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# Acadia's $179 Million Investor Class Deal Gets First Court Nod

Jan. 16, 2026, 7:08 AM PST

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Acadia Healthcare Co. Inc.'s $179 million investor deal inched closer to resolving allegations that it misrepresented the adequacy of its patient care, staffing levels, and other metrics.

The settlement appeared "sufficiently fair, reasonable, and adequate to warrant providing notice" to the shareholder class, US District Court for the Middle District of Tennessee Chief Judge William L. Campbell Jr. said. His preliminary approval Thursday comes three months after he rebuffed Acadia's bid to avoid trial in the case alleging it misled investors about certain issues, including its regulatory compliance and financial projections for its United Kingdom operations.

If Campbell gives his final approval of the settlement—in which Acadia denied wrongdoing and avoided the trial—it would end more than seven years of this litigation between investors, the behavioral health care company, and certain former executives

The lead counsel for the pension funds leading the case will seek up to one third of the settlement sum in attorneys' fees and $5.5 million in litigation expenses reimbursed, they said while seeking the first court nod

The court previously certified a class of those who acquired Acadia stock from April 30, 2014, through Nov. 15, 2018

Robbins Geller Rudman & Dowd LLP is class counsel. King & Spalding LLP and Riley & Jacobson PLC represent Acadia and the executives. None of these law firms immediately responded to emails seeking comment.

The case is St. Clair Cnty. Emps. Ret. Sys. v. Acadia Healthcare Co. Inc. , M.D. Tenn., No. 3:18-cv-00988, order 1/15/26 .

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# Damages debate heats up in FirstEnergy and Boeing securities battles

**reuters.com**/legal/government/damages-debate-heats-up-firstenergy-boeing-securities-battles-2026-01-15

Jenna Greene January 15, 2026


The engine of a Boeing Dreamliner 787-9, operated by Riyadh Air, is displayed at the 55th International Paris Airshow at Le Bourget Airport near Paris, France, June 17, 2025. REUTERS/Benoit Tessier/File Photo [Purchase Licensing Rights, opens new tab]

- Companies
- [Boeing Securities-Backed Series 2003-16 Trust]
- [Robbins Geller Rudman & Dowd]

Jan 14 (Reuters) - Two pending shareholder lawsuits with billions of dollars at stake could make it more difficult for investors to bring class actions as courts wrangle with the scope of a decade-old U.S. Supreme Court ruling.

Ohio utility FirstEnergy and aircraft maker Boeing each face class action lawsuits by investors who allege the companies inflated their stock prices through misstatements or omissions, only to see the shares plunge once the truth emerged.

The looming question in both cases is whether the plaintiffs provided enough information at the outset about how they'll calculate damages to support proceeding as a class.

It's a technical inquiry, and one that many courts have skated past despite a 2013 Supreme Court ruling laying out guidelines. But the cases could rewrite a big part of the securities litigation playbook if the companies prevail, making the all-important step of class certification harder for plaintiffs to obtain.

In FirstEnergy's case, pending in federal court in Columbus, Ohio, the stock drop followed revelations of the company's role in a political bribery scandal. Boeing was sued by its shareholders in the Eastern District of Virginia after a door panel blew off one of its 737 airplanes mid-flight in 2024, allegedly belying corporate safety pledges.
FirstEnergy declined to comment and Boeing did not respond to a request for comment.

Both companies hired the same Wall Street law firm – Sullivan & Cromwell – to fight the cases. And both argue that courts have made it too easy for securities class action plaintiffs "to leave the hard questions for later" when proposing a method for calculating damages, Sullivan co-chairman Robert Giuffra Jr. told me.

An appeals court decertified the FirstEnergy class in August partly on these grounds, sending the case back to the trial judge for a closer look at the damages methodology. In the Boeing case, another circuit court has taken the unusual step of hearing an appeal on the same question before the case runs its course in the trial court, with oral arguments likely this spring.
Lawyers from Robbins Geller Rudman & Dowd represent the investors in both cases. They declined to comment aside from pointing to the court record, where partner Jason Forge has argued that the appellate inquiry is narrow and urged the court not to "create delay." Co-counsel in the Boeing case from Labaton Keller Sucharow and Gupta Wessler did not respond to requests for comment.

To understand the fight, it's necessary to look back to the U.S. Supreme Court's decision in Comcast Corp. v. Behrend, opens new tab, an antitrust class action over how much Comcast charged its cable TV subscribers.
Writing for the majority, the late Justice Antonin Scalia held that in order for a class to be certified, plaintiffs must prove that damages "are capable of measurement on a classwide basis" rather than requiring individual determinations.

“Calculations need not be exact,” Scalia said, but district court judges at the class-certification stage must apply “rigorous analysis” to ensure the plaintiffs’ damages model is consistent with their theories of liability.

In practice, those instructions have sometimes proved ambiguous. As former U.S. Securities and Exchange Commission officials and law professors put it in a friend-of-the-court brief, opens new tab in the Boeing case, “Few Supreme Court opinions have been as aggressively and unnecessarily misinterpreted and circumscribed” as the Comcast decision.
Too often, the amici said, district courts have “rubber-stamped” promises by plaintiffs’ experts that they’ll come up with a methodology for calculating damages at a later stage. And considering how few securities class actions go to trial, such detailed number crunching is rarely needed by judges or juries.

In the FirstEnergy case, the 6th U.S. Circuit Court of Appeals demanded more. “The district court failed to conduct any analysis at all, let alone a rigorous one” regarding the investors' damages model, the panel wrote, opens new tab in remanding the case to U.S. District Judge Algenon Marbley in Columbus for further proceedings.
Last week, both sides submitted briefs to Marbley that dug deep into the issue.

Shareholders sued FirstEnergy in 2020 in connection with what turned out to be the biggest political corruption scandal in Ohio history. The company eventually paid $230 million to the U.S. government to resolve a federal criminal investigation into allegations that it bribed Ohio lawmakers to enact a bailout of two aging nuclear power plants.
As the scandal unfolded, FirstEnergy’s share price plunged from nearly $42 to less than $23.

Calculating damages, however, is more complicated than subtracting the low price from the high.

The plaintiffs say, opens new tab their expert will use a so-called event study -- a statistical analysis to determine whether the release of particular information has a significant effect on a company’s stock price. “Every court in every circuit to consider this question has confirmed that an event study is a reliable way to measure damages,” the plaintiffs' lawyers wrote, adding that their expert would use the study in tandem with other tools to fine-tune the damage calculations.
Defense lawyers counter, opens new tab that the case spans 860 trading days, noting that the plaintiffs allege 46 misstatements by FirstEnergy over the 3.5-year

period artificially boosted the company’s stock price by hiding the bribery scheme from investors.
The information that allegedly should have disclosed "changed dramatically" over the proposed class period, impacting the damages to investors, the Sullivan & Cromwell lawyers wrote. The plaintiffs’ expert “has never explained how he would address that problem,” which they argue is fatal to his methodology.

The Boeing case raises similar questions.

Last year, U.S. District Judge Leonie Brinkema in Alexandria, Virginia, [certified a shareholder class] against the aerospace company.
According to the plaintiffs, Boeing falsely reassured nervous investors after 737 MAX crashes in 2018 and 2019 that safety was its top priority -- pledges that allegedly propped up the company’s stock price until the door incident.

Again, Sullivan & Cromwell lawyers invoked the Comcast decision in arguing the plaintiffs' damages model at the class certification stage fell short. The 4th U.S. Circuit Court of Appeals last year agreed to intervene in the Boeing case to consider the question. Oral arguments are scheduled for the court's March or May session depending on the lawyers' availability.

Some of the share price decline had nothing to do with Boeing’s allegedly misleading statements on safety, defense lawyers said, and was the result of the door accident itself. The damages methodology doesn’t take that into account, they said, among other shortcomings.

Plaintiffs’ co-counsel Deepak Gupta countered in an appellate brief that the lower court correctly found their expert outlined a general loss-causation analysis that’s capable of measuring the damages.

If the court accepts Boeing’s theory that plaintiffs must present a full damages analysis before fact-gathering is complete, he warned, it “would render even run-of-the-mill securities cases virtually uncertifiable."

(The opinions expressed here are those of the author, a columnist for Reuters.)

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

NewsRoom

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January 15, 2026

Section: B

# List of potential witnesses in trial expands A powerful ex-lawmaker and state utility regulator join Gov. Mike DeWine and Sen. Jon Husted as defens...

Jeremy Pelzer - jpelzer@cleveland.com

List of potential witnesses in trial expands A powerful ex-lawmaker and state utility regulator join Gov. Mike DeWine and Sen. Jon Husted as defense witnesses for indicted ex-FirstEnergy execs Chuck Jones and Mike Dowling.

COLUMBUS - Two former FirstEnergy executives about to stand trial over their roles in the House Bill 6 scandal may call a lot more witnesses than they initially indicated, including a powerful former state lawmaker, current and former state utility regulators, and the former chief of staff to Gov. Mike DeWine.

Attorneys for Chuck Jones and Mike Dowling - FirstEnergy's former CEO and top lobbyist - also restated in a court filing Tuesday that they intend to call even more prominent witnesses to testify, including DeWine himself and U.S. Sen. Jon Husted.

During the trial, which is set to begin Jan. 26 in Summit County Common Pleas Court, prosecutors will seek to convict Jones and Dowling of several felony corruption charges stemming from claims that they paid a $4.3 million bribe in early 2019 to Sam Randazzo, the soon-to-be chair of the Public Utilities Commission of Ohio, to secure favorable treatment for the Akron-based electric utility.

They also face separate federal charges of paying a $60 million bribe to then-Ohio House Speaker Larry Householder to pass HB6, a 2019 energy law signed by DeWine that gave a financial windfall to FirstEnergy. The two former executives deny any wrongdoing and have pleaded not guilty to the federal and Summit County charges.

Attorneys for Jones and Dowling, in an updated joint witness list filed Wednesday in Summit County court, stated they "reasonably intend" to call 58 witnesses - including 20 new names not included on their previous witness lists.

Those new names include:

Bill Seitz, a powerful former Republican state lawmaker from Cincinnati who was a vocal champion of House Bill 6.

Dan Conway, vice chairman of the Public Utilities Commission of Ohio, who had a personal investment stake in two Ohio nuclear power plants that received a $1 billion-plus ratepayer bailout under HB6.

