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Four Witnesses, No Bag of Cash on Day Six of Goldstein Trial (1)

Jan. 21, 2026, 3:00 PM PST; Updated: Jan. 21, 2026, 4:18 PM PST

Summary by Bloomberg AI

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- A New York lawyer testified on behalf of the government at Tom Goldstein's tax evasion and false statements trial, saying his firm made a \$500,000 "investment" in Goldstein's poker matches.
- Prosecutors say Goldstein mischaracterized gambling-related expenses as business expenses and concealed income from the IRS, and also diverted a \$250,000 payment for legal services to his personal account.
- The government's case includes testimony from former office managers and other witnesses, with prosecutors claiming Goldstein used his law firm's business account to repay part of the investment and mischaracterized the transfer as legal fees.

A New York lawyer whose firm made a \$500,000 "investment" in Tom Goldstein's poker matches against real estate mogul Bob Safai in 2017 testified on behalf of the government at Goldstein's tax evasion and false statements trial Wednesday.

I thought it would be a "fun, interesting investment," Paul Napoli of Napoli Shkolnik PLLC told the jury.

Goldstein is facing one count of tax evasion, eight counts of aiding and assisting in the preparation of false and fraudulent tax returns, four counts of willful failure to pay taxes and three counts of making a false statement on a loan application. Among other things, prosecutors say he mischaracterized gambling-related expenses as business expenses and concealed income from the IRS.

Goldstein didn't say anything about having lost money to Safai when he pitched the investment, Napoli said. As far as he knew, he had made "tens of millions" playing high-stakes poker.

Napoli was one of four witnesses who testified on the third day of the government's case in chief, including two of Goldstein & Russell's former office managers.

The jury also heard from Darren Robbins of Robbins Geller Rudman & Dowd LLP, whose testimony centered on a \$250,000 payment his firm made for legal services that Goldstein allegedly diverted to his personal account.

The agreement between G&R and Robbins Geller provided for a total of \$500,000 in legal fees, with the possibility of a \$100,000 bonus, for Goldstein's assistance with an appeal.

Part of the fee was wired to G&R, and part of it was wired to Goldstein's personal account at Goldstein's request. Robbins didn't think anything of it and said Goldstein never asked him for help hiding the money.

"In fact, that wouldn't have made any sense, because your firm is required to disclose to the IRS the payments that you make to Mr. Goldstein's firm, right?" counsel for Goldstein, Jonahtan Kravis, asked.

"I assume so," Robbins said.

Robbins was aware of Goldstein's gambling and said Goldstein had asked him if he'd like to invest "in some kind of card gambling." Robbins declined.

Prosecutors had hoped to introduce a illustrative "bag of cash" through one of the former office managers. They said it would help jurors decide whether the \$970,000 in cash that Goldstein brought into the US from Hong Kong in October 2018 was really a loan, as Goldstein claims. But Judge Lydia Kay Griggsby excluded the exhibit.

"I don't see how this bag speaks at all to whether or not the cash was a loan—I don't see what the probative value would be at all," Griggsby said.

'Fun, Interesting' Investment

A few months after Napoli Shkolnik made its \$500,000 investment in Goldstein's gambling, the firm's CFO asked Goldstein to return the money because the plaintiffs' firm needed the cash. She got the runaround, Napoli said.

Goldstein eventually repaid \$375,000 of the investment, plus around \$90,000, purportedly for Napoli Shkolnik's share of his poker profits. But Goldstein held on to the remaining \$125,000.

Napoli Shkolnik owed him the same amount for outstanding legal fees, and Goldstein said he'd return the investment once he collected the fees, according to Napoli's testimony.

Ultimately Napoli said his firm wrote off the \$125,000 at the end of 2017, as well as the \$125,000 they owed Goldstein. Napoli said he "more or less" got his money back.

Among other things, prosecutors claim Goldstein used his law firm's business account to repay \$175,000 of the investment and then mischaracterized the transfer as legal fees.

The other witnesses Wednesday were Molly Runkle and Jonathan Levitan. The former G&R managers testified extensively about acting as intermediaries between Goldstein and his accountants. Runkle initially took the stand Tuesday. Levitan will complete his testimony Thursday.

The government appeared focused on showing that their actions related to the firm's taxes and accounting were all taken at Goldstein's direction.

Goldstein is represented by Munger Tolles and Olson LLP.

The case is United States v. Goldstein, D. Md., No. 8:25-cr-00006, 1/21/26 .

(Adds paragraph three to provide additional context for the testimony)

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Law firm chief recounts 'crazy' bet on Washington lawyer Goldstein's poker play

1/21/26 REUTERS LEGAL 22:04:39 • Copyright (c) 2026 Thomson Reuters • Mike Scarcella

REUTERS LEGAL • January 21, 2026



(Fixes typographical error in headline)

By Mike Scarcella

WASHINGTON, Jan 21 (Reuters) - Two law firm leaders testified on Wednesday at the U.S. criminal tax trial of Tom Goldstein, telling jurors about the chances they took — or avoided — to invest in the former U.S. Supreme Court lawyer's side career as a high-stakes card player.

