency litigation to the Justice Department.

CFPB enforcement investigations have largely halted since acting Director Russell Vought took over leadership of the agency in February. And the agency informed staff earlier this month that all CFPB litigation, including active enforcement cases, would be transferred to the Justice Department due to funding concerns.

But Vought greenlit “many investigations” to restart, according to a Tuesday email to enforcement staff from Michael Salemi, the CFPB’s principal deputy enforcement director, obtained by Bloomberg Law.

The email from Salemi, a longtime CFPB staff member, didn’t indicate which investigations would reopen or how many. He did confirm that “several investigations” were closed in September following a review by Vought’s staff.

Enforcement attorneys will be told by their managers which investigations will restart in the coming days, and attorneys should take “appropriate steps to move these investigations forward,” the email said.

The CFPB didn’t immediately respond to a request for comment.

The reopening of some CFPB investigations comes after the agency announced last week that examiners are preparing to restart their work. Like enforcement attorneys, CFPB examiners have been sidelined since February.

The CFPB didn’t say exactly when those examinations would restart, but it said that examiners would have to recite a “humility pledge” to companies before the reviews of their operations began.

Salemi’s email to enforcement staff made no mention of a similar pledge for enforcement attorneys.

Vought and the CFPB told a federal judge earlier this month that the agency is expected to run out of money and halt operations by early 2026.

The Justice Department's Office of Legal Counsel claims that the CFPB can't ask for more money from the Federal Reserve because the Fed, which provides the CFPB's funding, isn't generating profits.

The National Treasury Employees Union, which represents many CFPB employees, challenged that assertion in court filings.

Judge Amy Berman Jackson of the US District Court for the District of Columbia has asked the CFPB and the union to file briefs on how the funding question affects an order she put in place blocking Vought from firing up to 90% of the CFPB's staff.

The full US Court of Appeals for the District of Columbia Circuit is weighing whether to review an August ruling from a split three-judge panel allowing those firings to move forward.

To contact the reporter on this story: Evan Weinberger in New York at eweinberger@bloombergindustry.com

To contact the editor responsible for this story: Rob Tricchinelli at rtricchinelli@bloombergindustry.com

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California Brief

Snap's Big Stock Award Bolsters Legal Ties Amid Lawsuit Wave (1)

Nov. 25, 2025, 10:02 AM PST; Updated: Nov. 25, 2025, 1:58 PM PST

Snap Inc. has hired a new top lawyer in Zachary Briers, who joins Snapchat's parent entity at a crucial time as the company and other social media platforms face a potential reckoning in court over their services.

Documents show that to make the move from Munger, Tolles & Olson, Briers received 2,988,793 shares of Snap's Class A common stock that are valued at almost \$23 million, according to Bloomberg data. Briers said in a statement posted to his LinkedIn profile that he wants to contribute at a company helping to "redefine how people communicate and express themselves."

In making the switch from private practice, Briers takes the legal helm at a key juncture in his new employer's history. Snap is among several Big Tech companies involved in multidistrict litigation in state and federal courts. Dozens of Big Law firms have lined up to advise defendants as they seek to avoid potential multibillion-dollar verdicts or settlements akin to the mass torts fallout faced by tobacco and opioid companies.

Snap confirmed that Briers was hired as general counsel Nov. 17 from the the partnership at Munger Tolles. During his time at the firm, Briers had a mixed practice that included patent and intellectual property litigation, as well as technology transactions. He was unavailable for comment.

Securities filings give a window into the deep ties between Santa Monica, Calif.-based Snap and two large firms. Snap has paid Munger Tolles, a Los Angeles-based firm known for its litigation expertise, more than \$72 million in legal fees within the last decade. Those legal bills, however, are now on the upswing with Munger Tolles incurring a \$51.2 million bill for its work in just 2024.

Briers, who spent 14 years at Munger Tolles, was hired to succeed Michael O'Sullivan, who Snap previously disclosed will leave the company at year's end. O'Sullivan was also once a partner at Munger Tolles, leaving the firm to join Snap in 2017 as a replacement for its first general counsel Chris Handman.

Snap's co-founder and CEO Evan Spiegel is the son of Munger Tolles litigation partner John Spiegel, who over the years has occasionally been outside counsel to Snap, which went public in 2017.

Gibson, Dunn & Crutcher, a firm affiliated with Spiegel's stepmother, Debra Wong Yang, has been paid more than \$19.9 million by Snap since 2018. During that time O'Sullivan collectively earned about \$65 million in total compensation as Snap's legal chief through 2024, according to filings by the company.

Public filings show that through the first three quarters of this year Snap has paid \$240,000 to Akin Gump Strauss Hauer & Feld LLP for the firm to lobby on "issues related to consumer protection, privacy, safety, and data security."

Social Media Litigation

Snap, founded in 2011, and other leading social media services—such as Facebook and Instagram owner Meta Platforms Inc.; Alphabet Inc.'s YouTube; and ByteDance Ltd.'s TikTok Inc.—are facing a swirl of lawsuits accusing them of harming adolescent users with allegedly addictive features.

The cases will test the limits of product liability in the digital realm.

Munger Tolles has had a role on roughly 20% of cases involving Snap in US federal courts within the past five years, according to Bloomberg Law litigation data. Name partner Ronald Olson has long served as outside general counsel to another key client, Warren Buffett's Berkshire Hathaway Inc.

Court filings show that Munger Tolles is working alongside lawyers from Skadden, Arps, Slate, Meagher & Flom; Kirkland & Ellis; and Farella Braun + Martel in handling social media litigation for Snap.

The company is one of several social media outfits set to face a trio of trials in California Superior Court in January over claims by plaintiffs that their services caused a litany of harms to children, including addiction and other mental health issues. Snap said in a recent statement issued by its counsel at Kirkland that the company is different than its co-defendants.

"Snapchat was designed different from traditional social media; it opens to the camera, allowing Snapchatters to connect with family and friends in an environment that prioritizes their safety and privacy," Snap said.

In-House Additions

Snap, which is poised to debut next year a new augmented reality device called Specs, has made several other notable legal hires in recent months. The company brought on Isabelle Young, a former lawyer at Alphabet's Google and Coinbase Global Inc., to head its government litigation team in June. Vladislav Vainberg, a former associate at Wachtell, Lipton, Rosen & Katz who spent the past decade as a federal prosecutor in New York, joined Snap in September as senior counsel for safety and law enforcement.

Renée Machi Lawson, a former deputy general counsel at Airbnb Inc. who most recently was a vice president of legal and deputy general counsel at Dropbox Inc., was hired by Snap last year to lead its global litigation team. Snap's online jobs board shows it has a half-dozen legal and policy openings, including regional team leadership roles in India and Singapore.

O'Sullivan, Snap's outgoing legal leader, has sold off almost \$4.8 million in company stock so far this year, according to public filings. Bloomberg data shows that he still owns Snap shares valued at more than \$18 million.

(Adds lobbying fees for Snap in the ninth paragraph. A prior version of this story corrected the spelling of a Snap lawyer's name in the 15th paragraph.)

To contact the reporter on this story: Brian Baxter in New York at bbaxter@bloombergindustry.com

To contact the editors responsible for this story: Catalina Camia at ccamia@bloombergindustry.com; John Hughes at jhughes@bloombergindustry.com; Jeff Harrington at jharrington@bloombergindustry.com

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Securities

Hedge Accounting Update Covers More Corporate Risk-Curbing (1)

Nov. 25, 2025, 7:21 AM PST; Updated: Nov. 25, 2025, 9:14 AM PST

Companies can apply a specialized accounting method that shields earnings from economic fluctuations to a broader range of risk management strategies under new guidance.