M. Beth Trombold, who served on the PUCO from 2013 until 2023, including as acting chair after Randazzo resigned in late 2020.

Michael Hall, former chief of staff and policy director for DeWine's office, who (along with other DeWine staffers) was warned in early 2019 by attorney/longtime DeWine friend J.B. Hadden about appointing Randazzo as PUCO chair.

Leila Vespoli, FirstEnergy's former chief legal officer, who "was directly involved in and intimately familiar with key aspects of the bailout scheme," according to a civil lawsuit filed by FirstEnergy shareholders against the company over the HB6 scandal (Vespoli has denied knowing about any misconduct).

Bob Reffner, Vespoli's successor as FirstEnergy's chief legal officer, who was looped into FirstEnergy discussions and emails about the $4.3 million payment to Randazzo (Reffner, who was fired by FirstEnergy in 2020, later testified at a PUCO hearing that he didn't know what the money was for).

Jason Rafeld, a former PUCO chief of staff who Jones initially wanted DeWine to name as PUCO chair before successfully backing Randazzo for the job.

The revised witness list did not include several people who Jones and Dowling previously wanted to call as witnesses. The most notable names missing are:

  

Dan McCarthy, who led a political nonprofit involved in the HB 6 bribery scheme before DeWine named him the top legislative lobbyist for the governor's office.

Eileen Mikkelsen, who was fired from her job as FirstEnergy's vice president of rates and regulatory affairs in May of 2021 for her "inaction" regarding changes made in 2015 to Randazzo's consulting contract that dramatically increased his pay.

James Pearson, FirstEnergy's former chief financial officer, whom the FirstEnergy shareholders' lawsuit accused of handling the accounting for the company's illicit payments - a claim Pearson has denied.

The revised witness list includes dozens of names Jones and Dowling each included on their initial witness lists in 2024. The most prominent of those potential witnesses are DeWine and Husted, the latter of whom was appointed by DeWine to the U.S. Senate last year.

Being included on a witness list is not an accusation of any wrongdoing. Neither DeWine, Husted nor anyone else on the list has been charged with a crime related to the scandal.

DeWine and Husted had dinner with Jones and Dowling in December 2018, shortly before they were sworn in as governor and lieutenant governor. After the dinner ended, Jones and Dowling went to Randazzo's Columbus townhouse and agreed on the $4.3 million payment.

Jones texted Randazzo the next day that he recommended to DeWine that he should appoint Randazzo to the PUCO. DeWine did exactly that less than two months later.

DeWine and Husted were elected in 2018 with the support of nearly $4 million in FirstEnergy contributions to pro-DeWine dark-money groups - some of which DeWine personally solicited from Jones.

FirstEnergy also gave a secret $1 million dark-money contribution in 2017 to support Husted's campaign for governor, prior to Husted dropping out of the race to become DeWine's running mate.

Husted, meanwhile, pushed to make the HB6 nuclear bailout even bigger than it ended up in the final bill. As the legislation moved through the Ohio General Assembly, Dowling texted Jones that Husted was "highly engaged" on the bill and that the DeWine administration would "step in" if lawmakers refused " to get the bill right."

It's not guaranteed that all of the potential witnesses will end up testifying: the revised filing notes that some of the witness' testimony is "contingent upon possible stipulations regarding the admissibility of certain evidence, the evidence and arguments presented by the State of Ohio, and forthcoming rulings on motions."

**---- Index References ----**

Company: FIRSTENERGY CORP; DEWINE, STACEY; US SENATE; BILL HOUSE LIMITED

News Subject: (Crime (1CR87); Fraud (1FR30); Government (1GO80); Legislation (1LE97); Lobby & Pressure Groups (1LO18); Social Issues (1SO05))

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NewsRoom

Securities

# NY Sues Ex-Emergent BioSolutions CEO for Insider Trading (1)

Jan. 15, 2026, 10:54 AM PST; Updated: Jan. 15, 2026, 11:12 AM PST

Former Emergent BioSolutions Inc. CEO Robert Kramer engaged in illegal insider trading during the Covid-19 pandemic, according to a lawsuit filed Thursday by New York Attorney General Letitia James (D).

As head of Emergent, Kramer used nonpublic information about contamination and manufacturing problems with the Covid vaccine it produced for AstraZeneca to sell more than $10 million worth of Emergent stock, according to the complaint filed in the New York County Supreme Court.

Kramer's actions violate New York's Martin Act, which "forbids fraudulent practices, including the trading of stock by company insiders in possession of material nonpublic information," the lawsuit says. AstraZeneca is not named as a defendant.

Emergent's stock doubled in the summer of 2020 after it entered into a $261 million contract to manufacture a large-scale commercial supply of AstraZeneca's Covid vaccine. The company a few months later encountered manufacturing issues at its Baltimore plant, and discovered that several batches of the vaccine were contaminated and unusable.

In mid-October, Kramer—knowing that multiple batches of the vaccine had to be destroyed—made a plan with his investment adviser at Merrill Lynch to purchase stock and immediately sell it off while concealing the contamination issues from investors, the complaint says.

Kramer finalized his trading plan in November after being informed of escalating contamination and manufacturing concerns, and engaged in a series of buy-and-sell transactions throughout January and February 2021.

The state wants Kramer to pay damages and disgorge the money he obtained through illegal trading.

The lawsuit is "baseless and an overreach" by the attorney general, said Kramer's attorney, Kirby D. Behre of Miller & Chevalier Chartered. The trading plans were reviewed by the US Justice Department and the Securities and Exchange Commission, and Kramer "is confident that the facts will show that this suit should never have been brought," Behre added.

James also announced Emergent will pay the state $900,000 as part of a settlement agreement over the company's decision to approve Kramer's illegal trading plan. The company also will implement enhancements to its insider trading policy, and provide reports to the attorney general for three years regarding its trading plans.

"Emergent remains committed to the highest standards of quality, ethics and compliance, and has taken significant action to improve transparency and integrity in all aspects of its operations," the company said in a press release.

Emergent last February agreed to pay $40 million to settle class action claims that it misled investors about its ability to manufacture Covid vaccines.

The case is New York v. Kramer , N.Y. Sup. Ct., docket number unavailable, complaint filed 1/15/26 .

(Updates with statement from Kramer's attorney in eighth paragraph.)

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Securities

# Morgan Stanley, Barclays Duck Appeal Over VIX Manipulation Claim

Jan. 15, 2026, 5:25 PM PST

Morgan Stanley & Co. LLC, Barclays Capital Inc., and others rightly won dismissal of two lawsuits claiming they manipulated the VIX index leading to hundreds of millions of dollars in losses in 2018, a federal appeals court ruled Thursday.

Claims by the first plaintiff, Two Roads Shared Trust, are time-barred under the Commodity Exchange Act's two-year statute of limitations, Judge John Z. Lee said for the US Court of Appeals for the Seventh Circuit, affirming the lower court's dismissal of the suits. The second plaintiff, LJM Partners Ltd., failed to adequately allege an injury in fact to support Article III standing.

The Seventh Circuit noted a circuit split at play in these cases—but declined to pick a side—where appeals courts are divided over whether a plaintiff lacking Article III standing may substitute the real party in interest to avoid dismissal. The Fourth and Sixth Circuits said "no," while the Second Circuit held the Federal Rules of Civil Procedure allow such a substitution.

The cases stem from a market event on Feb. 5, 2018, when the S&P 500 plunged and the VIX—a measure of expected market volatility—increased abruptly. LJM and Two Roads, which had taken positions assuming low volatility, suffered losses of roughly $446.8 million and $610 million, respectively.

The plaintiffs alleged several firms manipulated the VIX by quoting inflated bid-ask prices for certain options, artificially increasing market volatility. The financial institutions were granted their motions to dismiss by the district court on timeliness and standing grounds, prompting the appeal.

The Seventh Circuit pointed out that, in spite of their initial complaints being timely, neither Two Roads nor LJM identified any specific defendant firms in their amended complaints until August and September 2022, well after the limitations period expired. The appeals court rejected the plaintiffs' arguments for equitable tolling, finding they hadn't diligently pursued their claims.

"Two Roads's failure to file suit until two days before the ending of the limitations period undermines any claims of diligence," Judge Lee said.

LJM’s operative complaint is also ambiguous as to whether the firm itself, rather than its clients, suffered losses, Lee said.

Judge Candace Jackson-Akiwumi and Doris L. Pryor joined the opinion.

Korein Tillery LLC represents LJM. Scott+Scott Attorneys at Law LLP, Kirby McInerney LLP, and Cafferty Clobes Meriwether & Sprengel LLP represent Two Roads. Sullivan & Cromwell LLP represents Barclays. Wilmer Cutler Pickering Hale and Dorr LLP and Allen Overy Shearman Sterling LLP represent Morgan Stanley.

The cases are LJM Partners Ltd. v. Barclays Capital Inc. , 7th Cir., No. 23-03109, 1/15/26 , and Two Roads Shared Trust v. Barclays Capital Inc. , 7th Cir., No. 23-03138, 1/15/26 .

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Securities

# Getty Images Loses Appeal of $88 Million Warrant Holders’ Award

Jan. 15, 2026, 1:12 PM PST

Three investment funds demonstrated that Getty Images Holdings Inc. improperly denied their exercise of stock warrants after the media supplier’s blank-check merger, the Second Circuit said Thursday in affirming a nearly $88 million award.

The conditions for the warrants’ exercise were in place when the funds tried to use them to purchase Getty stock, the US Court of Appeals for the Second Circuit said in a 2–1 opinion.

One of the investment companies, Alta Partners LLC, lost its bid for an even greater damages award in a cross-appeal over warrants purchased after Getty’s first alleged breach of contract.

The suit illustrates one of the ways in which insider incentives embedded in special purpose acquisition company mergers—a route to going public—have led to litigation. The Getty SPAC deal allegedly promised insiders additional shares of the merged company if it maintained a stock price above a certain level on 20 of the first 30 trading days.

Alta and two CRCM LP funds sued the provider of stock and news photos on their own behalf, not on behalf of a proposed class, saying they held warrants to purchase stock for $11.50 per share. They alleged Getty prevented them from exercising their warrants—which could flood the market and lower the stock price—by claiming there was no effective registration statement for the underlying shares.

Judge Jed S. Rakoff of the US District Court for the Southern District of New York ruled the funds proved that Getty breached the warrant agreement and that they suffered damages as a result.