Paul Napoli of plaintiffs' firm Napoli Shkolnik said he and a law partner in 2017 invested \$500,000 of their firm's money to back Goldstein in poker matches. His firm's chief financial officer thought the move was "crazy," Napoli testified, but he said the firm eventually took in \$90,000 in profit.

The other lawyer, Darren Robbins of class action firm Robbins Geller Rudman & Dowd, said Goldstein also presented him a chance to invest in his games. Robbins said he declined the opportunity.

The testimony came on the third day of trial in the federal court in Greenbelt, Maryland, where Goldstein was indicted last year for allegedly failing to report millions of dollars he won in poker games, lying on loan documents and making improper payments through his law firm Goldstein & Russell.

Goldstein, who argued more than 40 cases before the Supreme Court before retiring in 2023, pleaded not guilty. He has maintained he acted in good faith at all times, relying on his accountants and law office managers for tax and financial matters.

Prosecutors have portrayed Goldstein as a "high roller" who deceived those around him to help fuel multimillion-dollar poker matches around the world.

Napoli said his firm's investment made sense since he knew Goldstein for years and considered him a skilled and intelligent person.

"We thought it would be a fun, interesting investment," Napoli said. He added: "He had told us that he made tens of millions of dollars and was betting high stakes, big pots of money."

Napoli recalled making a months-long effort to recover the \$500,000 in 2017, as his firm sought a cash infusion for litigation. He said he was facing pressure from the firm's CFO to get the money back.

Goldstein was being a "jerk" about refunding the cash, Napoli told jurors. He said he was "suspicious" about why he couldn't quickly get back the firm's investment.

Napoli said the firm ultimately received all the money except for \$125,000, which it did not pursue because it was later offset by legal fees owed to Goldstein in a legal case their firms handled together.

Goldstein's lawyer Jonathan Kravis said Napoli knew he was not guaranteed to make money from his firm's investment.

Napoli told jurors that his firm continued to work with Goldstein on legal matters for years despite frustration over the poker investment. Napoli said he gave Goldstein "a lot more money on other cases."

References

[ROBBINS GELLER RUDMAN & DOWD LLP; US SUPREME COURT](#)

4th Circuit slashes Under Armour D&O coverage by \$100 million

2026 INSDBREF 0293 • By Nicole Banas

WESTLAW Insurance Daily Briefing • January 22, 2026

(January 22, 2026) - Insurers for Under Armour Inc. have persuaded a federal appeals court to reverse a lower court ruling for the sportswear company in a coverage dispute involving alleged securities fraud.

Navigators Insurance Co. et al. v. Under Armour Inc., No. 25-1068, 2026 WL 137123 (4th Cir. Jan. 20, 2026).

Claims related to shareholder lawsuits and government investigations of Under Armour constitute a single claim first made under the company's 2016-2017 directors and officers' liability policy, a panel of the 4th U.S. Circuit Court of Appeals ruled Jan. 20.

The ruling precluded Under Armour from accessing coverage from a subsequent policy, effectively reducing its coverage from \$200 million to \$100 million.

A \$100 million dispute

The coverage dispute stemmed from nearly a decade of legal troubles that began after one of Under Armour's major customers, Sports Authority, filed for bankruptcy in 2016.

Under Armour's subsequent optimistic statements about its financial prospects led to a proposed securities class action and shareholder derivative lawsuits in 2017 and 2018, according to the 4th Circuit opinion.

The Securities and Exchange Commission also began investigating Under Armour's accounting practices in 2017 to determine whether it had improperly "pulled forward" sales from future quarters to meet its quarterly revenue growth targets.

After the SEC probe became public in 2019, Under Armour shareholders amended their suit to include allegations related to the accounting misconduct. The company ultimately settled the securities litigation for \$434 million and an SEC enforcement action for \$9 million, the opinion said.

Under Armour's excess D&O insurers filed a declaratory judgment action in the U.S. District Court for the District of Maryland in 2022, asserting that they owed no coverage for the policy period from March 31, 2017, to April 30, 2018.

They argued that the policy and an endorsement contained a "single claims provision" that reduced Under Armour's available coverage to that provided by a previous policy. The government investigations and shareholder suits are part of a single claim arising from the same or interrelated wrongful acts, the insurers alleged.

Under Armour filed a counterclaim for coverage, arguing that the SEC investigation involved different conduct than the shareholder suits and they constituted separate claims under the 2017-2018 policies. Both parties filed cross-motions for judgment on the pleadings in 2023.

The District Court granted Under Armour's motion in 2024, ruling that claims arising from government investigations of the company's accounting practices involved different "wrongful acts" than the shareholder suits, which focused on the company's financial forecasts.