The Financial Accounting Standards Board published a final update Tuesday that aims to clarify and improve the hedge accounting framework in the US rulebook.

"The improvements will better reflect the economics of organizations' risk management activities," FASB Chair Richard Jones said in a statement.

Companies that want to minimize exposure to swings in interest rates, for example, can buy futures, options, or swaps to offset risks. These contracts qualify as derivatives, meaning US rules require that they be measured at fair value, reflecting their most up-to-date market price.

Some strategies, though, can qualify for hedge accounting, which allows businesses to keep swings out of their earnings.

The final update enables the application of hedge accounting to a wider set of economic hedges. For example, the update's amendments expand the hedged risks that can be aggregated in a group of individual forecasted transactions, meaning organizations can apply the method to potentially broader portfolios. The method is also expanded for forecasted purchases and sales of nonfinancial assets that meet specific criteria.

The standard-setter advanced the project toward its final steps in March.

The changes to hedge accounting rules are effective for public businesses for annual reporting periods—and interim periods within them—beginning after Dec. 15, 2026. Financial statement preparers that aren't public businesses, like privately owned firms, have an additional year. Early adoption is allowed.

Hedge accounting has been a hot-button topic this year. The banking industry, for example, has called for FASB to prioritize improvements to the complex method.

FASB members started analyzing recent public input on topics including hedge accounting in October, kicking off the next stage of the board's agenda consultation project. The board is slated to decide in upcoming meetings if it wants to add new projects on a variety of areas to its agenda based on the feedback.

(Updates with additional background throughout.)

To contact the reporter on this story: Jorja Siemons in Washington at jsiemons@bloombergindustry.com

To contact the editors responsible for this story: Amelia Gruber Cohn at agrubercohn@bloombergindustry.com; Andrea Vittorio at avittorio@bloombergindustry.com

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Tesla struggles to course correct from sales skid

 [reuters.com/business/autos-transportation/tesla-struggles-course-correct-sales-skid-2025-11-26](https://www.reuters.com/business/autos-transportation/tesla-struggles-course-correct-sales-skid-2025-11-26)

Nick Carey, Abhirup Roy

November 26, 2025

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- Tesla faces sales pressure in Europe, China and the U.S
- European sales fell 48.5% in October, even as industry-wide EV sales rose 26%
- Tesla's competition includes Chinese newcomers, improved EVs from legacy players

Nov 26 (Reuters) - Tesla ([TSLA.O](https://www.tsla.com)), [opens new tab](#) CEO [Elon Musk](#) has spent much of this year focused on the carmaker's robotics pursuits and winning shareholder approval for his freshly minted [\\$1 trillion pay package](#). In the meantime, the outlook for Tesla's main business – selling cars – is darkening.

Tesla faces sales pressure in the world's three biggest car markets: Europe, China and the United States. The electric-vehicle maker's sales fell 48.5% across Europe in October versus the same month last year, according to data released by the European Automobile Manufacturers' Association on Tuesday. For the year, its sales are down about 30% in the region, while industrywide EV sales jumped 26%.

Tesla's global vehicle deliveries are expected to decline 7% this year, according to Visible Alpha, after a 1% drop in 2024. That is despite record third-quarter deliveries, which were juiced by American car buyers racing to beat [the September 30 expiration of an EV tax credit](#).

The weak European results suggest there will be no quick rebound from the sales turmoil that began late last year, after Musk publicly praised far-right figures, [setting off protests across the region, opens new tab](#). Musk has gone relatively quiet on politics in recent months – but Tesla's European business has not recovered, signaling more fundamental problems.

As recently as 2023, Tesla's Model Y SUV was the world's top-selling car, gas or electric. But Tesla has slid down the sales charts, as rivals have introduced a broad array of improved EVs – often at lower prices – while Tesla's narrow lineup of models has grown stale, analysts say.

Tesla did not respond to requests for comment.

Late last year, Musk told shareholders he expected vehicle sales to grow 20-30% in 2025. In January, the company said it expected a return to growth, without offering an estimate, before pulling that guidance in the following quarter. In October, Tesla said any growth would depend on macroeconomic factors and how quickly it could add autonomy to its cars and ramp up factory production.

LAPPED BY VW

Tesla's troubles are most acute in Europe, where more than a dozen electric models sell for under \$30,000, with more on the way. A wave of Chinese brands is entering Europe with head-turning designs and broader choice, from EVs to petrol cars and hybrids.

Analysts interviewed by Reuters do not see a quick fix for Tesla in Europe, where it offers just two mass-market models: the Model 3 sedan and Model Y. Tesla recently introduced a stripped-down, [lower-priced version](#) of the Model Y to boost sales.

Meanwhile, EV models from other manufacturers are proliferating. In the United Kingdom, more than 150 electric models are on offer from an array of brands, including many new Chinese competitors. At least 50 new electric models are due out next year, according to EV-buying advice site [Electrifying.com, opens new tab](#).

Item 1 of 3 Model Y cars are pictured during the opening ceremony of the Tesla Gigafactory for electric cars in Gruenheide, Germany, March 22, 2022. Patrick Pleul/Pool via REUTERS

[1/3]Model Y cars are pictured during the opening ceremony of the Tesla Gigafactory for electric cars in Gruenheide, Germany, March 22, 2022. Patrick Pleul/Pool via REUTERS [Purchase Licensing Rights, opens new tab](#)
"Out of those 50, none are Teslas," said Electrifying.com CEO Ginny Buckley.

Across Europe, China's BYD ([002594.SZ, opens new tab](#)) sold 17,470 cars in October, more than double Tesla's sales. Meanwhile, in a stark sign of Tesla's fading dominance in Europe's EV market, Germany's Volkswagen ([VOWG.DE, opens new tab](#)) posted an EV sales rise of 78.2% through September this year to 522,600 units, triple Tesla's sales.

VW's EV efforts sputtered for years despite a wholehearted embrace of the technology following its 2017 diesel emissions cheating scandal. It once lagged Tesla so badly that VW's former CEO openly fretted about the risk posed by Musk's company.

"The problem for Elon Musk is not just his own cars and the Chinese carmakers," said Ferdinand Dudenhoeffer, head of the CAR think tank at the University of Duisburg-Essen. "The problem for Elon Musk is also that the Europeans have caught up."

CHINA SALES RETREAT; A BLEAK U.S. OUTLOOK

In China, Tesla's sales and market share also are declining, although not as steeply as in Europe. Tesla deliveries in China fell to a three-year low in October, dropping 35.8%. For the year, Tesla's sales in China were down 8.4% through October.

Tesla faces a slew of rejuvenated Chinese brands, such as Chery ([9973.HK](#)), [opens new tab](#), along with newcomers including Xiaomi ([1810.HK](#)), [opens new tab](#), [whose YU7 has quickly emerged](#) as a Model Y rival since its launch in June.

In the U.S., Tesla sales surged 18% in September, research firm Motor Intelligence estimated, boosted by a last-minute rush from car shoppers trying to beat the September 30 expiration of a \$7,500 tax credit. That trend reversed in October, with a 24% drop. Auto executives expect the EV market to remain cold.

Tesla could benefit as several legacy automakers dial back EV models and factory investments, including General Motors ([GM.N](#)), [opens new tab](#), Ford ([F.N](#)), [opens new tab](#) and Honda ([7267.T](#)), [opens new tab](#). Also, the recent launch of new, cheaper variants of the Model Y and Model 3, priced around \$5,000 lower, could help bolster its market share, analysts have said.

Some analysts have said Tesla needs a new vehicle to revive sales. But there is [little evidence of a new model](#) for human drivers in the pipeline, as Musk pivots his focus to self-driving robotaxis and humanoid robots.