The Second Circuit affirmed. The dispute centered on which of two forms filed with the Securities and Exchange Commission constituted an effective registration statement for the purpose of warrants’ redemption, Judge Denny Chin said. The earlier form satisfies the criterion, he said.

A second condition for exercising the warrants was the existence of a current prospectus. "Getty filed a detailed 800-page prospectus with its Form S-4 on July 1, 2022," Chin said. "Getty argues that by August 22, 2022, only seven weeks later, the original prospectus was no longer current due to several post-effective developments that materially altered the information disclosed in the original prospectus. We disagree," he said, joined by Judge Amalya L. Kearse.

Judge Steven J. Menashi dissented on that issue. "In my view, Getty has identified a question of material fact as to whether the prospectus was 'current' when Alta and CRCM sought to exercise the warrants," he said.

Counsel for the investment funds includes Wachtell, Lipton, Rosen & Katz. Sher Tremonte LLP represented Alta in its cross-appeal. Skadden, Arps, Slate, Meagher & Flom LLP and Weil, Gotshal & Manges LLP represented Getty.

The case is Alta Partners, LLC et al. v. Getty Images Holdings, Inc. , 2d Cir., No. 23-7876, 1/15/26 .

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News | **Mass Torts**

# Judge Plans to Restrict Juror Research in First Social Media Addiction Trial

Los Angeles Superior Court Judge Carolyn Kuhl said this week she planned to restrict the names and other identifying information about the jurors in the first social media addiction trial to the lawyers in the case, but not their clients.

January 15, 2026 at 06:20 PM By **Amanda Bronstad**

## What You Need to Know

- The judge already ruled that jurors must remain anonymous to the public, but plaintiffs' sought a more restrictive ruling barring lawyers and their clients from such information.
- The Jan. 27 trial is the first in the nation to allege social media sites like Instagram and TikTok addicted adolescent users, who developed mental health problems.
- Defense attorneys called plaintiffs’ motion 'legally baseless' but agreed to 'reasonable limitations' on researching jurors using public information available to both sides.

**Sabrina Strong, with O'Melveny & Myers. October 2021. Photo: Andrew Zinn**

A Los Angeles judge said she would prohibit social media companies such as Instagram and TikTok from knowing the names of jurors in the nation's first trial accusing them and others of addicting adolescent users.

Los Angeles Superior Court Judge Carolyn Kuhl, who already has ruled that jurors must remain anonymous to the public during the Jan. 27 trial, said their names would only be known to the lawyers in the trial–not their clients—in order to restrict potential research conducted about them.

"Counsel cannot share the identity of jurors with their clients," Kuhl wrote in a tentative order on Tuesday. "Thus, defendants will not be able to engage in the type of juror research about which plaintiffs warn here; but counsel and their clients will still be able to adequately assess the prospective jurors for the purposes of voir dire, just as they would be able to do in a case not involving social media companies."

Kuhl noted that many employees of the defendants have had their names sealed because they "experienced harassment."

"There has been substantial media interest in this case," she wrote. The trial is the first in the nation to allege that social media companies are addicted to adolescent users, who developed mental health problems.

At a hearing on Wednesday, lawyers filled the courtroom from numerous law firms, including Kirkland & Ellis, Wilson Sonsini Goodrich & Rosati, Munger Tolles & Olson, Beasley Allen, and The Lanier Law Firm. Dozens more checked in virtually.

At the hearing, defense lawyers Sabrina Strong, of O'Melveny & Myers in Los Angeles, and Mike Imbroscio, of Covington & Burling in Washington, D.C., pushed back on some aspects of the language of Kuhl's tentative order, which Kuhl said she would take under submission.

## 'Defendants Will Comprehensively Mine Data'

At issue is a concern from lawyers who represent the three plaintiffs, referred to by their initials, that the four defendants—Meta Platforms, which operates Instagram and Facebook; TikTok, owned by ByteDance; Google's YouTube; and Snap Inc., which operates Snapchat—would have greater access to certain tech tools that could be used to research prospective jurors.

In a Dec. 26 motion, they sought to restrict such research and bar the public, the parties and their lawyers from obtaining identifying juror information, such as names and places of employment, until after the trial was concluded. At the very least, co-lead plaintiffs' attorney Mariana McConnell wrote, such information should be withheld until after voir dire.

“There is a substantial risk that defendants will comprehensively mine data to which they have exclusive access and employ artificial intelligence tools and predictive analytics to investigate and profile jurors beyond traditional voir dire methods,” McConnell, of Kiesel Law in Beverly Hills, California, wrote in the motion. “Any juror research conducted should be limited to public information that is equally available on both sides.”

Among the tools potentially available to the defendants were social media profiles, Gmail, Chrome’s browser, Waze or Google Maps, as well as information provided through facial or audio recognition tools or software, the motion says.

That information would put defendants at an unfair litigation advantage, the motion says, and would violate the privacy rights of jurors.

“Even if the jurors are not at risk of physical violence, they are at risk that their *private* information, to which defendants have unique access, will be searched, analyzed, and utilized by defendants during trial proceedings, and particularly during voir dire,” she wrote in the motion. “Defendants have a strong incentive to do so, given this bellwether will set a precedent for the trial and settlement of future cases in this litigation.”

In a Jan. 6 response, defense attorneys called plaintiffs’ motion “legally baseless” but agreed to “reasonable limitations” on researching jurors using public information available to both sides.

“Research of public information is a commonly used and valuable tool,” they wrote. “Indeed, plaintiffs’ counsel themselves routinely conduct meaningful research on jury pools—publicly touting the benefits of AI and other analytical tools.”

Wednesday’s hearing also addressed several pretrial motions from both parties regarding what the jury should be permitted to hear during trial. Motions focused on one plaintiff’s prior use of marijuana, another’s conversations on ChatGPT, and parents who previously participated in other lawsuits, such as those over the BP oil spill.

“This lawsuit was plaintiff’s father’s idea,” Shook, Hardy & Bacon’s Miami partner Hildy Sastre told Kuhl about one of the plaintiffs.

Defense lawyers also sought to prohibit what they called “highly inflammatory” comments made to YouTube and references to Facebook CEO Mark Zuckerberg’s 2003 website, www.facemash.com, which allowed students at Harvard University to rate the attractiveness of fellow classmates.

“It is no way the early days of Facebook,” Meta attorney Andrew Stanner, a Covington & Burling partner in Washington D.C., told Kuhl, who quipped, “a lot of things have happened in Harvard dorm rooms."

The next hearing is set for Jan. 20.

**Hildy Sastre of Shook, Hardy & Bacon. Courtesy photo.**

**Page printed from:**

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California Brief

# LA Fire Survivors Got a Rude Surprise That Lurks for Rest of US

Jan. 16, 2026, 3:00 AM PST

A year after the Los Angeles wildfires, many survivors face the same problem: Their insurance policies aren't paying out enough to cover the cost of rebuilding.

It's a tragic predicament. And it will happen again when the next disaster hits.

Read More: One Year After LA Fires, Recovery Is a Battleground

Since the 1990s, American homes have been systematically underinsured in the event that they are completely destroyed. Study after study shows that, counter to the public's understanding, many home insurance policies are not required to cover total replacement of homes.

The trend, though decades old, has been somewhat hidden. But climate-driven events that cause massive destruction, especially wildfires, are revealing just how pervasive and severe the problem has become.

"Climate change did not cause underinsurance, but it does expose it and amplify it," said Kenneth Klein, a professor at the California Western School of Law specializing in the topic.

A home burns after a fast-moving wildfire swept through Louisville, Colorado, on Dec. 30, 2021. Photographer: Marc Piscotty/Getty Images North America

Global warming is creating a hotter and drier world. Combined with more construction in areas with lots of flammable vegetation — the wildland-urban interface — it's led to a rise in damaging fires in the US. Researchers at the University of Colorado Boulder in 2023 found that wildfires in Western states destroyed 243% more buildings in the decade between 2010 and 2020 than in the previous decade. The fires in LA claimed in excess of 15,000 structures.

Read More: The Worst Kinds of Wildfires Are Becoming More Frequent

United Policyholders, an advocacy group, was formed in part to help homeowners not being adequately covered for rebuilding costs after the Oakland firestorm of 1991. The group began sending surveys to wildfire survivors in 2007, and since then, an average of two-thirds of respondents said they had found themselves underinsured, by an average amount of $200,000 or more.

Studies have confirmed what the surveys indicated. For example, researchers analyzed data from the Marshall Fire in Colorado, which consumed more than 1,000 homes in suburban Boulder County on Dec. 30, 2021, and found 74% of affected homeowners were underinsured.

The Insurance Information Institute, a research center funded by insurance companies, estimates that two-thirds of American homeowners are underinsured for wildfires, typically by about 20% and in some cases by as much as 60%.

Loretta Worters, the institute's vice president for media relations, said there is a "structural challenge in aligning dwelling coverage with actual replacement costs, particularly when reconstruction costs spike after a catastrophic event."

A home being rebuilt after it was destroyed in the Tubbs Fire in Santa Rosa, California, pictured on Sept. 16, 2020.
Photographer: Michael Short/Bloomberg

In other words, acute demand for labor and materials can send prices soaring after a disaster, and it's hard for the insurance industry to know before an event occurs how much costs will go up.

That wouldn't have been a problem before the 1990s, according to Klein, because until then most US home insurance policies included a guaranteed replacement clause. That is what it sounds like: a promise to replace no matter the cost. But as American houses got bigger and more expensive, the guarantee lost ground to replacement-cost-value coverage, which sets an upper limit on how much the insurance company will pay out.

Rising construction costs and natural disasters made the guarantee unsustainable, said Worters, while capping payouts helps insurers remain solvent and keep rates down.

Most major insurers use third-party estimator tools to determine the upper limit. Consumer advocates and plaintiffs' attorneys have charged that such tools routinely underestimate rebuilding costs, which in turn helps insurers keep premiums low and sales strong on the front end.

One of the commonly used tools is 360Value, which the insurance analytics firm Verisk Analytics Inc. introduced in 2007. In a written response to questions, Alberto Canal, vice president of corporate communications at Verisk, said 360Value can consider up to 13 million data points and that when the same subset of data points are considered before and after a loss, the "360Value estimate is consistent with claims data."

Nicole Ganley, a spokesperson for the American Property Casualty Insurance Association, said insurers work "directly with policyholders to help them understand, and when needed, increase their coverage limits to keep pace with changing reconstruction costs." The trade group encourages consumers to do an annual insurance check-up that includes updates after home improvements.