'Logically and causally related'

After the District Court certified the order for appeal, Navigators Insurance Co. and eight other excess insurers argued on appeal that the underlying matters constituted a single claim first made before the 2017-2018 policy.

The 4th Circuit agreed that the policy language required both types of conduct to be treated as a single claim.

Under Armour's alleged accounting manipulation was "logically and causally related" to its optimistic public forecasts, U.S. Circuit Judge A. Marvin Quattlebaum Jr. wrote for the panel.

"The effect of both was to maintain the appearance of financial strength" and create "an illusion of continued growth," the panel said.

The SEC explained as much in its administrative settlement order, saying that the alleged "pull forwards" allowed Under Armour to maintain a streak of at least 20% revenue growth in two quarters of 2015 and 2016, the panel noted.

Under Armour cited only nonbinding cases with different factual circumstances in arguing that the conduct was unrelated, the 4th Circuit concluded.

Richard A. Simpson of [Wiley Rein LLP](#) argued the case for the appellants. Michael T. Sharkey of [Perkins Coie LLP](#) argued for Under Armour.

By Nicole Banas

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Article: Robbins Geller seeks \$112 million fee in Under Armour settlement [2024 SECDBRF 2173](#)

Date: October 4, 2024

Attorneys representing shareholders who scored a historic \$434 million settlement in a securities class action against Under Armour Inc. are asking a federal judge to award them more than 25% of the settlement amount.

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Companies

Under Armour Inc., Navigators Insurance Co.

Win for Insurers: Court Weighs Directors & Officers Policies

The court found Under Armour's allegedly misleading public financial forecasts and accounting practices were a single claim—not two—under the policy.

January 21, 2026 at 03:26 PM By  **Emily Cousins**



The U.S. Court of Appeals for the Fourth Circuit handed a win to insurers, when it found allegations against Under Armour Inc.—for misleading financial statements and accounting practices—are one claim under directors and officers insurance policies, capping coverage at \$100 million.

The District Court of Maryland had ruled the legal claims and government investigations involving the two types of conduct against Under Armour were separate claims, allowing an additional \$100 million in coverage for the company.

But the Fourth Circuit's opinion reversed this decision, finding the allegedly misleading public financial forecasts and accounting practices are a single claim under the policy because they are "logically or causally related."

The plaintiffs—Navigators Insurance Co., Swiss Re Corporate Solutions America Insurance Corp., Freedom Specialty Insurance Co., Allied World National Assurance Co., QBE Insurance Corp., Continental Casualty Co., XL Specialty Insurance Co., National Union Fire Insurance Company of Pittsburgh, PA and Argonaut Insurance Co.— were represented by attorney Richard A. Simpson of Wiley Rein.

Sarah Richmond, spokesperson for Wiley Rein, declined to comment.

Under Armour faced years of litigation in a securities class action, shareholder derivative demands and an investigation by the Securities and Exchange Commission. The company settled the securities litigation for \$434 million and settled with the SEC for \$9 million.

Under Armour had \$100 million under its 2016-2017 D&O policy and an additional \$100 million in coverage under its 2017-2018 policy. Under Armour claimed the government investigations were not "sufficiently related" to the securities and derivative litigation. The company argued these involved separate conduct and losses.

Under Armour was represented by Michael T. Sharkey of Perkins Coie. Sharkey did not respond to a request for comment.

The district court agreed and concluded the government investigation qualified as claims made during the 2017-2018 policy, and the complaint and shareholder demands fell under the 2016-2017 policy.

The Fourth Circuit agreed that the SEC focused on Under Armour's accounting practices, but the investigation began involving the allegations involving the company's public forecasts. In any case, the appellate court said the two are related.

"This accounting manipulation is reasonably and rationally connected to the optimistic public statements about Under Armour's financial condition," the opinion stated.

The court also recognized the appeal involved "high stakes" of \$100 million, "but these financial implications do not allow us to disregard the plain meaning of the parties' insurance policy. The terms of the policy matter."

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ISS Releases Top 100 Securities Suit Settlements List

K [dandodiary.com/2026/01/articles/securities-litigation/iss-releases-top-100-securities-suit-settlements-list-2/](https://www.dandodiary.com/2026/01/articles/securities-litigation/iss-releases-top-100-securities-suit-settlements-list-2/)

Kevin LaCroix

January 22, 2026



According to the latest report from ISS Securities Class Action Services, there were two court-approved securities class action lawsuit settlements in 2025 large enough to make the firm's annual list of the Top 100 U.S. Class Action Settlements. These two 2025 settlements took place in a year in which the number of cases resolved, average and median settlement amounts, and even the number and total value of "mega settlements" (\$100 million+) all declined compared to 2024. The details of the 2025 court approved settlements, including with respect to the two largest of the year, can be found in the ISS SCAS report, [here](#).