Musk's new pay package, however, does not require a big surge in sales growth. The CEO can unlock a multibillion-dollar award if Tesla averages 1.2 million vehicles annually over the next decade, along with share appreciation. That is about a half-million fewer than the company sold in 2024.

Reporting by Nick Carey in London and Abhirup Roy in San Francisco; Additional reporting by Rachel More in Berlin and Qiaoyi Li; Editing by Mike Colias and Matthew Lewis

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[Abhirup Roy](#)

Thomson Reuters

Abhirup Roy is a U.S. autos correspondent based in San Francisco, covering Tesla and the wider electric and autonomous vehicle industry. He previously reported from India on global corporations, capital markets regulation, white-collar crime, and corporate litigation. Contact him at (415) 941-8665 or connect securely via Signal on abhiruproy.10

Tesla CEO Musk says Austin robotaxi fleet to double next month

 [reuters.com/business/autos-transportation/tesla-ceo-musk-says-austin-robotaxi-fleet-double-next-month-2025-11-26](https://www.reuters.com/business/autos-transportation/tesla-ceo-musk-says-austin-robotaxi-fleet-double-next-month-2025-11-26)

Reuters

November 26, 2025

A Tesla robotaxi drives on the street along South Congress Avenue in Austin, Texas, U.S., June 22, 2025. REUTERS/Joel Angel Juarez [Purchase Licensing Rights, opens new tab](#)

[\(TSLA.O\), opens new tab](#) Chief Executive Elon Musk said on Tuesday that the number of robotaxis in Austin, Texas, will double in December, following the rollout of its self-driving service in the city [in June](#).

"The Tesla Robotaxi fleet in Austin should roughly double next month," Musk said in a [post, opens new tab](#) on X, which is also owned by him.

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

It is not immediately clear how many robotaxis Tesla operates.

Tesla's robotaxi service currently operates in two cities, Austin and the San Francisco Bay Area, with safety monitors still required in the vehicles. The company last week also received a permit to operate a ride-hailing service in [Arizona](#).

Musk said in October that he expected robotaxis to operate [without safety drivers](#) in large parts of Austin this year and that robotaxis would be operating in eight to ten metropolitan areas by the end of the year.

In July, he said he expected Tesla robotaxis to serve about half the U.S. population by year-end.

After years of missed promises and several company closures due to high costs, tight regulations and federal investigations, the robotaxi industry has rebounded with Tesla, Alphabet's [\(GOOGL.O\), opens new tab](#) Waymo, and Amazon's [\(AMZN.O\), opens new tab](#) Zoox speeding up expansion.

Why In-House Lawyers Can't Afford to Wing Internal Investigations

"I think the worst situation—we've all been there—is when something comes to your attention ... and you realize an investigation should have happened a long time ago," said Jennifer McGlinn, general counsel at Eurofins NSC US.

November 26, 2025 at 11:29 AM By  **Trudy Knockless**



Credit: Bigstock

When allegations surface, the cost of delay—or the wrong approach—can be far more damaging than the disruption of an internal investigation.

At last month's Association of Corporate Counsel Annual Meeting in Philadelphia, a panel of experienced in-house counsel walked through the high-stakes realities of internal investigations during a session titled "The In-House Lawyer's Role in Internal Investigations." The panel stressed that investigations are less about checking boxes and more about protecting people, reputations and companies.

"Investigations can be disruptive, they can be daunting, they can be expensive," said Ruth Rauls, partner at Saul Ewing and chair of the firm's labor and employment group, who moderated the

panel. “But it limits liability to the company. You protect your legal defenses. It's better to know now than know later.”

Rauls set the tone for a session that tackled everything from when to launch an investigation to the nuances of privilege, the importance of documentation and the often-overlooked skill of interviewing witnesses.

Jennifer McGlinn, vice president and general counsel at Eurofins NSC US, urged legal departments to get ahead of potential issues by training others in the business to recognize when to bring in legal.

“I think the worst situation—we've all been there—is when something comes to your attention ... and you realize an investigation should have happened a long time ago.”

McGlinn likened it to issue-spotting in law school. “They don’t need to know how to conduct the investigation. But they definitely ... should recognize when an investigation might need to happen.”

Panelists outlined both internal and external triggers—ranging from whistleblower tips to regulatory subpoenas—that should set off alarm bells. Even exit interviews, if someone flags a toxic environment or misconduct, can signal the need to investigate.

When it comes to deciding who should run the investigation, Sheila Luken, associate general counsel at Transamerica Life Insurance Co., recommended thinking about the possible outcomes from the start.

“Where are the findings going to go?” she said. “Potentially, they may end up in litigation. They may end up in front of some sort of regulatory body. ... If they’re going to go to your executive committee, your board, your auditors—those are all situations where I’m going to lean toward an external investigator.”

Luken said key issues to consider include whether the allegations involve senior leadership, technical subject matter or raise internal conflicts of interest. And even when a company decides to keep the work in-house, she cautioned, “Do you have the necessary skills to do this internally? Do you have the necessary expertise? Do you have the right level of objectivity? And do you have the right level of credibility?”

Cost and time also should be major considerations, the panelists said. External investigators need to be educated about the organization, which takes time. But internal investigators face other risks, like political pressure, lack of expertise and the possibility of becoming fact witnesses in future litigation.

Kimberly Blanche, senior director of legal at Bausch + Lomb, emphasized the importance of planning. “You don’t want to start an investigation without a clear picture of where you’re going,” she said. “Just be prepared. Know what type of information you need in order to successfully complete your investigation.”

The road map includes setting clear goals, reviewing relevant documents, assessing consistency with past investigations and documenting everything carefully. Blanche said she typically starts with a meeting with HR.

“There have to be next steps. There has to be action taken with regard to the allegation,” she said.

Kathlyn Van Buskirk, director of compliance and privacy and assistant general counsel at Huntington Ingalls Industries, walked attendees through the importance of protecting privilege.

“Attorney-client privilege protects confidential communications between an attorney and a client that are made for the purpose of obtaining or providing legal advice,” she said. “The best way to ensure that information developed during an internal investigation is protected ... is to make sure you have an attorney directing that investigation.”

She also warned about waiver risk: “Careless communication or broad dissemination” can expose findings in court. Labeling communications clearly, documenting intent and separating legal from business advice are all critical.

The panel also addressed some of the unpredictable elements that can complicate the process, such as uncooperative witnesses, anonymous complaints and employees who share details with colleagues despite being asked not to.

“Remind employees not to discuss the interviews with others,” Van Buskirk said, though she noted that some workers might push back, citing their right under the National Labor Relations Act to discuss such matters as working conditions with colleagues.

And when it comes to reporting findings? It depends. Some organizations opt for written reports when findings need to be formally shared with boards or regulators. Others prefer verbal reports to limit discoverability. But everyone agreed: Document the steps you took and why.

“We want to show what we did,” Rauls said. “Because in three years, when this comes back up ... we’re not going to remember.”

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Acadia Healthcare Investors Seek First OK For \$179M Deal

By **Katryna Perera**

Law360 (November 25, 2025, 4:23 PM EST) -- Acadia Healthcare Co. Inc. investors asked a Tennessee federal judge to grant the first green light to a \$179 million settlement in a class action alleging the company misled them about the strength of its U.K. operations.

Investors alerted the court earlier this month, days before a trial was set to begin, that a **deal had been reached**, and wrote in a **motion** for preliminary approval on Monday that the settlement is an excellent recovery for the proposed class after more than seven years of litigation.

The jury trial was set for Nov. 18. However, after investors told the court a deal had been reached, U.S. District Judge William L. Campbell Jr. vacated all deadlines in the case.

On Monday, investors said the deal is a reasonable and fair recovery for the class because at trial, the lead plaintiff, the Chicago Laborers' Pension Fund, "would have had the burden of proving each of the elements of their claims, while defendants would only need to defeat one to prevail."