Homeowners sometimes sue insurers for allegedly misrepresenting the extent of their coverage. But according to Amy Bach, executive director of United Policyholders, courts often find that determining what level of coverage is needed is the obligation of the homeowner, not the insurer. Bach calls this a "fiction" and says there is an easy fix: Insurers should go back to guaranteed replacement coverage.

"If any state legislature were to pass a law" that made it the insurer's responsibility to fully restore a fire-damaged home, Bach said, "the problem would be solved because to avoid litigation liability, insurers would figure out how to get it right."

A disaster-recovery reform bill recently introduced in the California state senate would require insurance companies to at least offer guaranteed replacement cost policies.

Colorado Insurance Commissioner Michael Conway said his state considered a similar measure but decided "it would destroy our market." Most big insurers don't even write guaranteed replacement cost policies anymore, he said, and aren't interested in doing so, at least for Colorado customers.

He also thinks it wouldn't solve the problem, given the insurance affordability crisis. "If people can't afford the products on the market now, forcing more expensive products isn't going to help," he said.

Driven by a combination of inflation, increased development, disasters juiced by climate change and tariffs, home insurance prices have been soaring around the US. Conway says he receives steady complaints from homeowners telling him they have to either cut back on what is covered or agree to a higher deductible to afford insurance. Getting a policy with more coverage — the full amount needed to rebuild — would only add to their costs.

Conway has other ideas for how to cut rates, for example, by getting insurance companies to credit homeowners for steps taken to reduce their risk of wildfire. In the meantime, he worries, "the next big hailstorm, we are going to see a wave of underinsurance there, too."

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California Brief
Insight

# RealPage Settlement Shows Algorithmic Pricing Isn't the Enemy

Jan. 16, 2026, 1:30 AM PST

The Department of Justice's settlement with RealPage, a property management company that offers algorithmic pricing software to help landlords price their units, reinforces a principle that courts have repeated for decades: Section 1 of the Sherman Act regulates agreements, not the analytical tools that firms use independently to set prices.

Pricing software has become the backbone of operational decision-making in sectors as varied as:

Airlines, which have depended on yield-management algorithms since the 1980s to determine fares thousands of times a day.
E-commerce platforms, which use real-time data to update prices across millions of Stop-Keeping Units.
Ride-share and delivery networks, where dynamic pricing helps match riders with drivers.
Energy markets, where wholesale operators integrate predictive analytics to balance load and price fluctuations.
Hotels, car rentals, and logistics, where revenue-optimization engines determine inventory levels and day-ahead prices.

None of these systems were designed to facilitate agreements among competitors, and typically they don't do so. They are modern equivalents of what firms have always done: gather data, analyze it, and set prices unilaterally.

The RealPage settlement doesn't disturb this baseline reality. DOJ didn't claim that using pricing algorithms is inherently unlawful, and it didn't attempt to classify algorithms as a per se violation. In fact, the settlement allows the algorithmic software to remain fully operational. DOJ merely worked with the company in question on a straightforward settlement agreement — which included assurances of independent oversight to ensure RealPage remains legally complaint — to get this flawed August 2024 algorithmic pricing case finally resolved.

The clearest judicial guidance came from the US Court of Appeals for the Ninth Circuit in *Gibson v. Cendyn* , a case involving several Las Vegas hotels' use of a shared revenue-management vendor. Plaintiffs advanced the theory now familiar in algorithmic-pricing cases: If competitors use the same software, and the software produces similar pricing recommendations, that must imply an agreement.

The Ninth Circuit rejected that inference outright. The court held that:

Parallel adoption of the same vendor's software doesn't establish a conspiracy.
Independent pricing decisions, even when informed by similar analytics, aren't unlawful.
A Section 1 claim requires allegations tending to show that competitors agreed to follow the software's recommendations or coordinated through the vendor.

The opinion made it explicitly clear that, absent evidence of an agreement, the use of revenue-management tools is lawful and not collusive. Profit-maximizing behavior, even when aided by sophisticated software, isn't probative of a contract.

Far from creating new doctrine, the RealPage settlement and *Gibson* fit neatly within decades of antitrust law. Courts have consistently required evidence of a "contract, combination, or conspiracy," and they have repeatedly rejected efforts to infer agreements from parallel conduct alone. Examples include:

*Matsushita* : Antitrust plaintiffs must present evidence tending to exclude independent action.
*Twombly* : Allegations of parallel conduct don't state a claim without "plus factors" indicating agreement.
*Theatre Enterprises* and *Monsanto* : Conscious parallelism, even when rational and widespread, isn't enough.

This body of law predates algorithms by decades, yet its logic that software that processes information doesn't convert unilateral pricing decisions into coordinated action is more relevant than ever. The antitrust question isn't "did the firm use an algorithm?" but rather "did the firm coordinate with rivals through that algorithm?"

**What's Next?**

The political temptation following RealPage will be to target the technology itself, rather than the conduct the settlement actually addresses. But legislating against "algorithmic pricing" as a category would sweep far more broadly than antitrust law would.

Prohibiting or hobbling revenue management tools would undermine the functioning of airlines, logistics networks, online retail, property management, travel platforms, and utilities, all without advancing the core antitrust goal of preventing agreements in restraint of trade.

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**Write for Us: Author Guidelines**

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# Amid ICE raids, some Home Depot investors want to know how law enforcement uses its surveillance data

**reuters.com**/sustainability/boards-policy-regulation/amid-ice-raids-some-home-depot-investors-want-know-how-law-enforcement-uses-its-2026-01-16

Arriana McLymore, Ross Kerber January 16, 2026

- Investors demand Home Depot assess data privacy and civil rights risks
- Home Depot faces criticism for ICE raids in store parking lots
- Flock Safety's data had been used in immigration enforcement investigations, according to independent media reports

NEW YORK, Jan 16 (Reuters) - A group of Home Depot (HD.N) , opens new tab investors is asking the company to review its partnership with surveillance firm Flock Safety and state how its data is used and shared with law enforcement, following reports by an independent media outlet that the vendor's data has been used in Immigration and Customs Enforcement investigations.
Home Depot locations have become hotbeds for ICE arrests, after U.S. Homeland Security Adviser Stephen Miller said the agency should target the home improvement chain, where migrant day laborers are known to gather.

Investors in several companies are increasingly seeking answers to how U.S. President Donald Trump's immigration policies and enforcement are affecting company operations and reputation.
Zevin Asset Management, a sustainability-minded investor that owns more than $7 million in Home Depot stock, is leading a shareholder proposal with 17 co-filers asking Home Depot to evaluate and report the risks associated with sharing data with third-party surveillance vendors.

Zevin's proposal comes after an investment group that holds shares of Walmart (WMT.O) , opens new tab and Amazon.com (AMZN.O) , opens new tab asked the retailers for details on how the immigration crackdown is affecting their finances and supply chains, and as protests erupt after the fatal shooting of a 37-year-old woman by a U.S. Immigration agent in Minneapolis.
The investor group wants an "assessment of privacy and civil rights risks, including discrimination or wrongful detention from misuse of customer data," according to the proposal seen by Reuters.

"Such practices may expose the Company to financial and legal risks, including potential data breaches and enforcement of evolving state privacy laws," shareholders said in the proposal. "The Company already faces reputational risks stemming from frequent immigration enforcement raids occurring near its stores and heightened public concerns regarding data privacy."

The company's annual shareholder meeting is expected in May.

Shoppers walk through the parking lot of a Home Depot where Immigration and Customs Enforcement (ICE) conducted a federal immigration operation earlier in Indio, California, U.S. December 18, 2025. REUTERS/Daniel Cole Purchase Licensing Rights, opens new tab

Home Depot declined to comment on whether it would reevaluate its contract with Flock Safety or any other surveillance vendors.

The company has faced criticism for ICE raids in its store parking lots, where immigrant day laborers often congregate looking for opportunities to work on construction projects. Some critics have said the company should speak out against the raids, which have prompted protests at some of its stores.
A Home Depot spokesperson said: "We cannot legally interfere with federal enforcement agencies, including preventing them from coming into our stores and parking lots."

Like other retailers, Home Depot collects demographic information including age, race, ethnicity and gender from companies that provide services on its behalf for fraud prevention, security and asset protection, according to its website.

The company discloses the information to "law enforcement, public and government authorities" that it considers "reasonably necessary to comply with law, support investigations, and protect the rights and property."

Home Depot also uses Flock Safety automated license-plate camera readers in its parking lots and in stores. The company does not grant access to its license-plate readers to federal law enforcement, the company spokesperson said. Reports by digital publication 404 Media said ICE agents have used Flock Safety's data for immigration enforcement investigations after being sent the data by local law enforcement. Flock Safety does not have contracts with the Department of Homeland Security or its subagencies, including ICE, according to a source familiar with the matter.

The sharing of Flock Safety data by local police departments with ICE creates "de facto federal surveillance without transparency or consent," the Interfaith Center on Corporate Responsibility, of which Zevin is a member, said in a letter to Home Depot's board of directors seen by Reuters.

The home improvement chain, which is not notified ahead of ICE enforcement, has advised employees to report immigration raids to the company, according to the spokesperson. The raids are recorded in a centralized database. Home Depot gives employees the option to go home, with pay, when these events occur.

Most of the shareholder resolutions, including the one at Home Depot, are nonbinding. A change by U.S. securities regulators could mean fewer such resolutions make it to corporate ballots in 2026. If this one does, the results could show the extent to which investors are worried about the financial implications of Trump's immigration policies.
Reporting by Arriana McLymore in New York and Ross Kerber in Boston; Editing by David Gaffen and Matthew Lewis

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

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News | **United States Supreme Court**

# 'The Technology Is There': Supreme Court Practitioners Quietly Embracing AI

"People are gonna start being being embarrassed by not doing it if they feel that their legal services can be enhanced with the assistance of AI," said Supreme Court lawyer Adam Unikowsky.

January 15, 2026 at 05:05 PM By **Jimmy Hoover**

**U.S. Supreme Court courtroom in Washington, D.C. Credit: Carol M. Highsmith/Library of Congress via Wikimedia Commons**

Lawyers who practice before the U.S. Supreme Court are quietly embracing artificial intelligence to help improve their advocacy to the justices, even as high-profile AI "hallucinations" in court filings have created something of a stigma for lawyers using the revolutionary technology.