The 115 court-approved U.S. monetary securities class action settlements in 2025 represents a 15% decrease from the 136 settlements in 2024. The aggregate total value of the 2025 settlements also declined, to an even greater extent than the decline in the settlement numbers might otherwise suggest. The total value of the 2025 settlements was \$3.58 billion, compared to \$4.75 billion in 2024, representing a decline of nearly 25%.

The average settlement amount also declined, to \$31.1 million in 2025, from \$34.9 million in 2024, representing a decline of about 11%. The median 2025 settlement was \$13 million, slightly below the 2024 median securities-related settlement of \$13.5 million.

During 2025, there were eight "mega settlements" (\$100 million+) totaling more than \$1.6 billion, representing about 45% of the year's total. By contrast, in 2024, there were ten mega settlements, collectively amounting to more than \$2.4 billion, or about half of the aggregate value of the 2024 settlements.

Of the 115 U.S. court-approved monetary securities class action settlements in 2025, two were large enough to make the all-time Top 100 list, contributing \$796 million in aggregate value, or about 20% of the total 2025 securities class action settlement value. The two cases that made the list are the Alibaba Group Holdings Ltd. settlement of \$433.5 million, good enough for 48th on the all-time list; and General Electric Co. settlement of \$362.5 million, good enough for 56th on the all-time list. (By way of comparison there were four settlements in 2024 that were large enough to make the all-time list.)

Readers may be interested to know that the 2025 average time to settlement (representing the duration of the full case lifecycle from initial complaint to final settlement approval) was 3.5 years, slightly shorter than the 3.7 years average in 2024.

Readers may also be interested to know just how big a securities class action lawsuit settlement has to be to make the Top 100 list. The answer is \$200 million – in other words, even a nine-figure settlement less than \$200 million is not big enough to make the list. Indeed, a settlement of \$1 billion is not even good enough to make the top ten list, unless it exceeds \$1.142 billion. (A \$1 billion settlement would in fact tie for 17th on the list.) A settlement would have to come in over \$500 million just to come in 32nd on the list.

Because there are actually five cases tied for the 100th spot on the list (at \$200 million), the Top 100 list actually includes 104 settlements. Of the 104 settlements on the list, 95 had institutional investor lead plaintiffs, while nine had non-institutional investor lead plaintiffs.

Among the plaintiffs' law firms, the plaintiffs' firm with the most cases on the list in which the firm served as lead counsel or co-lead counsel is the Bernstein Litowitz firm, which has 37 cases on the list (include three of the top ten), followed by the Robbins Geller firm, which has 24 of the settlements on the list (including three of the top ten). The Bernstein Litowitz firm also has cases on the list that aggregate to the highest value from among the settlements on the list, totaling \$27.3 billion, followed by the Robbins Geller firm, with cases on the list totaling \$20.1 billion. The Robbins Geller firm's cases include the largest settlement of all time, the Enron case, which had total settlements of \$7.242 billion.

In terms of settlements on tap to receive possible court approval in 2026, there are several settlements announced in 2025 that seem poised to make the list this year: the \$740 million Didi Global, Inc. (which would be good enough for 24th on

this year's list); the Rivian Automotive \$250 million (good enough to tie for 83rd on this year's list); the \$239 million Celgene settlement (good enough for 86th on this year's list); and the \$210 Fidelity National Information Services settlement (good enough to tie for 97th on this year's list). Although it is not big enough to make the list, the \$179 million Acadia Healthcare settlement also likely will receive court-approval in 2026. These five settlements alone combine for \$1.6 billion. Due to these and other considerations, the ISS SCAS report suggests that 2026 could "outperform" 2025, and even possibly 2024.

Special thanks to Donald Grunewald of ISS SCAS for providing me with a copy of the Top 100 report. Don is the Director of Litigation Analysis at ISS SCAS.

Securities

Bread Financial Fends Off Investor Suit Over Predecessor Spinoff

Jan. 21, 2026, 3:33 PM PST

Loyalty Ventures Inc. investors can't resume their proposed securities fraud class action against Alliance Data Systems Corp., now known as Bread Financial, over the spinoff's bankruptcy, the Sixth Circuit ruled Wednesday.

The investors didn't adequately allege that Alliance misrepresented Loyalty's health before shedding the customer rewards operator, Judge Chad A. Readler said for the US Court of Appeals for the Sixth Circuit. They also failed to show Alliance's top executives had the necessary level of intent for securities fraud, Readler said.

Loyalty sold its Canadian Air Miles reward program to Bank of Montreal as part of its 2023 Chapter 11 case in the US Bankruptcy Court for the Southern District of Texas and parallel Canadian restructuring proceedings.

The Loyalty investors—two Newtyn Management funds—led the proposed class action, saying Alliance withheld information that a key retail “sponsor” of the rewards program, the Canadian grocery chain Sobeys, was considering terminating its contract with Loyalty. And Loyalty's registration statement touted its “deep, long-standing relationships with large consumer-based businesses,” the funds alleged. Alliance made the statements to help the spinoff deal go through, they said—resulting in the new Loyalty company making \$750 million in cash distributions to Alliance as part of the arrangement.