"Continuing to litigate through trial and litigating numerous unresolved motions, including defendants' motion to certify the Court's summary judgment order for immediate appeal and for a stay of this years-old litigation, and any resulting appeals would have been very expensive, would have dragged on for years, and would have raised substantial risks of either a reduced recovery or no recovery at all," the motion states.

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

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

Monday's motion asks that the court certify a class of all individuals who purchased or acquired Acadia common stock between April 30, 2014, and Nov. 15, 2018.

Additionally, the motion states that the Chicago pension fund will seek a \$65,000 service award and that lead counsel from Robbins Geller Rudman & Dowd LLP intends to ask the court for an award of attorney fees of no more than a third of the settlement fund, or roughly \$59 million, and \$5.5 million in litigation costs.

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

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

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

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

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

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

--Additional reporting by Sydney Price. Editing by Vaqas Asghar.

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StubHub Hit With Investor Suit Over Pre-IPO Disclosures

By **Sydney Price**

Law360 (November 25, 2025, 2:19 PM EST) -- Online ticket reseller Stubhub was hit with a proposed shareholder class action in New York federal court accusing it and several of its executives and underwriters of concealing changes to the company's operations that would impact its free cash flow ahead of its initial public offering earlier this year.

According to the complaint filed by shareholder Daniel Salabaj on Monday, Stubhub's September IPO brought in approximately \$758 million in proceeds. The registration statement filed in connection with the IPO in March was false and misleading, the complaint claims, because it did not disclose that Stubhub had adjusted its schedule of payments to vendors, which had a negative impact on free cash flow.

The suit alleges investors learned about Stubhub's financial challenges earlier this month during its third-quarter 2025 earnings announcements. On Nov. 13, Stubhub said that its free cash flow for the quarter was negative \$4.6 million, a 143% decrease from positive \$10.6 million in the same quarter of 2024. Stubhub also said its net cash provided by operating activities decreased 69% year-over-year.

In a filing with the U.S. Securities and Exchange Commission, Stubhub attributed the decreases to "changes in the timing of payments to vendors," the suit states.

Following the announcement, Stubhub's shares fell \$3.95 each, or about 21%, to close at \$14.87 per share on Nov. 14, according to the suit.

The registration statement said that StubHub believes "free cash flow is a meaningful indicator of liquidity for management and investors," and Stubhub's failure to reveal its problems with free cash flow earlier in the year damaged shareholders, the suit alleges.

"Under applicable SEC rules and regulations, the registration statement was required to disclose known trends, events or uncertainties that were having, and were reasonably likely to have, an impact on the company's continuing operations," the complaint states.

In addition to Stubhub, the suit names several of its executives, including CEO Eric Baker, Chief Financial Officer Connie James, and underwriters, including J.P. Morgan Securities LLC and Goldman Sachs & Co. LLC, as defendants. They are accused of violating the Securities Act by negligently preparing the registration statement.

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

Salabaj is represented by Rebecca Dawson, Robert V. Prongay and Charles H. Linehan of Glancy Prongay & Murray LLP and Frank R. Cruz of The Law Offices of Frank R. Cruz.

Counsel information for the defendants was not immediately available Tuesday.

The case is Salabaj v. StubHub Holdings, Inc. et al., case number 1:25-cv-09776, in the U.S. District Court for the Southern District of New York.

--Editing by Alyssa Miller.



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Investors Say Alexandria Overhyped Leasing, NYC Project

By **Katryna Perera**

Law360 (November 25, 2025, 7:24 PM EST) -- Alexandria Real Estate Equities Inc. investors filed suit in California federal court Tuesday, claiming the real estate investment trust overstated the strength of its leasing business and the projected value of a New York City property, causing the company's stock price to drop once the truth came to light.

Plaintiff Warren Hern filed a **complaint** on behalf of a proposed class of all investors who purchased or acquired Alexandria securities between Jan. 27, 2025, and Oct. 27, 2025. The suit names as defendants Alexandria's CEO Peter Moglia, its Chief Financial Officer Marc Binda, and Principal Executive Officer Joel Marcus.

According to the complaint, Alexandria is a real estate investment trust specializing in "life-science real estate with a focus on lab space, research facilities and offices for tenants in the pharmaceutical, biotech, and agricultural technology industries."

The company owns, operates and develops "collaborative Megacampus ecosystems in life science innovation cluster locations" across the U.S., including in Boston, San Francisco and New York City.

Hern alleges that during the class period, the defendants made several statements that expressed confidence in Alexandria's lease activity, occupancy stability and ability to develop its tenant pipeline.

However, at the same time, the defendants were also disseminating false and misleading statements about the actual state of Alexandria's Long Island City, New York property, touting its leasing value as a "life-science destination aligning with [Alexandria's] Megacampus™ strategy," according to the complaint.

"Defendants created the false impression that they possessed reliable information pertaining to the company's leasing spreads, development tenant pipeline, and anticipated occupancy growth for its life-science properties, specifically its LIC property, while also minimizing risk from macroeconomic fluctuations," the complaint states.

Hern says in reality, the value of the company's Long Island City property and its potential as a "life-science destination" had been declining for years.

"Alexandria's optimistic reports of the company's development pipeline, high occupancy rates in North America and anticipated leasing growth utilizing the company's Megacampus strategy fell short of reality as defendants overstated its LIC property's value as a life-science destination and downplayed its declining leasing value and occupancy stability," the complaint states.

The truth came to light on the last day of the proposed class period, according to Hern, when Alexandria revealed financial results for the third quarter of 2025 that were below expectations and cut its funds from operations guidance for the full year.

The complaint states that Alexandria attributed the setback to lower-than-anticipated occupancy rates, slower leasing activity and a real estate impairment charge of \$323.9 million, with \$206 million attributed to its LIC property.

On this news, Hern says Alexandria's stock price fell by 19% from \$77.87 per share on Oct. 27 to

\$62.94 per share on Oct. 28.

The suit seeks damages, attorney fees and a jury trial.

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

Hern is represented by Adam M. Apton of Levi & Korsinsky LLP.

Counsel information for the defendants was not immediately available.

The case is Hern v. Alexandria Real Estate Equities Inc. et al., case number 2:25-cv-11319, in the U.S. District Court for the Central District of California.

--Editing by Emily Kokoll.

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Ex-Nikola CEO Milton Can't Decertify Investor Suit

By **Sydney Price**

Law360 (November 25, 2025, 5:32 PM EST) -- An Arizona federal judge Tuesday rejected former Nikola CEO Trevor Milton's objections to certifying a class of shareholders accusing him and the electric vehicle startup of exaggerating the viability of its prospects, finding the investors have made reasonable progress toward contacting class members.

U.S. District Judge Michael T. Liburdi said in an **order** signed on behalf of U.S. District Judge Steven P. Logan that the plaintiffs' notice forms and notice plan are compliant with standard procedures for class actions, despite Milton's claims that the timing of the notice plan would unfairly prejudice him.

The court noted there are no standard timelines for class notice, and that there is no authority indicating the process must be completed before the close of discovery.

"Here, the timing of plaintiffs' proposed notice plan does not reflect a lack of reasonable effort," Judge Liburdi wrote. "The process was delayed by settlement negotiations, and the subsequent breakdown of that settlement."

Milton, who was convicted of securities fraud and pardoned by President Donald Trump earlier this year, **said in a motion** filed in September that the investors waited until August — more than seven months after the class was certified — to email a proposed class notice process to defense counsel.

The communications revealed the investors did not have contact information for the individual class members to send them required notices, and they sought to issue a subpoena to a third party to discover this information, according to Milton's filings. Discovery in the suit expired June 20, he noted.