In interviews with the *National Law Journal*, prominent Supreme Court advocates reported using generative AI tools in their day-to-day legal practice, including everything from basic legal research to drafting portions of briefs, such as introductions, argument summaries and even questions presented.

"The technology is there," one Supreme Court practitioner told *NLJ,* requesting anonymity*.* "It's usable now. You have to guard against hallucinations, but it has made any one lawyer immensely more powerful and productive. You can generate drafts of stuff that would have taken hours, in minutes."

The lawyer said AI can now perform virtually all of the tasks typically assigned to law firm associates, notwithstanding the occasional hallucination of a fake case citation that could land an attorney in deep trouble.

"It's like having a brilliant associate who's also a schizophrenic," the attorney said. "It's bad for the associates because we will need fewer of them."

Still, it's unclear exactly how widespread AI adoption is among the top firms and lawyers who appear before the nation's top court, an elite club with roots stretching back to figures like Daniel Webster and William Wirt during the golden age of oratory.

Some high court advocates say there is still something of a "stigma" about using AI, largely driven by headlines of attorneys submitting court filings with AI-hallucinated case citations. Indeed, one researcher, Damien Charlotin, has put together a running database documenting more than 800 instances of AI hallucinations in court proceedings around the world.

"Because there have been enough hacks who use it sloppily, it has a bad name at the moment," the lawyer told the *NLJ.*

For that reason, another Supreme Court attorney who likewise preferred to remain unnamed told *NLJ* that he uses AI purely for legal research, rather than actually drafting briefs.

What's more, clients have come around on the idea of their lawyers using AI.

"Clients have gone from saying 'don't use AI' to 'use AI because it will make your work more efficient,'" the lawyer said.

Many businesses, particularly tech companies, are making significant investments in AI themselves and "want to see their law firms doing it for exactly the same reason," he said. "AI is a heckuva lot cheaper than an army of associates."

Indeed, the proliferation of large language models, starting with OpenAI's ChatGPT in late 2022, has led many legal services firms to incorporate AI into their own products. In 2024, the American Bar Association issued its first ethics guidance for lawyers who use AI in their legal practice, warning them to independently verify its output, to safeguard client information and to consult with clients about their use of AI tools.

Appellate lawyers, it appears, are starting to catch on. Last fall, the Appellate Judges Education Institute held a panel featuring "AI specialists" discussing how AI tools "may be used for initial case assessment, legal research, brief writing and opinion drafting."

For their part, the Supreme Court justices seem to be keeping the technology at bay.

Chief Justice John Roberts Jr. predicted in his year-end report two years ago that artificial intelligence will have a significant impact on "how judges go about doing their job." But Justice Amy Coney Barrett assured an audience this past fall that neither she, nor her clerks, were using AI tools in their daily work on Supreme Court cases.

## Are We Really Ready for Robot Supreme Court Lawyers?

One of the few visible AI boosters in the Supreme Court bar is Jenner & Block's Adam Unikowsky, who has written about his experimentation with the technology in his Substack newsletter.

In a blog post last summer, Unikowsky took a Supreme Court case that he actually argued and asked the AI model Claude 4.0 Opus to substitute his actual responses to the justices' questions with AI-generated answers. Next, Unikowsky generated a computer version of his voice through the AI software ElevenLabs and had it read back Claude's own answers.

The result is a stunning, if somewhat alarming, audio file of an AI high court advocate delivering an actual Supreme Court argument.

As Unikowsky noted, the computer's performance was impressive, leading the Jenner & Block lawyer to conclude, "Yes, a robot lawyer would be an above-average Supreme Court advocate." Unikowsky further asserted, "Courts should permit robot lawyers at oral arguments and shouldn't discourage this practice."

In an interview with the *NLJ*, Unikowsky said he has seen widespread enthusiasm from his fellow members of the Supreme Court bar.

"As time goes on, I think there will be more and more adoption both because we're just getting used to the idea of using AI to help us and because the models continue improving," he said. "Today's models are far better than the models of even one year ago, and so the better they get, the harder it's going to be to look away."

Unikowsky even predicted that it's actually going to be a "point of pride" that lawyers are using AI.

"People are going to start being being embarrassed by not doing it if they feel that their legal services can be enhanced with the assistance of AI," he said.

As for whether members of the Supreme Court should embrace the technology as they decide cases, the former clerk to Justice Antonin Scalia was more circumspect.

"In general, I support the judicious use of AI by members of the judiciary," Unikowsky said. "It could speed up judicial opinions. It could ensure that mistakes aren't made. It can allow the judges to ensure that they've heard all the arguments from the parties. You can ask AI, have I missed any arguments from the parties? And AI will carefully read the briefs and answer that question."

However, he said, "I think judges should be very careful."

"I definitely understand concerns about letting AI decide cases, and I don't support that," Unikowsky continued. "But I do think that AI can play a good role, maybe not at the Supreme Court, but certainly in other courts at helping judges decide cases efficiently and accurately."

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News | White Collar Crime

# SCOTUSblog Publisher Tom Goldstein's Criminal Jury Trial Begins in Maryland Federal Court

Tom Goldstein, the heavyweight appellate attorney who argued more than 40 cases before the U.S. Supreme Court, denies all charges in his criminal jury trial in Maryland federal court alleging he committed tax crimes and mortgage fraud while amassing large gambling debts.

January 15, 2026 at 03:58 PM By Sulaiman Abdur-Rahman

## What You Need to Know

- Appellate attorney Tom Goldstein is now standing trial in a case charging him with multiple tax crimes and mortgage fraud.
- Federal prosecutors allege Goldstein amassed large gambling debts and evaded taxes.
- Munger, Tolles & Olson criminal defense attorneys represent Goldstein.

**Thomas Goldstein during Legal Times's 2007 Supreme Court Event. July 11, 2007. Photo: Diego M. Radzinschi/ALM**

The white-collar criminal jury trial against SCOTUSblog publisher Tom Goldstein, founder of the now-defunct Goldstein & Russell law firm, began Thursday with opening statements in Maryland federal court highlighting Goldstein's personal gambling history.

Munger, Tolles & Olson criminal defense attorneys represent Goldstein, who denies all counts charging him with tax crimes and mortgage fraud.

The government's case is being prosecuted by U.S. Department of Justice attorneys and the U.S. Attorney's Office for the District of Maryland.

U.S. District Judge Lydia Kay Griggsby of the District of Maryland presides over the trial, which is expected to feature about four weeks of testimony from expert and fact witnesses.

Goldstein, a heavyweight appellate attorney who argued more than 40 cases before the U.S. Supreme Court, built his former Goldstein & Russell practice into one of the most prominent boutiques in Washington, D.C.

The government alleges Goldstein diverted legal fees owed to Goldstein & Russell to repay millions of dollars in personal gambling debts.

Goldstein has aggressively defended himself since pleading not guilty to all counts handed up in an indictment last January, securing pretrial release after spending three days at the maximum-security Chesapeake Detention Facility in Baltimore last winter.

Prosecutors on the eve of trial permanently dismissed several counts from the operative indictment, moving to present a more streamlined case to the jury.

Griggsby granted the government's motion Monday dismissing with prejudice three counts of tax evasion, two counts alleging Goldstein filed fraudulent tax returns in 2017 and one count alleging Goldstein willfully failed to pay taxes for the 2016 tax year.

Griggsby previously granted a defense motion preventing the government from alleging Goldstein hired sham employees to unlawfully reduce his 2018 tax liability.

The jurors selected for Goldstein's trial are all Maryland residents, and they are expected to deliberate in February over whether the government proved beyond a reasonable doubt its case alleging Goldstein evaded taxes, filed fraudulent tax returns and willfully failed to pay taxes for several tax years.

The jury is also expected to determine Goldstein's fate on three counts charging him with mortgage fraud.

Goldstein could serve several years in federal prison if convicted on any of the white-collar criminal offenses.

*United States v. Goldstein* is being prosecuted by DOJ attorneys Sean Beaty, Emerson Gordon-Marvin and Hayter Whitman plus assistant U.S. attorney Adeyemi Adenrele of the District of Maryland. Whitman delivered the government's opening statement Thursday.

Munger Tolles criminal defense attorneys Jonathan Kravis, Stephany Reaves, Sarah Weiner and Adeel Mohammadi represent Goldstein. Reaves delivered the opening statement on behalf of the embattled SCOTUSblog publisher.

Securities

# White-Collar Enforcement Sinks Under Trump, Group Says (2)

Jan. 15, 2026, 2:21 PM PST

The Trump administration canceled at least 162 corporate enforcement actions and halted 14 more in its first year back in office, according to progressive advocacy group Public Citizen.

The Ralph Nader-founded group said in a report issued Thursday that the administration's retreat had allowed at least 18 corporations to avoid paying $3.1 billion in penalties for misconduct. Public Citizen said that some of the companies had donated to or had other ties to President Donald Trump.

"The Trump administration is canceling accountability for corporate predators that cheat consumers, exploit workers and illegally abuse their power at home and abroad," said Rick Claypool, Public Citizen research director and author of the report.

Some of the cases cited by the group involved cryptocurrency, an area where the Justice Department has said it is scaling back enforcement. Others were cases in which the president pardoned executives convicted of fraud. Public Citizen also pointed to cases brought by the US Consumer Financial Protection Bureau, which the administration has been trying to shut down.

"President Trump is ending Joe Biden's disastrous anti-growth, anti-business agenda of red tape," White House spokesperson Liz Huston said in a statement. "The Trump administration is committed to protecting Americans while unleashing a new era of economic prosperity, which is why GDP growth is smashing expectations and America is the hottest country in the world."

"Under Attorney General Bondi's leadership, we have executed the largest health care fraud take down of all time, charged individuals and companies that have lined their pockets through bribes, and recovered funds for crypto investors that have been defrauded through new twists on traditional investment schemes," a Justice Department spokesperson said in a statement. "Any fraud that harms our citizens will be thoroughly investigated and prosecuted."

(Updates with Justice Department comment.)

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News | **Capital Markets**

# SEC Chair Atkins Wants Quality Over Quantity as Agency Enforcement Slows

"If we reward the staff only for bringing enforcement actions, then we have discouraged the staff from determining not to recommend an enforcement action," said U.S. Securities and Exchange Commission Chair Paul Atkins.