Departing sponsors, including Sobeys, led to stock drops and made it hard for Loyalty to service its debt, sending it into bankruptcy.

“The Sobeys-related statements instead amount to little more than the type of puffery that is ubiquitous in the corporate world,” Readler said. To the extent the statements were forward-looking, they were accompanied by cautionary statements, he said.

And the funds made insufficient “secondhand” allegations about intent, or scienter, he said.

Saxena White PA represented the Newtyn funds. Davis Polk & Wardwell LLP represented Alliance and one individual defendant. Norton Rose Fulbright US LLP represented two individual defendants.

The case is Newtyn Partners, LP v. Alliance Data Sys. Corp. , 6th Cir., No. 25-3313, 1/21/26 .

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Securities

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Deep Sea Miner TMC Beats Investor Suit Over Debt Accounting Fix

Jan. 22, 2026, 9:02 AM PST

Summary by Bloomberg AI

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- TMC The Metals Co. defeated allegations it misled investors over debt levels and accounting abilities for complex transactions.
- Investors failed to allege any of TMC's statements about its accounting of a partnership with Low Carbon Royalties Inc. were false, according to Judge Percy Anderson.
- The judge dismissed the proposed class action, saying the investors' "conclusory assertions without factual support simply do not suffice" to establish intent or deliberate recklessness to defraud investors.

TMC The Metals Co. defeated allegations the ocean floor miner misled investors over debt levels and accounting abilities for complex transactions before announcing it would revise certain 2023 financial statements.

Investors failed to allege any of TMC's statements about its accounting of a partnership with Low Carbon Royalties Inc. were false, Judge Percy Anderson said. Nor did the investors support their allegations with claims executives didn't consult with accounting experts, didn't believe in TMC's accounting capabilities, or knew procedures were faulty when sharing the accounting methodology for a royalty it granted Low Carbon in their deal, the US District Court for the Central District of California judge said.

Echoing his dismissal of their previous complaint, Anderson in an in-chambers order docketed Wednesday said the investors' "conclusory assertions without factual support simply do not suffice." His dismissal was docketed as TMC's share price surged with news about US regulators' accelerating deep-sea mining permitting processes.

The investors also insufficiently pleaded CEO Gerard Barron's or Chief Financial Officer Craig Shesky's intent or deliberate recklessness to defraud investors—scienter—the judge said in tossing the proposed class action with finality. They failed to allege "any motive involving personal profit or deceptive conduct or any particularized allegations to suggest deliberate recklessness."

Claims executives knew they hadn't fixed accounting issues didn't raise an inference of scienter—at most, investors alleged reckless failure by the fledgling company to repair accounting systems, he said. "But mere recklessness does not amount to deliberate recklessness, as needed to establish scienter."

Investors sued after TMC said financial statements for the first three quarters of 2023 needed restatement to reclassify the transaction as a royalty liability. TMC's stock price plummeted more than 13% to close at \$1.35 the next day. The suit alleged TMC had a history of misstating financials, then correcting them with promises of bolstering its accounting abilities.

"We welcome the Court's decision," a TMC spokesperson said in an emailed statement. "For the second time, the action has been dismissed in its entirety."

TMC overcame a different investor proposed class action last year tied to its blank-check merger to go public.

Mining Permits

The company said Thursday it submitted a consolidated exploration license and commercial recovery permit application to National Oceanic and Atmospheric Administration for mining in the Pacific Ocean.

The streamlined process, which became effective Wednesday, came from the NOAA updating regulations under the act governing deep-sea mining exploration and commercial recovery in areas beyond US jurisdiction. President Donald Trump last year signed an executive order to expedite US licensing of seabed mining, touting it for national security reasons.

The ocean floor hasn't been mined commercially, with the seabed mining industry facing opposition over environmental concerns and other issues.

The Rosen Law Firm PA is lead counsel for the proposed class, which aimed to cover those who acquired TMC securities from May 12, 2023, through March 25, 2024. Attorneys didn't immediately respond to an email seeking comment.

Latham & Watkins LLP represents TMC, Barron and Shesky.

The case is *Lin v. TMC The Metals Co. Inc.*, C.D. Cal., No. 2:24-cv-09684, dismissal entered 1/21/26 .

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L.A. City Pension System Can Seek Fiduciary Duty Breach Claim Over Workplace Sexual Misconduct, Judge Says

The opinion from the Delaware Court of Chancery addresses an element of closely watched Caremark litigation: whether workplace misconduct of a sexual nature can be the type of company-harming corporate activity that supports a breach of fiduciary duty claim.

January 21, 2026 at 03:37 PM By  **Ellen Bardash**



Photo: Andrey Popov/Adobe Stock

This article was first published by Delaware Business Court Insider.