Milton asked the court to decertify class members who could not be provided individual notice. Dispositive motions were due by Nov. 3, and Milton alleged he would be unfairly prejudiced if class members were allowed to see the motions and the court's rulings on them before making a decision on whether to opt into the class.

In the order entered Tuesday, the court declined to decertify the class, saying the fact that notice will be provided while summary judgment briefing is ongoing does not make the notice plan deficient. The court also said it would defer ruling on the motions for summary judgment for 90 days to allow for an opt-out period.

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

The shareholders first sued in September 2020, and the case was eventually consolidated with several other actions. The litigation came after Hindenburg Research LLC, an activist short-selling research firm, released a September 2020 report labeling Nikola Corp. "an intricate fraud based on dozens of lies."

The electric-truck maker has slammed the Hindenburg report as "false and defamatory" and merely an attempt to manipulate the market. The U.S. Securities and Exchange Commission got involved, Milton resigned and Nikola's highly publicized investment deal with General Motors Co. was subsequently scaled back.

Judge Logan initially threw out the litigation, finding the investors had not established that top Nikola executives schemed to artificially boost its stock price, but noted the company's public disclosures

could have been more carefully worded to caution investors. The shareholders later filed a second consolidated amended complaint.

In December 2021, the company agreed to pay \$125 million to resolve the SEC's allegations that Milton falsely gave investors the impression it had reached certain product and technological milestones.

After a month-long trial, a Manhattan federal jury **found Milton guilty** of one count of securities fraud and two counts of wire fraud in October 2022. He announced in March 2025 that Trump issued him a "full and unconditional pardon."

In September, the SEC said it was **dismissing its civil enforcement action** against Milton.

The class is represented by Gary Gotto of Keller Rohrback LLP, Jeremy A. Lieberman and Michael J. Wernke of Pomerantz LLP, Jeffrey C. Block, Jacob A. Walker and Michael D. Gaines of Block & Leviton LLP, and Jonathan Gardner and James T. Christie of Labaton Keller Sucharow LLP.

The Nikola defendants are represented by Brad S. Karp, Susanna M. Buerger, Gregory F. Laufer and Alison R. Benedon of Paul Weiss Rifkind Wharton & Garrison LLP.

Milton is represented by Brent O. Hatch, Adam M. Pace and Tyler V. Snow of Hatch Law Group PC, and Troy A. Wallin and Chad A. Hester of Wallin Hester PLC.

The lead case is Borteanu et al. v. Nikola Corp. et al., case number 2:20-cv-01797, in the U.S. District Court for the District of Arizona.

--Editing by Covey Son.

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Judge Hands SEC Win In Pharma Co.'s CBD Investor Fraud Case

By **Katryna Perera**

Law360 (November 25, 2025, 4:09 PM EST) -- A California federal judge has granted the U.S. Securities and Exchange Commission an early win in its suit against Vivera Pharmaceuticals, its CEO and affiliate Sentar Pharmaceuticals, finding they misled investors about the company's rights to key cannabinoid drug-delivery technology and about how investor money would be spent.

In a Monday **order**, U.S. District Judge Fred W. Slaughter said the SEC proved **its claim** that Vivera CEO Paul Edalat tricked investors into giving Vivera \$6.6 million between 2018 and 2020 by claiming it had the exclusive global license for a method for taking CBD or THC under the tongue, when in reality he had already licensed the technology in 2017 to a third party, Alternate Health Corp.

The global license for the sublingual drug-delivery technology is owned by Sentar, according to the order.

Edalat had argued the contract between Sentar and Alternate Health over the license was terminated within a year on Sentar's own terms and to disputes with Alternate Health CEO Howard Mann, and therefore, Alternate Health did not have the exclusive global license.

But Judge Slaughter disagreed Monday, saying the evidence presented by the SEC reflects that "during the two and a half years of litigation regarding the scope of the Alternate Health license, [the defendants] did not believe the license was terminated."

Alternate Health and Edalat engaged in litigation over the license before the SEC suit.

Judge Slaughter further found that the defendants misrepresented to investors that Vivera held the exclusive license to the cannabinoid drug-delivery technology and that the misrepresentation was material.

"The court finds the failure to disclose 'that there was a dispute between Vivera and Alternate Health as to whether Vivera could use Sentar's sublingual drug-delivery technology in pharmaceutical products containing CBD or THC without infringing on Alternate Health's license' was 'so obviously important to an investor that reasonable minds cannot differ on the question of materiality,'" the order stated.

Judge Slaughter further concluded that the defendants misrepresented how investor funds would be used, and failed to disclose that Vivera would pay Sentar a \$10 million license fee and Edalat would profit from that fee.

According to the order, the defendants argued this claim fails because investors received a "proceeds table" disclosing the allegedly omitted information.

However, Judge Slaughter said Monday that based on the evidence in the record, no reasonable jury could conclude that the alleged misrepresentation or omission about the use of funds was not made, and he found the information was material.

"'[W]hat reasonable investor would not wish to know that the money raised by stock sales would not be used for working capital but be diverted to an entity that would benefit Vivera's officers?' the order stated. 'Confirming this, '[i]nvestors attest that if they had known about the \$10 million fee

owed to Sentar or if they had known that their funds would be used to pay this fee, they would not have invested."

The judge also found Monday that the SEC has established that Edalat acted with knowledge of wrongdoing, and that scienter can be imputed to Vivera and Sentar.

"Edalat — as the person who signed the Alternate Health license agreement, communicated with Mann regarding the dispute with Alternate Health regarding the scope of the license, and participated in the Alternate Health litigation — knew that Vivera's statements ... that Vivera had an 'exclusive, global license' were wrong or misleading, yet he continued to approve them," the order stated.

Even after the litigation between Vivera and Alternate Health began, Vivera still failed to disclose that it was involved in a lawsuit over the use of Sentar's sublingual drug-delivery technology, the judge noted.

Edalat also knew that \$10 million in investor funds would be used to pay for the Sentar license, the judge said, and Edalat knew he would personally benefit from the fee.

In a statement to Law360 on Tuesday, Saied Kashani, counsel for the defendants, called the court's decision "puzzling."

"Last November, the SEC filed [a] virtually identical motion for summary judgment, which the court denied on the merits. The SEC requested reconsideration, and the court again denied the motion. The SEC then re-filed the motion with very minor changes, and this time the court granted the motion. Defendants believe the court was right the first two times and plan to appeal this decision."

The SEC declined to comment Tuesday.

The SEC is represented in-house by Stephen T. Kam and Robert C. Stillwell.

The defendants are represented by Saied Kashani of the Law Office of Saied Kashani and John Sten of Byrd Campbell PA.

The suit is Securities and Exchange Commission v. Vivera Pharmaceuticals Inc. et al., case number 8:22-cv-01792, in the U.S. District Court for the Central District of California.

--Additional reporting by Jonathan Capriel. Editing by Janice Carter Brown.



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Anthropic Judge Warns Firm Against 'Extortion' In Opt-Out Bid

By **Bonnie Eslinger**

Law360 (November 25, 2025, 9:49 PM EST) -- A California federal judge doubled down Tuesday on his concerns that Arizona law firm ClaimsHero is misleading authors to opt out of AI company Anthropic's \$1.5 billion deal to end copyright infringement claims, saying the firm appears to be seeking "a nuisance settlement" and warning it against a legal strategy he called "extortion."

U.S. District Judge William H. Alsup made the comments during an evidentiary hearing in San Francisco to investigate class counsel's claims that ClaimsHero is deceptively encouraging class members to opt out of the settlement.