January 15, 2026 at 07:19 PM By **Dan Novak**

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

U.S. Securities and Exchange Commission Chair Paul Atkins, in his first year at the helm, has promised to bring quality cases of accounting and disclosure fraud, insider trading and market manipulation, and not just focus on the quantity of enforcement actions.

Fiscal year 2025 showed a marked decrease in enforcement. The SEC's 313 enforcement actions in FY 2025 were the fewest in 10 years and down 27% from FY 2024, according to a report from Paul, Weiss, Rifkind, Wharton & Garrison.

In FY 2026, which started Oct. 1, securities lawyers expect the SEC to take fewer enforcement actions overall while maintaining a strong interest in compliance.

Atkins, in an October speech, said the commission will not measure its success by the number of enforcement actions or amount of penalties, but the quality of cases brought.

“If we reward the staff only for bringing enforcement actions, then we have discouraged the staff from determining not to recommend an enforcement action,” he said. “The wrong incentives make it more difficult for the staff to follow the evidence and the law wherever it leads and instead encourage the staff to stretch the boundaries of existing law.”

The SEC may also bring fewer cases simply because it has a smaller staff to do so; the agency is expected to have 17% fewer workers this year than in FY 2024.

A smaller workforce means the SEC will need to be more creative and efficient with existing resources to focus enforcement efforts on the most serious violations, said Jan Folena, a former supervisory assistant chief litigation counsel in the agency’s enforcement division.

The agency overall is less focused on enforcement and more centered on reviewing existing rules to make sure they protect investors “without suppressing capital formation or creating market inefficiencies, which are consistent with the goals of the current administration,” added Folena, a partner at Stradley Ronon Stevens & Young.

Enforcement division staff will also likely have less discretion under Akins’ leadership, according to a Paul Weiss client alert.

“Staff will likely need to frame theories within the four corners of securities statutes and regulations and refrain from novel interpretations of the law and regulating by enforcement,” the firm stated.

But Jina Choi, former director of the SEC’s San Francisco regional office, voiced confidence that workforce reductions will not have a great effect on the commission’s ability to bring those bread-and-butter cases.

For staff, the commission “is your client at the end of the day,” she said, adding that the staff still has “a ton of opportunity” to bring meaningful cases with Atkins as chairman.

Folena said she is warning her clients that SEC staff examinations could lead to an enforcement action. During an exam, staff could be looking to ensure compliance with new rules or investigating novel compliance issues involving existing rules, she added.

“My mantra is, 'Don't underestimate the seriousness of an SEC exam,'” Folena said. “You want to ensure that you're treating the exam with the appropriate level of care and looking at it with an enforcement eye so as not to neglect an opportunity to establish a legal defense if you might need one down the line.”

How those enforcement judgments are ultimately weighed at the commission level, however, may be different in the current political moment.

Republicans have a 3-0 control of the commission since Democrat Caroline Crenshaw's term ended in early January and President Donald Trump has not yet picked nominees for the two vacant slots on the five member SEC. By statute, these two members may not be Republicans.

In addition to Adkins, the SEC commissioners are Hester Peirce and Mark Uyeda.

Having a bipartisan commission has a moderating effect on the majority, said Choi, a partner at Gibson, Dunn & Crutcher.

While the commission's votes are typically along party lines anyway, there will not be a dissenting voice or opinion for an indefinite time, Folena said.

"You won't get a public announcement of what the dissent was and why, and that's going to be lacking," Folena added.

Securities

# Audit Oversight Board Set for Renewed Industry-Friendly Strategy

Jan. 16, 2026, 1:45 AM PST

The US audit regulator is poised to welcome a new slate of leaders in 2026, but the watchdog's pivot to prioritize the concerns of the industry it regulates is already underway.

The Securities and Exchange Commission has laid out its agenda for the Public Company Accounting Oversight Board, all while it reviews candidates to steer the audit board through an era of disruption. Private equity investments have replaced traditional partner ownership models, while artificial intelligence has expanded into the biggest firms' core offerings.

Among the PCAOB's new marching orders: be more responsive to the audit firms it oversees, SEC Chief Accountant Kurt Hohl said in December. That includes revamping inspections to focus less on the work of front-line auditors while leaning more heavily on the work of international standard setters to update the board's aging rulebook.

Other priorities, however, could compete for the audit board's attention.

Those include rapid changes in firm ownership that threaten guardrails meant to deliver sound, independent audits. The wave of private equity investments has sparked proposed updates to the profession's ethics code as US regulators contemplate similar rule changes.

The board should prioritize driving audit improvements while managing change, said Helen Munter, former PCAOB inspections director and CEO of Adigeo Consulting LLC. "The challenge is keeping the work going while the board sets its priorities."

**Policy Pivot**

Since 2017, the PCAOB has whipsawed between approaches that first catered to industry aims before favoring investor objectives under successive board chairs. Now, the board is swinging back toward auditors' expectations.

Among Hohl's ideas, any rule-writing, such as overhauling how firms police the quality of their work, should align with international audit standards, which provide a baseline for global firms.

The board delayed the effective date of its quality controls standard, giving firms until December to prepare. Auditors have urged the board to use the yearlong extension to retool its requirements and questioned the need for multiple differing standards.

Hohl also has urged the PCAOB to seek public input on which standards warrant a rewrite and to set up a formal process to help auditors apply its rules. At the same time, new board members will be handed a budget that halves their pay and extracts 9% spending cuts overall.

Preventative steps like giving firms an avenue to vet their audit methods would provide welcome clarity to what can be vague rules, said Joe Lynch, managing director with Johnson Global Advisory, which helps firms navigate PCAOB requirements.

“It’s not being soft,” Lynch said. “It’s getting it right.”

Hohl, who previously held leadership roles in the audit practice at Ernst & Young, also wants to revamp routine firm inspections to focus on the role of top leaders and their audit practice oversight. That would ease pressure on auditors and the need to review individual audits.

The board was forced to shelve several investor-backed rule packages advanced by Biden-era PCAOB Chair Erica Williams in the run-up to Trump’s second term. Auditors decried the rapid rollout of standard changes under Williams as the board pushed to meet longstanding investor demands for tougher rules.

That approach was “misguided,” said Jeff Johanns, associate accounting professor at the University of Texas at Austin. “The PCAOB in its standards setting has to narrow their focus to issues that are timely and critical,” Johanns said.

**Private Equity and Ethics Guardrails**

A wave of private equity groups taking stakes in US accounting firms has transformed the top of the market, with about half of the 30 largest US firms accepting outside capital over the past five years. That’s triggered attention from the audit regulator, which plans to scrutinize PE-backed firms during upcoming inspections.

That industry shakeup also warrants a fresh look at US conflict-of-interest rules and whether they meet the needs of the market, Hohl said.

Meanwhile, the American Institute of CPAs trade group has launched a project to update its own ethics rules setting guardrails for private equity and other ownership structures. A December proposal from the trade group aims to address risks that outside owners could exert undue influence on audit partners through performance targets or compensation.

The private equity boom shattered records last year with more than 80 deals announced. The volume of dealmaking is on pace to hit another record in 2026, said Art Kuesel, a consultant who helps accounting firms vet PE offers.

Outside investors continue to chase the 500 largest firms but even smaller firms could receive inquiries as investors target the sector's steady, recession-proof revenues, Kuesel said.

**AI and the Workforce**

Demand for staff is expected to remain steady in 2026 among the biggest US accounting firms, even as AI lessens the need for entry-level recruits.

"It feels like we're back in 2019 again," said Mark Smith, executive director for US CPA and professional services at SR Staffing.

Industry-wide layoffs since 2024 marked a readjustment in staffing needs after a post-pandemic hiring binge. Some firms also cut staff after inking private equity deals and to separately address a downturn in transaction advisory work.

KPMG and Deloitte cut jobs from their audit and federal contracting businesses respectively. PwC cut 1,500 workers last April, its second mass layoff in a year, and followed up with additional reductions in the fall. The firm also signaled an altered hiring outlook last May when it announced it would scale back campus recruiting and welcome a smaller intern class.

Yet the largest firms have also spent billions of dollars transforming how front-line professionals work and the services they deliver with generative AI and related technologies.

The pivot to AI-backed services alters what roles firms look to fill, with experienced professionals who can stand behind their judgments in demand. Firms also look to fill roles in managed services and transactions work and other in-demand offerings, said Geremy Cepin, executive recruiter and principal with Korn Ferry.

"Hiring has continued in priority areas because firms, they can't afford to step back," Cepin said.

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Securities

Opinion

# Supreme Court Should Side With SEC Fraudster: Stephen L. Carter

Jan. 16, 2026, 3:00 AM PST

No one wants to come down on the side of people who commit fraud. But last week, the US Supreme Court agreed to consider whether the Securities and Exchange Commission might have gone too far in punishing one. And in this unusually fraught political moment, we would do well to ponder the possibility that the fraudster should prevail.

The case in question is Sripetch v. the Securities and Exchange Commission, which, on its face, raises only the technical question of under what circumstances a person who commits securities fraud can be made to disgorge the profits from the fraud. As a matter of practical ethics, “always” might seem the obvious answer. In general, I’d agree. But read on.

The SEC has long and successfully asserted the authority to seek disgorgement of ill-gotten gains as part of its authority to obtain equitable remedies for securities fraud. In 2020, the Supreme Court placed the breadth of that authority in doubt. A year later, Congress adopted an amendment that expressly permits disgorgement as a remedy. Unfortunately, and somewhat amusingly, that amendment failed to define what disgorgement means, who it benefits, or when it is appropriate.

That’s where the problem arises. Disgorgement is part of the common law of restitution and, traditionally, was used to compel the fraudster to transfer the profits of the fraud to the victims. The question is who counts as a victim. Sripetch argues that under the securities laws, investors qualify as victims only if they’ve suffered a pecuniary loss from the fraud. Absent those losses, he contends, disgorgement is inappropriate because there are no victims to whom the money should be returned. In a separate case decided in 2023, the US Court of Appeals for the Second Circuit endorsed this position, ruling that the SEC can force the fraudster to surrender profits only if “the defraauded investors suffered pecuniary harm.” In Sripetch, however, the US Court of Appeals for the Ninth Circuit rejected this argument. The Supreme Court will now resolve this split among the circuits.

I've taught the subject of restitution, and I can state with confidence that the common law provides support for either view. But therein lies the problem. Here, a federal agency insists on its right to define who is or is not a victim, without any clear instruction from Congress. I would think there's a reasonable argument to be made that, for the sake of protecting our rights, agency powers in general should be narrowly construed.