The Los Angeles City Employees' Retirement System and other shareholders can proceed with the majority of their claims as they attempt to hold real estate company eXp World Holdings Inc. liable for its handling of workplace sexual assault allegations, Delaware Chancellor Kathaleen St. J. McCormick has concluded.

The [opinion](#) addresses an element of *Caremark* litigation that's been closely watched in recent years: whether workplace misconduct of a sexual nature can be the type of company-harming

corporate activity that supports a breach of fiduciary duty claim.

McCormick granted dismissal of a claim that a "control group" within eXp breached its oversight obligations, but declined to dismiss all other claims against CEO Glenn Sanford and other directors.

The case is based on the eXp board's response to allegations that two of its agents, Michael Bjorkman and David Goldman, drugged and raped other agents at eXp-sponsored events for years, with more than a dozen other eXp agents alleged to have participated. The defendants in the Chancery case are alleged to have harmed the company by failing to respond to or actively covering up reported instances of sexual assault and harassment, not to have participated in the alleged assault.

The opinion states after accusations against Bjorkman were posted on social media, the company terminated Bjorkman but continued paying him, and that eXp's board did not respond to allegations made by an agent in a memo to executives or when a whistleblower raised the issue at board meetings.

Three anti-trafficking lawsuits were filed against eXp in 2023 and 2024 in California and Nevada federal courts.

The retirement system known as LACERS was represented by Bernstein Litowitz Berger & Grossmann and the office of the Office of the Los Angeles City Attorney. Labaton Keller Sucharow represented the other plaintiff, the Building Trades Pension Fund of Western Pennsylvania.

The decision is thought to be the first time the Court of Chancery has allowed corporate oversight claims related to sexual misconduct to move forward, said Rebecca Boon, the Bernstein Litowitz partner who argued the motion for the plaintiff. It also resolved tension between two other Chancery decisions that involved allegations of corporate liability for sexual harassment: Vice Chancellor J. Travis Laster's 2023 resolution of [claims against McDonald's](#), and Vice Chancellor Lori W. Will's [opinion](#) in *Brola v. Lundgren*, which was released in December.

"Now we have Chancellor McCormick going through this robust discussion of Delaware legal principles to explain why sexual misconduct can absolutely support a claim for breach of fiduciary duty," Boon said. "The implications are that we may see more derivative lawsuits attempting to address this type of sexual misconduct, which in my opinion would be a wonderful thing to see."

Richards, Layton & Finger, Morris James, Abrams & Bayliss and Chipman Brown Cicero & Cole represent eXp board members Sanford, Randall Miles, Jason Gesing and Eugene Frederick, respectively. K&L Gates and Young Conaway Stargatt & Taylor represent eXp and its chief legal

counsel, James Bramble. Attorneys representing the defendants did not immediately respond for comment.

McCormick wrote: "Reaching the conclusion as to Sanford requires revisiting whether workplace sexual misconduct can give rise to a corporate trauma sufficient to support a claim for breach of fiduciary duty. It can and does here, for a host of reasons grounded in well-settled principles of Delaware corporate law."

"In contrast," she said, "extending oversight duties to the control group invites the court to make new law. This decision declines that invitation."

The opinion was originally published Jan. 16, then removed from the docket the same day after counsel for eXp asked for it to be filed under seal. McCormick sent a [letter to counsel](#) on Tuesday, when the opinion was republished, explaining that the removal was a "one-off" intended to give counsel time to explain its position. The defense ultimately didn't file a motion asking for confidential treatment, which McCormick wrote was the correct move given the information already brought up in open court during dismissal arguments.

"Here, the parties disputed whether the complaint contained sufficiently particularized allegations under Court of Chancery Rule 23.1, and the particularized details were important to the public's understanding of the court's application of that standard," the letter stated. "For that reason, the defendants would have faced an uphill battle seeking to shield those details from the public record."

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Litigation

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Uber Says 'Sandbagging' Merits Assault Bellwether Mistrial (1)

Jan. 22, 2026, 8:46 AM PST; Updated: Jan. 22, 2026, 10:11 AM PST

Summary by Bloomberg AI

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- Uber Technologies Inc. sought a mistrial in a driver sexual assault case after the plaintiff's lawyer allegedly used "cynical theatrics" in the jury's presence and failed to disclose information.
- Uber claimed that the plaintiff's legal team failed to disclose that a different rider, Jennifer Chase, had information that would support the plaintiff's claims that Uber knew the driver posed a threat.
- The trial is the first bellwether out of almost 3,000 similar sexual assault lawsuits filed around the country and is expected to last through the end of the month.

Uber Technologies Inc. sought a mistrial Thursday in a groundbreaking driver sexual assault case underway in Arizona after the plaintiff's lawyer "replaced courtroom demeanor with cynical theatrics" in the jury's presence.

The rideshare company, facing claims from Jaylynn Dean who alleged Uber's lax safety protocols allowed a driver to rape her during a ride, said Dean's attorney is "sandbagging" the company with undisclosed information during testimony from another witness.