The proceedings included testimony from ClaimsHero CEO Matt Freund and six authors who have already told ClaimsHero that they want to opt out of the settlement and have the firm sue Anthropic on their behalf seeking more compensation than the approximately \$3,000 per work — less legal fees and costs — they'd get under the settlement.

Toward the end of the hearing, a lawyer for ClaimsHero, Velvel Freedman of Freedman Normand Friedland LLP, reminded the court that class members have a right to opt out and law firms have a "First Amendment right to advertise" to try and attract those potential clients. That provides an alternative to class members who don't want to take a settlement, and can "insert some adversity into proceedings," Freedman said.

Judge Alsup, who told ClaimsHero's lawyer during **a hearing** earlier in the month that it looked like his client was "trying to trick people" for a "quick buck," repeated those concerns on Tuesday.

"If your strategy is to opt them out and then go to Anthropic and say give us a sweeter deal — no," the judge said. "That's extortion."

The judge noted that although ClaimsHero has told the court that they're going to bring individual lawsuits on behalf of their clients, none has yet been filed.

ClaimsHero should also not back off after telling these authors that they're going to fight on their behalf, the judge said.

"Or try to talk your clients out of it, that would be so unethical," Judge Alsup said.

Even if ClaimsHero brings separate lawsuits against Anthropic, the firm is not going to win, the judge said.

"They're going to fight you tooth and nail, and then your clients will wind up high and dry," the judge said.

ClaimsHero's lawyer said he didn't understand why the court was making such assumptions, and the judge said he's seen the evidence in the case.

"I don't see how you can get a better deal than the deal that's on the table," Judge Alsup said. "It's \$1.5 billion ... for all of these people in the class."

Freedman told the court ClaimsHero had worked quickly to address changes to its marketing in

response to concerns brought to its attention by class counsel. The lawyer also said that ClaimsHero has teamed up with well-resourced and experienced law firms to pursue these types of cases. Freedman said ClaimsHero is prepared to file lawsuits, but put them on hold due to the court's concerns about their marketing.

The judge said he expected 2025 to end with no lawsuits.

"Your plan is to try to work this with no lawsuit and get 40%," the judge said.

After Freedman asserted again that there's no evidence to support that characterization, Judge Alsup shot back that one of the main reasons class counsel brought ClaimsHero to the court's attention is that the law firm's online marketing suggested that authors could make a "claim" when ClaimsHero could only handle opt-outs.

"Don't tell me that was honest," the judge said. "That was dishonest."

Freedman said the marketing error had been fixed and reminded the judge that the clients who testified said they knew that ClaimsHero was not obligated to file a lawsuit if they retained the firm.

"They were aware that there's a 40% fee," Freedman said, acknowledging that at the prior hearing he "misspoke" in suggesting it was a small fee.

The lawyer added that if ClaimsHero investigates its author clients' claims and determines they're "frivolous," they can't file a claim under the Rules of Professional Responsibility.

Judge Alsup told Freedman that their retainer agreements needed to spell that out.

"Write this down," the judge told ClaimsHero's lawyer. "That if you opt out, then we may decide not to file a lawsuit after all, and you may be left without any remedy."

A lawyer for the authors and publishers, Rachel Geman of Lieff Cabraser Heimann & Bernstein LLP, told the court that 45,000 people created ClaimsHero accounts on or after Oct. 27, the date the law firm launched its marketing campaign to sign on Anthropic class members. She acknowledged that some of the 45,000 may have been signing up for other cases. She asked that a curative notice about the marketing be sent to all 45,000 and Judge Alsup said he felt that was unnecessary.

During Tuesday's proceeding, Geman and another lawyer for the plaintiffs pointed out that one of the founding partners of Freedman Normand, Kyle Roche, is also a founder of ClaimsHero.

The other lawyer for the plaintiffs, Samir Doshi of Susman Godfrey LLP, told the court that Roche had been removed as lead counsel in a proposed class action in **California** and interim class counsel in a **New York** case after a video emerged in which he's seen claiming to have used class-action lawsuits to obtain information about competitors for the benefit of one of his cryptocurrency platform clients and calling jurors "idiots."

The judge subsequently asked Geman how those decisions by other judges factored into what he had to decide.

She noted that ClaimsHero has talked about the experience and background and knowledge of their law firm.

"We think the entire background should be relevant," she said.

The case is one of many that have hit the courts accusing an AI company of using copyrighted material to train large language models. A group of authors said Anthropic had used their books to train the LLM that powers the chatbot Claude. Judge Alsup ruled that the books Anthropic legally purchased could fall under fair use, but said the class could proceed on claims that the startup had pirated large numbers of books. The parties later settled for **\$1.5 billion**.

The authors and publishers are represented by Rachel Geman, Jacob S. Miller, Danna Z. Elmasry, Daniel M. Hutchinson, Jallé H. Dafa, Amelia Haselkorn and Betsy A. Sugar of Lieff Cabraser Heimann

& Bernstein LLP, Justin A. Nelson, Alejandra C. Salinas, Rohit D. Nath, Michael Adamson, J. Craig Smyser and Samir H. Doshi of Susman Godfrey LLP, Scott J. Shoulder and CeCe M. Cole of Cowan DeBaets Abrahams & Sheppard LLP, Jay Edelson of Edelson PC, and Matthew J. Oppenheim of Oppenheim & Zebrak LLP.

Anthropic is represented by Douglas A. Winthrop, Joseph Farris, Jessica L. Gillotte, Estayvaine Bragg, Angel T. Nakamura, Oscar Ramallo and Allyson Myers of Arnold & Porter Kaye Scholer LLP, Mark Lemley of Lex Lumina LLP, and Joseph R. Wetzel and Andrew M. Gass of Latham & Watkins LLP.

ClaimsHero is represented by Ivy Ngo, Devin "Velvel" Freedman and Alex Potter of Freedman Normand Friedland LLP.

The six opt-out class members are represented by Elizabeth Rogers Brannen of Stris & Maher LLP and Devin "Velvel" Freedman of Freedman Normand Friedland LLP.

The case is Bartz et al. v. Anthropic PBC, case number 3:24-cv-05417, in the U.S. District Court for the Northern District of California.

--Additional reporting by Ivan Moreno and Elliot Weld. Editing by Michael Watanabe.

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Ford Offered 'Paltry' Refund Over Missing Feature, Suit Says

By **Gina Kim**

Law360 (November 25, 2025, 6:03 PM EST) -- Ford admitted it misrepresented that some of its F-150 Lightning trucks have a forward sensing system that helps drivers avoid hitting objects while parking, but will only offer a "paltry \$100 refund" for those misrepresentations, alleges a proposed class action filed Tuesday in California federal court.

In a 30-page complaint, Ibrahim Lunawadawala — who bought a 2024 Ford F-150 Lightning from a Jim Burke Ford dealership in Bakersfield last year — accused the automotive giant of misrepresenting that some of the class vehicles came with safety features that were not actually included in them.

Namely, the class vehicles are missing the front "forward sensing system," which is a feature that helps drivers avoid damaging the front of their cars during low-speed maneuvering situations, like parking, the suit said.

On March 31, the defendant notified all U.S. Ford and Lincoln dealers that the company failed to include the system in thousands of F-150 Lightning vehicles, even though their Monroney window stickers said they did, according to the plaintiff.

"Once consumers took delivery of their class vehicles and realized they were not equipped with the Forward Sensing, they sent complaints to Ford. This prompted Ford to send letters informing consumers of the misrepresentation and offering a paltry \$100 refund because their window stickers were not updated properly," the suit said.

However, the \$100 refund is far less than what it would cost to install the forward sensing system in the vehicles, the suit said. Owners and lessees of the class vehicles have contacted Ford and its agents asking for an adequate remedy which, at minimum, would be the same as the cost of installing the aftermarket sensing system and for Ford to foot the bill, the suit said.