Especially these days.

At the Supreme Court, the Trump administration is supporting the SEC in its claim of a broad equitable power to seek disgorgement even when no victims have suffered pecuniary harm. True, the SEC has been somewhat defanged of late, with disgorgements, in particular, falling in 2025 to the lowest level in at least a decade and a half (after hitting a record high in 2024). But at stake in the case is a larger issue than how much fraudsters must pay. The Sripetch case, in the end, touches upon a fundamental question about, to paraphrase Oliver Wendell Holmes, which square corners must the government turn before being permitted to punish? That is a question that, in the current moment, we should all be soberly pondering.

For example, the Supreme Court's controversial 2024 decision in SEC v. Jarkesy is looking better and better. There, the justices ruled by the familiar 6-3 majority that when the SEC seeks civil damages for civil fraud, it must do so before a jury in the regular federal courts, not before its own administrative law judges, who are by statute — get this — subject to presidential removal for cause. The dissent in that case warned of the majority's "power grab." In retrospect, however, one might reasonably conclude that the greater risk is a power grab in the opposite direction. Does one really want, in the current climate, to leave presidential appointees free to decide on their own whom to fine and how much?

On the same day the court granted review in the Sripetch appeal, the justices agreed to hear challenges by Verizon and AT&T to the Federal Communications Commission's authority to issue fines without a jury trial. The FCC has long fined those subject to its jurisdiction. But with the Oval Office occupied by a president who enjoys punishing those he perceives as enemies and who has also shown a penchant for removing officials at whim, we might perhaps see that there are virtues after all in a more traditionalist approach to the separation of powers. Maybe limits are good.

We can agree that fraud is wicked and that victims should be compensated. But Sripetch presents a much broader question about government authority. If we're serious about cabining executive discretion, forcing Congress to be clear about which remedies agencies may seek might be a good place to start.

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1. The US Court of Appeals for the First Circuit has also held that no showing of pecuniary harm is necessary.
2. The relevant database only goes back to 2010.

# Fannie, Freddie Stock Woes Deepen as IPO Questions Mount

**bloomberglaw.com**/bloombergterminalnews/bloomberg-terminal-news/T8YSTNKGZAL7

Felice Maranz January 16, 2026


## Summary by Bloomberg AI

- Shares of Fannie Mae and Freddie Mac extended days-long losing streaks amid mounting unease about the impact of President Donald Trump's policy moves on efforts to release the mortgage-finance giants from government control.
- Fannie and Freddie common stock both sank around 10% in Friday trading to the lowest intraday levels since late November, with both stocks having tumbled more than 40% from peaks reached in September.
- Recent proposals including requiring Fannie and Freddie to purchase mortgage bonds and remarks casting doubt on an offering anytime soon have further damped optimism about upcoming IPOs that had fueled notable 2025 gains for the two companies.

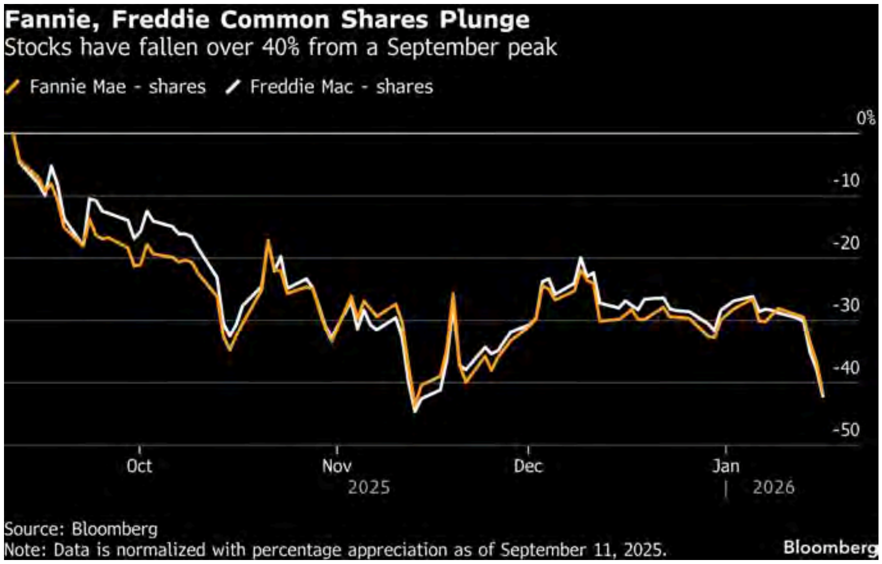

Shares of and extended days-long losing streaks amid mounting unease about the impact of President Donald Trump's policy moves on efforts to release the mortgage-finance giants from government control.

Fannie and Freddie common stock both sank around 10% in Friday trading to the lowest intraday levels since late November, with Fannie falling for a fifth day and Freddie down for a seventh day. Both stocks have tumbled more than 40% from peaks reached in September, but still remain up over 60% from year-ago levels.

Optimism about upcoming IPOs had fueled notable 2025 gains for the two companies, which have been under Washington's control since the financial crisis. Momentum crested after word in August that the administration was contemplating an IPO that could value the enterprises at around $500 billion or more, involving selling 5% to 15% of their stock to raise about $30 billion.

Recent proposals including requiring Fannie and Freddie to purchase mortgage bonds and remarks casting doubt on an offering anytime soon have further damped that optimism. For at Evercore ISI, the "IPO dead" narrative is getting a lot of attention but it's not the full story.

"I have heard some anecdotes of people who have been in this trade for a year and are up a good bit already just deciding now is the time to take profits and get out," the strategist said. He still sees a path forward for the investors, which he described as "not quite full IPO but still a way where there is more upside."




In recent weeks, investors have been assessing a slew of housing-linked proposals from Trump, including directing Fannie and Freddie to [purchase $200 billion in mortgage bonds](), a move he cast as part of an effort to bring down housing costs. There is also speculation about what the president may say regarding housing next week at the World Economic Forum in Davos, Switzerland.

Trump's mortgage-bond directive "adds risk to the balance sheet in the event of future losses," JPMorgan global economist writes in a note.

"To the extent the administration has talked in the past about letting the GSEs go private, levering them up in this way could delay their release from government control," he said, referring to Fannie and Freddie as government-sponsored enterprises.

On Thursday, Federal Housing Finance Agency Director hailed Trump's decision not to sell the mortgage-finance companies during his first term. "Thanks to President Trump's decision to not sell these companies for $100 billion in his first term, Fannie and Freddie are getting stronger every day," he wrote in a post. Earlier this month, Pulte had said Trump would decide on the next steps for the IPOs of Fannie and Freddie in the next month or two.
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# Tesla gets 5-week extension in US probe of Full Self-Driving traffic violations

reuters.com/legal/litigation/tesla-gets-5-week-extension-us-probe-full-self-driving-traffic-violations-2026-01-16

Reuters January 16, 2026

A 2025 Tesla Model 3 self-drives with FSD 14.1.4 software on a freeway in Los Angeles, California, U.S., November 6, 2025. REUTERS/Mike Blake Purchase Licensing Rights, opens new tab

(TSLA.O) , opens new tab a five-week extension to respond to an investigation into whether its vehicles violated traffic laws while the Elon Musk-led company's Full Self-Driving system was engaged.

The National Highway Traffic Safety Administration said on Friday it has extended the deadline for key responses until February 23 after Tesla requested more time to manually review thousands of records to identify incidents that may be relevant.

The probe is part of federal scrutiny of Tesla's driver-assistance technology as regulators examine claims that vehicles using FSD have committed traffic violations.

NHTSA opened a preliminary evaluation in October and in December sent Tesla a sweeping information request seeking data on consumer complaints, field reports, crashes, lawsuits and internal assessments related to alleged violations involving FSD.

The agency has received 62 complaints and identified additional media and crash reports potentially tied to the issue.

In a January 12 request, Tesla said 8,313 records remained to be reviewed and that it could process about 300 per day.

Tesla has also cited the burden of responding simultaneously to multiple NHTSA investigations, including separate probes into delayed crash reporting and inoperative door handles, saying the volume of requests could affect the quality of its responses.

Reporting by Akash Sriram in Bengaluru; Editing by Shinjini Ganguli

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# Visa, Mastercard Defend Swipe-Fee Deal Amid Objections

By **Katryna Perera**

Law360 (January 15, 2026, 5:08 PM EST) -- Visa and Mastercard have again urged a New York federal judge to grant the first green light to a new settlement between the card issuers and a class of potentially millions of merchants to resolve two decades of antitrust litigation, pushing back against objections from Walmart and other merchant industry groups.

Visa and Mastercard **filed a memo** Wednesday noting the November settlement makes "unprecedented and sweeping reforms to the networks' business practices, offers class members significant relief, and avoids the need for a trial and further appeals that plaintiffs could — and, the networks respectfully submit, in all likelihood would — lose."

The **new settlement** would lower fees, with a five-year cap, and give merchants greater flexibility over which cards they accept, saving merchants an estimated $200 billion over the course of the deal, according to the merchant class's experts.

However, last month, Walmart **objected to the deal**, arguing it "trades away" the interests, claims and needed relief of large national merchants and instead only benefits small, local merchants. Walmart asked that the court either reject the proposed settlement and decertify the class or, alternatively, permit class members to opt out or carve out large national merchants from the deal.

Walmart's objections joined **those filed by** the National Association of College Stores, Energy Markets of America and other industry groups, which have argued the deal "does not come close to fixing the swipe fee challenges" faced by merchants.

On Wednesday, however, Visa and Mastercard said the proposed settlement "addresses all key aspects of plaintiffs' complaints regarding the challenged network rules."

"It allows merchants to reject higher-cost credit cards while accepting lower-cost cards, and to surcharge Visa or Mastercard credit cards without doing the same to each network's competitors," the card issuers said.

They also said the raised objections reflect only a "handful of repetitive, boilerplate arguments from a tiny fraction of the many millions of merchants in the class," and that none of the objectors' arguments have merit.

According to Visa and Mastercard, the objectors' challenges to the "substance" of the relief provided by the deal lack reasonableness when compared with the risks of continued litigation and the "significant real-world benefits" the agreement provides.

"The settlement proposes fundamental changes to each of the major disputed practices in this litigation, from which all merchants nationwide — regardless of size, industry, or location — will benefit equitably," the card issuers said.