"While surprise courtroom appearances and supposedly 'bombshell' evidence are the stuff of television dramas, they have no place in actual courtrooms, which require proper disclosures to avoid surprise or prejudice," Uber said in the mistrial motion.

Uber claimed that Dean's legal team failed to disclose that a different rider, Jennifer Chase, had information that would support Dean's claims that Uber knew the driver, Hassan Turay, posed a threat.

Chase had previously complained about Turay making sexually suggestive comments, but Uber claimed her complaint had been fraudulent and it deactivated her account.

Uber said that during trial on Wednesday, Dean's attorneys submitted undisclosed evidence purporting to show that Chase's account had been reactivated in an effort rehabilitate her credibility in front of the jury.

The undisclosed information along with prior incidents at trial—which include the plaintiff’s lawyer’s dramatic claim that Chase was in the courtroom with her daughter—have “compromised this proceeding’s fairness,” Uber said. “There is only so much the jury can be asked to put out of its mind.”

The trial is the first bellwether out of almost 3,000 similar sexual assault lawsuits filed around the country that were consolidated before Judge Charles Breyer of the San Francisco-based US District Court for the Northern District of California.

The trial is taking place before Breyer in federal court in Arizona, the state where Dean claims she was raped by Turay in 2023.

Uber escaped liability in a similar California state court proceeding in September in the first bellwether trial in that litigation. The jury determined that while Uber was negligent in its safety standards, that wasn’t a substantial factor in causing the sexual assault of a California passenger in 2016.

Dean, who was 19 during the incident, said her friends had called her an Uber from a bar to return to a hotel after she had been drinking alcohol that was reacting poorly with her anxiety medication. She claimed that Turay, seeing that she was intoxicated, ended the ride early and entered the back seat where Dean was lying down and raped her.

Dean’s suit alleges that Uber failed to respond to a number of red flags, including numerous one-star reviews of Turay and complaints from other riders that he made sexually suggestive comments.

Uber has countered that it leads the industry in safety protocols and conducted a dozen criminal background checks on Turay between his first ride in 2016 and 2023, all of which he cleared. The company also said that one of his other passengers, Chase, who complained about Turay had been banned from the platform for submitting fraudulent complaints.

The trial is expected to last through the end of the month.

Kirkland & Ellis LLP, O’Melveny & Meyers LLP, and Shook Hardy & Bacon LLP represent Uber. Girard Sharp LLP, Peiffer Wolf Carr Kane Conway & Wise LLP, and Chaffin Luhana LLP represent Dean.

In re: Uber Technologies Inc. Passenger Sexual Assault Litigation, N.D. Cal., No. 3:23-md-03084, motion filed 1/22/26 .

(Adds details throughout)

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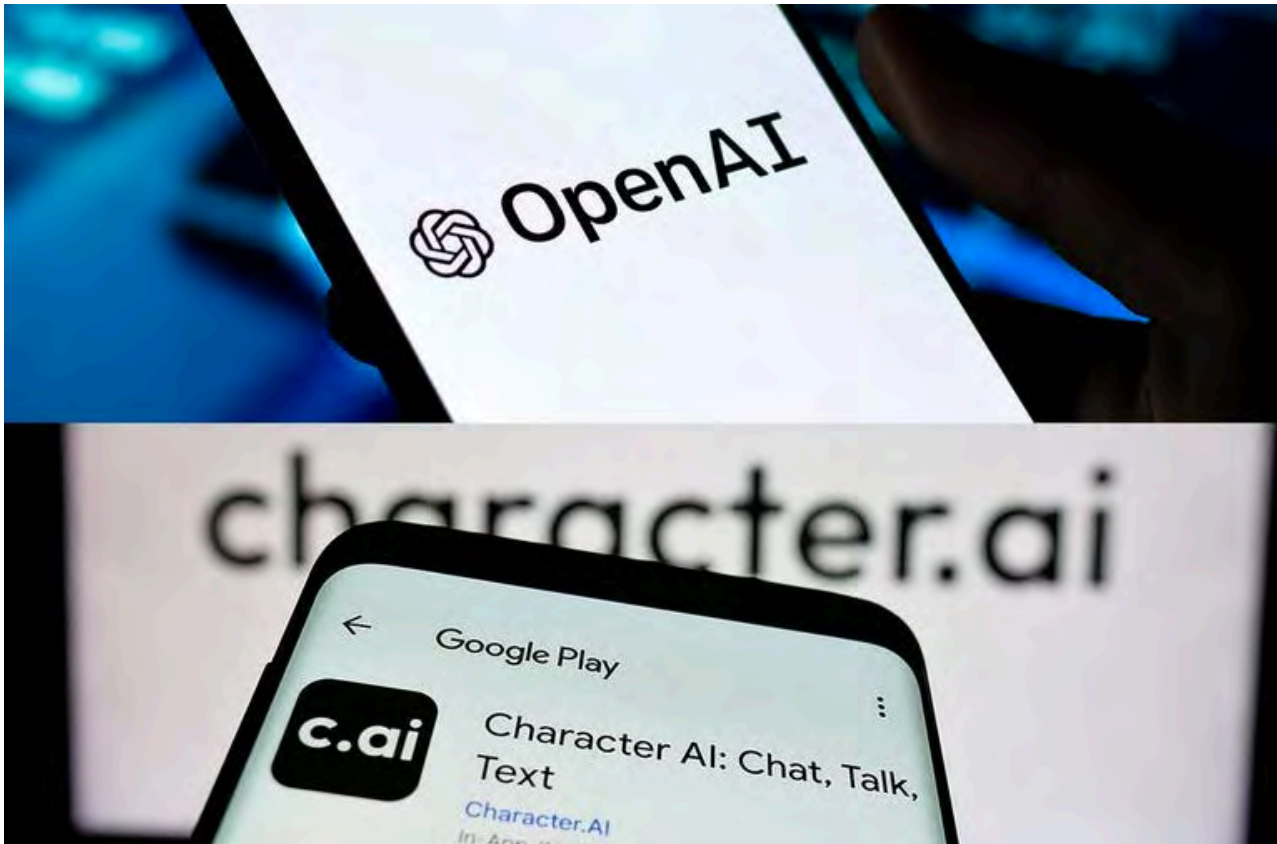
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Analysis | **Litigation**