"Defendant has failed and refused to do so, suggesting to owners and lessees that the misrepresentation was an inconsequential 'misprint,'" Lunawadawala argued.

Lunawadawala said he read and relied on Ford's representations and the window sticker on his F-150 Lightning, which stated that the vehicle is equipped with the forward sensing system. He added that he would not have bought the car or would have paid significantly less for it if Ford had said his car lacked the forward sensing system.

A slew of fellow F-150 Lightning drivers have complained about the missing sensing system and the \$100 that Ford is offering, according to the suit.

"Like many others — I got the letter from Ford apologizing that the Window Sticker states Forward Sensing is a feature, but it is not installed in my vehicle," one commenter wrote. "They are offering \$100 refund for their mistake — which of course doesn't remotely cover the cost of the feature. Has anyone had luck getting Ford to actually install the sensor? Seems like a clear-cut legal violation (Monroney Sticker law), and seems like I have grounds to say it's a warranty issue — I paid for a vehicle with this feature and it's not working."

Lunawadawala's suit asserts violations of several Golden State consumer protection statutes against Ford, including California's Unfair Competition Law, False Advertising Law and Unfair Competition

Law. The suit also asserts claims for breaches of express warranty and implied warranty, fraudulent misrepresentation, unjust enrichment, and a violation of the Magnuson-Moss Warranty Act.

The plaintiff brings the complaint on behalf of a nationwide class of all those in the U.S. who are either current or former owners or lessees of the Ford F-150 Lightning vehicles at issue, as well as a subclass of current and former owners and lessees of the vehicles living in California who bought the cars for personal, family or household use.

Lunawadawala asks the court to certify the proposed classes, appoint him as class representative and his attorneys as class counsel, and to order the defendant to pay the drivers actual, general, special, statutory, and punitive damages.

The court should also issue injunctive relief ordering Ford to either fix, recall or replace the class vehicles and to extend the applicable warranties to a reasonable period of time, the suit said. At the very least, Ford should provide the drivers with a proper curative notice as to the missing forward sensing feature in the F-150 Lightning trucks.

Representatives for the parties did not immediately respond to inquiries seeking comment Tuesday.

The drivers are represented by Alison M. Bernal of Nye Stirling Hale Miller & Sweet LLP, and Matthew D. Schelkopf and Joseph B. Kenney of Sauder Schelkopf LLC.

Counsel information for Ford was not immediately available.

The case is Ibrahim Lunawadawala v. Ford Motor Co., case number 1:25-at-01154, in the U.S. District Court for the Eastern District of California.

--Editing by Vaqas Asghar.

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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

6th Circ. Largely Shoots Down Ohio Derailment Atty Fee Fight

By **Rae Ann Varona**

Law360 (November 25, 2025, 10:45 PM EST) -- The Sixth Circuit on Tuesday largely refused to revive Morgan & Morgan's bid to halt the allocation of attorney fees from a \$600 million class settlement between Norfolk Southern and residents affected by the East Palestine, Ohio, train derailment disaster, but remanded it for a look into the firm's individual allocation amount.

In a published **opinion**, U.S. Circuit Judge Chad A. Readler said on behalf of a three-judge panel that Morgan & Morgan, which represented plaintiffs in filing standalone cases against Norfolk Southern, lacked standing to challenge a so-called quick provision in the settlement because it couldn't assert an injury.

The provision allowed plaintiffs' counsel to be paid quickly after the district court approved the \$600 million settlement, even while the settlement is subject to appeal.

Judge Readler pointed to the "counterintuitive nature" of the firm's purported harm, saying the firm "claims an injury from receiving its fees 'right away' via the quick pay provision, as opposed to having to wait a year or more to receive what it is owed."

Morgan & Morgan's asserted injury, he said, "runs counter to a basic principle of finance, namely, that a dollar today is worth more than a dollar tomorrow."

"If anything, Morgan & Morgan is 'better off' with the quick pay provision than without it, which undermines its claim that it has a concrete, actual injury justifying its standing," Judge Readler wrote.

Judge Readler noted that the law firm had also helped negotiate the settlement, inclusive of the quick pay provision, later signed the agreement and then separately attested its full support for the settlement.

"In other words, if Morgan & Morgan was injured by the inclusion of a quick pay provision in the settlement agreement, it has only itself to blame for procuring that result," he wrote.

The Sixth Circuit, however, also ruled that the lower court had abused its discretion by not engaging with the firm's arguments concerning its individual allocation under the settlement.

"While it is not at all clear that Morgan & Morgan's assertions are meritorious, the district court's failure to address them amounts to an abuse of discretion," Judge Readler wrote.

An Ohio federal judge had given her final okay to the **\$600 million settlement** in September 2024 that resolved claims by residents and others who were affected by the 2023 Norfolk Southern train derailment and toxic chemical spill in East Palestine, Ohio.

The early 2023 derailment had forced the evacuation of nearby residents and businesses and **led to multiple lawsuits** over the railway company's alleged negligence.

The lawsuits, which were **eventually consolidated** into one master class action, had also centered on the **release of vinyl chloride**, a toxic, colorless and flammable chemical used in making a variety of hard plastics, which plaintiffs noted was linked to increased cancer risks.

In line with the quick pay provision in the settlement, co-lead class counsel began allocating fees among 39 plaintiffs' firms, assessing Morgan & Morgan's share to be around \$7.7 million.

The Sixth Circuit **affirmed** the \$600 million settlement earlier this month.

Morgan & Morgan had **turned to the Sixth Circuit** after the district court denied its request to halt co-counsel from allocating the attorneys' fees, taking issue with the district court approving the quick pay provision and arguing that the district court "lacked discretion to abdicate its fee allocation supervision duties" to lawyers.

The firm argued that the district court also abused its discretion by not scrutinizing co-lead class counsel's underlying calculations, which it said undervalued its contributions.

The Sixth Circuit on Tuesday also shot down Morgan & Morgan's bid to undo co-lead class counsel's authority to allocate fees among the plaintiffs' various attorneys.

Judge Readler again pointed to the "underlying sequence of events" and said that the request to provide co-lead counsel with fee allocation authority "first surfaced in a brief and proposed order" submitted in September 2024 by plaintiffs' counsel, including Morgan & Morgan's T. Michael Morgan.

He said that Morgan & Morgan, "however, never objected to the proposed language."

Morgan then attended a fairness hearing two days later where co-lead class counsel argued for giving class counsel authority to apportion the fees, according to the Sixth Circuit.

"Rather than objecting to the proposal, Morgan stayed quiet," Judge Readler wrote.

"In other words, the firm was given ample access to the proposal in advance of the fairness hearing and had a front row seat to the discussion over the proposal," he added. "Yet it was not until four weeks after the district court's approval of the proposal that Morgan & Morgan raised an objection."

Judge Readler said that it was also okay for the lower court to opt for the "trust and verify approach" to fee allocation.

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

Morgan & Morgan is represented by Aaron M. Herzig and David Champlin Roper of Taft Stettinius & Hollister LLP.

Class counsel is represented by Paul D. Clement, Kyle R. Eiswald and Matthew D. Rowen of Clement & Murphy.

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

--Additional reporting by Gina Kim, Hailey Konnath and P.J. D'Annunzio. Editing by Dave Trumbore.



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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

ISS Updates Policy For Climate Change, Diversity Proxy Bids

By **Sarah Jarvis**

Law360 (November 25, 2025, 7:41 PM EST) -- Proxy advisory firm Institutional Shareholder Services Inc. indicated Tuesday it has updated its policies for backing controversial shareholder proposals on corporate proxy ballots, opting to endorse diversity and climate change-related proposals on a case-by-case basis starting next year.