"In any event, merchants need not take advantage of all forms of relief offered to benefit from the optionality provided by the settlement," Visa and Mastercard further said. "To the extent merchants wish to honor cardholder choice by accepting all cards and declining to surcharge, that reflects thriving competition in the two-sided transaction markets and the value each network provides to cardholders and merchants — not a reason to reject the proposed settlement."

Visa and Mastercard also pushed back against the objectors' argument that the class should be decertified or modified to allow opt-outs, saying the merchants are rehashing arguments already rejected by the court.

Ultimately, the proposed settlement provides "sweeping concessions" by Visa and Mastercard that plaintiffs have long advocated for, "allowing merchants greater flexibility both in choosing which payment forms to accept and in managing their costs of acceptance," according to the memo, and it "exceeds" the plaintiffs' best possible recovery at trial while providing merchants with immediate relief, and therefore, should be approved.

If approved, the settlement is expected to affect more than 12 million merchants in the U.S. Representatives of the class have been battling since 2005 with Visa, Mastercard and several banks over rules set by the credit card companies that allegedly reduced choice and forced merchants to accept higher-fee cards without the ability to refuse them or steer consumers toward ones with cheaper rates.

While they were challenging the rules behind those fees, a separate class **sought only damages** and won a more than **$5 billion settlement**.

The new settlement came about after a New York federal judge raised concerns that an earlier version wasn't enough. Last year, U.S. District Judge Margo Brodie said Visa and Mastercard **could likely tolerate** a "**substantially greater judgment**" than one that would have slashed merchant fees by about $30 billion over five years.

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

The merchants are represented by Alexandra S. Bernay of Robbins Geller Rudman & Dowd LLP, K. Craig Wildfang, Thomas J. Undlin and Ryan W. Marth of Robins Kaplan LLP, and H. Laddie Montague Jr. and Michael J. Kane of Berger Montague.

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

Mastercard is represented by Donna M. Ioffredo, Brette Tannenbaum, William B. Michael, Crystal L. Parker, Paul D. Brachman and Nina Kovalenko of Paul Weiss Rifkind Wharton & Garrison LLP.

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

--Editing by Lakshna Mehta.

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# $332M Colgate-Palmolive Pension Deal Nabs Final Nod

By **Grace Elletson**

Law360 (January 15, 2026, 5:59 PM EST) -- A New York federal judge handed final approval to a $332 million deal ending a class action accusing Colgate-Palmolive of shorting retirees who opted for lump-sum payments, but has yet to rule on the pensioners' attorneys' bid for $99 million in fees.

U.S. District Judge Lorna G. Schofield gave the **final green light** Wednesday to the settlement that closes the Employee Retirement Income Security Act suit brought by former Colgate employee Rebecca McCutcheon. The parties told the court in June that they had reached an agreement, which was **preliminarily approved** by the court in October.

"The relief provided under the agreement — nearly 100% of the residual annuities plaintiffs claimed they were due (plus interest) — is clearly adequate," the judge said Wednesday.

McCutcheon claimed in her 2016 suit that Colgate added an amendment to its pension plan in 2005 that caused the company to miscalculate residual annuities that were provided to plan members who selected lump-sum payments. The parties couldn't agree on how to best interpret the amendment, which provided additional payments to retirees who took lump-sum payments between 1989 and 2005.

The pensioners' attorneys **have requested $99 million** in fees for waging the case, a figure that the court said Wednesday it will consider in a separate order.

The case is McCutcheon et al. v. Colgate-Palmolive Co., et al., case number 1:16-cv-04170, in U.S. District Court for the Southern District of New York.

--Additional reporting by Kellie Mejdrich. Editing by Patrick Reagan.

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# Tinder's $60.5M Deal For Charging Users Over 29 More OK'd

By **Craig Clough**

Law360 (January 15, 2026, 5:11 PM EST) -- A Los Angeles Superior Court judge has granted preliminary approval to a $60.5 million settlement Tinder reached with a class of users who alleged the dating app unlawfully charged subscribers age 30 and older more than younger daters, drawing the decade-long litigation to a close.

Los Angeles Superior Court Judge Laura A. Seigle on Wednesday preliminarily approved an unopposed motion by lead plaintiff Allan Candelore in the class action, which stems from claims that the dating app charged people 30 and older a higher rate than those under 30 for the same subscription benefits.

"Based on information and discovery provided by Tinder the $60.5 million settlement is expected to more than fully compensate the class members for all amounts by which Tinder overcharged them due to their age," Kimberly A. Kralowec of Kralowec Law PC, who represents the class, said in a declaration to the court about the settlement.

According to Kralowec, depending on how the deal is calculated, the settlement covers between 160% to 376% of the economic harm the class of around 268,000 California Tinder users suffered for age discrimination from March 2, 2015, through Sept. 30, by overpaying for Tinder Plus and Tinder Gold by approximately $16.144 million.

"The settlement represents 376% of this amount. If estimated pre-judgment interest at the rate of 7% per annum is added, the class members overpaid by approximately $24.846 million," Kralowec said. "The settlement represents 243% of this amount."

The suit, filed in 2015, alleged Tinder's age-based pricing violated California's Unruh Civil Rights Act and Unfair Competition Law. After the suit was initially dismissed, that ruling was reversed on appeal, and the case was also stayed several times pending the outcome of a **federal case** with overlapping claims.

The Ninth Circuit twice threw out settlements reached in the federal case, with the second ax falling in 2023 when the circuit **held** that the class representative had a conflict of interest and failed to vigorously litigate on behalf of the proposed class before agreeing to the deal.

In the instant case, the court granted class certification on July 15, 2024, but in January 2025, the court stayed the case again pending Tinder's appeal, denying motions to compel arbitration.

After the Ninth Circuit threw out the federal settlement in 2023, Tinder "became willing, for the first time, to engage in settlement discussions with class counsel," according to Kralowec's declaration to the court.

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

The class is represented by Kimberly A. Kralowec and Kathleen Styles Rogers of Kralowec Law PC, Alfred G. Rava of Rava Law Firm, and Michael Rubin, Eve H. Cervantez and Jonathan Rosenthal of Altshuler Berzon LLP.

Tinder is represented by Robert H. Platt, Donald R. Brown, Benjamin E. Strauss and Alexandra N. Hill of Manatt Phelps & Phillips LLP.

The case is Allan Candelore v. Tinder Inc., case numberBC583162, in the Superior Court of the State of California, County of Los Angeles.

--Editing by Drashti Mehta.

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# Musk Slams SEC's 'Premature' Bid For Twitter Buy-Up Win

By **Emilie Ruscoe**

Law360 (January 15, 2026, 8:47 PM EST) -- The U.S. Securities and Exchange Commission shouldn't be handed an early win on its claims Elon Musk didn't make timely disclosures of his stake in Twitter when the regulator hasn't yet produced discovery in the matter, the tech billionaire has argued.

In a Wednesday filing in Washington, D.C., federal court, Musk told U.S. District Judge Sparkle L. Sooknanan that she should deny the SEC's "grossly premature" motion for summary judgment because the regulator has asked for a finding of liability "while playing hide-the-ball with nearly three years of investigative materials."

"Under [the relevant federal rules of civil procedure] and this circuit's precedent, summary judgment must be denied when the nonmovant demonstrates that it needs discovery to oppose the motion — a showing Mr. Musk readily makes here given the SEC's complete denial of discovery," Musk said Wednesday.

Musk also asserted that the SEC seeks "hundreds of millions of dollars in monetary relief" against him, a penalty bid that he said shows "unconstitutional selective enforcement" because in similar cases it's only sought tens or hundreds of thousands of dollars.

In its August summary judgment bid, the SEC asked Judge Sooknanan to find Musk missed the window to file a public beneficial ownership report showing he'd amassed a stake of over 5% in the social media platform then known as Twitter.

"There is no dispute that Musk missed the deadline," the SEC said in its motion, citing Musk's own acknowledgment that he made the revelation a day after the 10-day period during which he was required to submit it.

The regulator also asserted that discovery wasn't necessary to decide the motion because the rule applied to Twitter's stock and Musk acquired over 5% of its stock.

"Failure to file within ten days is a violation of [the filing requirements], irrespective of a filer's intent," the SEC said in its filing.

The SEC said it was accusing Musk of "a straightforward, strict liability violation of important public reporting requirements under the federal securities laws," citing a 1988 finding in the District for Washington, D.C., that the filing requirements are "a vital public function to alert the marketplace to every large, rapid aggregation or accumulation of securities."

Musk pushed back against those assertions, telling the court that the filing requirements require a showing of at least negligence on the part of the person required to file.

Because the SEC must show Musk "failed to exercise reasonable care, genuine disputes of material fact regarding Mr. Musk's extensive efforts to comply with the law ... preclude summary judgment," the SpaceX and Tesla CEO said, pointing out that the record showed he'd consulted with financial professionals and ultimately filed on the first business day after his adviser told him they'd previously misinterpreted the filing requirements.

Musk also referenced constitutional challenges he'd included in his August motion to dismiss the claims, including his argument that the filing requirements were "unconstitutionally vague" because they didn't specify whether the 10 days were "business" or "calendar" days and his argument that the SEC hadn't shown a compelling governmental interest in the speech compelled by the filing requirements in violation of the First Amendment.

He has also claimed the allegations violate the Constitution's equal protection and due process clauses, contending that "only a limited record exists regarding the SEC's enforcement history for comparable violations," and has asserted that the court has "cannot grant summary judgment when the government has repeatedly conceded — including before the Supreme Court — that the SEC's removal structure violates Article II."

The Wednesday brief also references the U.S. Supreme Court's **recent decision to hear** a case that may resolve a circuit split on whether the SEC must prove investor harm in order to secure disgorgement from alleged fraudsters.

Musk said Wednesday that he "never sold any Twitter shares during the alleged violation period and whose disclosure caused no pecuniary harm to any investor," asserting that the case before the high court "bears directly on the SEC's unprecedented" disgorgement bid in its against him.

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

The SEC is represented in-house by Zachary Avallone and Melissa Armstrong.

Musk is represented by Alex Spiro, Sarah Heaton Concannon and Rachel Frank of Quinn Emanuel Urquhart & Sullivan LLP.

The case is U.S. Securities and Exchange Commission v. Musk, case number 1:25-cv-00105, in the U.S. District Court for the District of Columbia.

--Additional reporting by Jessica Corso. Editing by Jay Jackson Jr.

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