ISS Governance said in a set of **policy updates** that it will take a case-by-case approach for recommending support for shareholder proposals on matters including climate change, greenhouse gas emissions, diversity and quality of opportunity. The firm's current policies — which generally endorse proposals that request corporate disclosures on climate change and diversity policies and data — will be replaced with the updated guidelines for shareholder meetings that take place in February 2026 or later.

The guidelines were updated to include a case-by-case approach for other types of shareholder proposals as well, including proposals that call for company reports on supplier labor and human rights standards and proposals that request greater disclosure of a company's political contributions and trade association spending policies and activities.

Georgina Marshall, chair of ISS' Global Policy Board, said in a statement that the proxy advisory firm uses a "transparent, market-based approach" in updating its policies, saying those updates "continue to help support investors in making informed voting decisions consistent with their stewardship responsibilities and fiduciary duties."

ISS said the changes are the result of feedback from clients and a general decline in shareholder support for proxy proposals in these areas. The firm also pointed to regulatory changes concerning climate change and diversity as a reason for the updates in those areas, as well as a "general improvement in disclosures" on those topics in recent years.

Proxy advisory firms have drawn the ire of Republican lawmakers for years, with House Republicans **claiming in 2023** that the firms hijack corporate governance by encouraging shareholders to vote in favor of liberal environmental and social policies. Firms have pushed back against such claims in the past, **asserting** they don't push a political agenda.

More recently, the state of Florida **sued** ISS and another proxy advisory firm, Glass Lewis & Co. LLC, last week for allegedly abusing their dominant place in the market by promoting ideological and environmental causes "at the expense of traditional metrics of financial growth." Texas is also weighing whether to sue the firms, **announcing in September** that it was investigating the proxy advisers for advancing "radical political agendas rather than sound financial principles."

The Wall Street Journal also reported earlier this month that the Federal Trade Commission has launched an antitrust probe into ISS and Glass Lewis related to the firms' advice on matters including climate change and diversity.

--Additional reporting by Jessica Corso. Editing by Emily Kokoll.

Oil Giants Sued Over Climate-Linked Rise In Insurance Costs

By **Ben Adlin**

Law360 (November 25, 2025, 9:03 PM EST) -- The fossil fuel industry spent decades pushing a coordinated disinformation campaign to conceal its central role in climate change, saddling homeowners with a multibillion-dollar increase in insurance costs as disasters grew more frequent and severe, according to a proposed class action filed Tuesday in Washington federal court.



Oil giants have known since the 1960s that greenhouse gas emissions would cause "catastrophic weather-related consequences," according to a Washington federal suit. (iStock.com/Rangsarit Chaikyakun)

Two Washington homeowners brought claims against oil giants Exxon, Shell, Chevron, BP and ConocoPhillips, as well as the American Petroleum Institute trade group, in federal court, alleging that Big Oil broke the federal Racketeer Influenced and Corrupt Organizations Act and various state laws in a scheme to hide the industry's impact on the environment.

The defendants knew as far back as the 1960s that greenhouse gas emissions from petroleum products would "inevitably lead to catastrophic weather-related consequences," including extreme disasters and rising sea levels, the homeowners claimed.

But rather than inform the public or work to reduce their environmental impact, the plaintiffs said in their 118-page complaint, the groups "chose instead to protect their profits by engaging in a massive, deliberate, decades-long misinformation campaign intended to sow doubt" among media, business leaders

and consumers.

Despite internal research showing the dangers of climate change, they made knowingly false public denials, backed "bogus" scientific research, used front groups to engage in greenwashing efforts and even obstructed a congressional investigation into the oil industry, the homeowners claimed.

"Big Oil took its playbook directly from the minds of Big Tobacco and think they can get away with the same deliberate disinformation campaign," Steve Berman of Hagens Berman Sobol Shapiro LLP, who represents the plaintiffs and who previously led multistate litigation against the tobacco industry, said in a news release.

Even today, the plaintiffs said in the suit, the industry obscures the connection between fossil fuels and climate change, describing products as "sustainable" and "lowering-emissions" while promoting "unrealistic or unproven technologies" that would allow ongoing reliance on fossil fuels.

The homeowners also cited a 2014 congressional report concluding that the petroleum industry "engaged in an elaborate campaign of deception and doublespeak — supported by its armada of trade associations — marked by public claims to support climate action and significant private steps to avoid it."

"In short, defendants have spent fortunes deceiving the public about climate change and the harms and costs it imposes on the consumers who buy their fossil fuel products," the **complaint** says, "all in the name of protecting their 'core business' operations: selling more and more fossil fuels."

By shirking its culpability for climate change, Big Oil is passing off to everyday people the rising costs of weather-related disasters, the homeowners said, noting that disasters caused an estimated \$114 billion in damage in 2023 — a figure eclipsed by \$145 billion in damages during the first three-quarters of 2024. From 2018 through 2022, they said, the annual number of major disaster declarations was nearly twice the yearly average between 1960 and 2010.

The "never-before-seen" losses have led to a spike in homeowners insurance rates, according to the suit. In Washington state, it says, home insurance rates have climbed 51% over the past six years.

With respect to the suit's RICO claims, plaintiffs Richard Kennedy and Margaret Hazard are asking the court to certify a class of "all persons who purchased homeowner insurance at any time after 2017." They claimed the defendants coordinated for years to lie and withhold information in order to achieve the shared goal "of enhancing and prolonging the market for fossil fuel products" and thereby maximizing their profits.

The plaintiffs are also seeking to certify a subclass of Washington residents bringing claims under state laws, including the Washington Consumer Protection Act and statutes against civil conspiracy, fraud and misrepresentation.

"This case is about holding the fossil fuel defendants accountable for the increased homeowners' insurance premiums that their coordinated and deliberate scheme to hide the truth about climate change and the effects of burning fossil fuels has brought about," the homeowners said.

The American Petroleum Institute said in a comment Tuesday to Law360 that climate policy "belongs in Congress, not a patchwork of courtrooms."

"These baseless lawsuits are a coordinated campaign against an industry that powers everyday life, drives America's economy, and is actively reducing emissions," said Ryan Meyers, API senior vice president and general counsel.

Counsel for Chevron Corp. similarly downplayed the suit.

"A 'growing chorus' of federal and state courts have dismissed similar lawsuits in Delaware, Maryland, New Jersey, New York, Pennsylvania, Puerto Rico, and South Carolina," Theodore J. Boutrous Jr. of Gibson Dunn & Crutcher LLP told Law360 in a statement Tuesday. "These claims based on interstate and international emissions are precluded and preempted by federal law and must be dismissed under clear U.S. Supreme Court precedent."

Representatives for Exxon Mobil Corp., Shell and subsidiary Equilon Enterprises LLC, BP Plc, ConocoPhillips and related entities did not immediately respond to requests for comment Tuesday. Counsel for the

plaintiffs also did not immediately respond to requests for additional comment.

Richard Kennedy and Margaret Hazard are represented by Steve W. Berman and Sydney K. Thomas of Hagens Berman Sobol Shapiro LLP, Jason Gustafson, Pat Michenfelder and Chad Thronset of Thronset Michenfelder Law Office LLC, Daniel E. Gustafson, Tony Stauber, Joshua Rissman and Michael Warkel of Gustafson Gluek PLLC and Rebecca A. Peterson of George Feldman McDonald PLLC.

Chevron is represented by Theodore J. Boutrous Jr. of Gibson Dunn & Crutcher LLP.

Counsel information for other defendants was not immediately available.

The case is Kennedy et al. v. Exxon Mobil Corp. et al., case number 2:25-cv-02378, in the U.S. District Court for the Western District of Washington.

--Editing by Michael Watanabe.

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