‘We’re Eager to Have This Fight’: Plaintiffs Attorney Says Recent Settlement Paves Way for Trial in OpenAI Teen Suicide Case

Far from paving a path for settlement, resolving the litigation against Character.AI may well tee up a jury trial against OpenAI as early as this summer, according to one plaintiffs attorney active in the litigation.

January 22, 2026 at 07:30 AM By  **Kat Black**



OpenAI and Character.AI. Credit: Adobe Stock

Chatbot maker Character.AI reached a settlement earlier this month with the families of teens who claimed interactions with its chatbots caused mental health crises that, in some instances, led to suicide. But settlements in the Character.AI lawsuits don't necessarily portend a similar resolution in lawsuits against OpenAI, at least according to one lawyer handling a lead case against the Microsoft-backed chatbot giant.

On Jan. 7, Character.AI—a platform that allows users to generate and customize artificial intelligence chatbots modeled after celebrities and fictional characters—announced it had settled at least five lawsuits filed on behalf of minors.

One such teen, 14-year-old Florida resident [Sewell Setzer III](#), died of a self-inflicted gunshot wound allegedly as a result of his communications with a chatbot based on a character from the television show “Game of Thrones.”

The **Social Media Victims Law Center** in Seattle, Washington, represented plaintiffs in the complaints, filed in federal courts in New York, Colorado, Florida and Texas. Co-defendants in the litigation included Character.AI’s co-founders, Noam Shazeer and Daniel De Freitas Adiwardana, and Google, which plaintiffs sought to hold liable for its role as a component parts manufacturer for Character.AI.

In Oct. 2025, Character.AI announced in a [blog post](#) that it was “taking bold steps” to resolve safety deficits and threats to minors on its platform, including blocking minors under the age of 18 from conversing with Character.AI chatbots—a restriction that went into effect last November.

“Over the past year, Character.AI has taken innovative and decisive steps with regard to AI safety and teens, and will continue to champion these efforts and push others across the industry to adopt similar safety standards,” according to a joint statement released by Character.AI and the SMVLC shortly after the parties reached a settlement.

“The families and Character.AI remain committed to working together in the months and years to come.”

Matthew Bergman, founding attorney of the SMVLC, and a representative for Character.AI declined to discuss the terms of the settlement—which have not yet been publicly disclosed—beyond the content published in their statement.

But similarly high-profile product liability and wrongful death litigation against artificial intelligence titan OpenAI has, in the meantime, continued to ramp up. Far from paving a path for settlement, resolving the litigation against Character.AI may well tee up a jury trial against OpenAI as early as this summer, according to one plaintiffs attorney active in the litigation.

‘People Were Dying on Their Platform’

Just eight days after the settlement with Character.AI was announced, **Kiesel Law** in Beverly Hills filed a product liability and wrongful death [lawsuit](#) against OpenAI. The family of Austin Gordon, a 40-year-old man in Colorado, accused OpenAI’s flagship chatbot, ChatGPT, of facilitating his suicide death.

Gordon allegedly shot himself in November 2025 after ChatGPT coached him into taking his own life, engaging him in a conversation that “romanticized” death and reimagined his favorite childhood book—“Goodnight Moon”—as a “suicide lullaby,” calling it a “primer for letting go.”

Three days after this exchange with ChatGPT, Gordon's body was found in a hotel by law enforcement next to a copy of "Goodnight Moon," the complaint said.

"Austin Gordon should be alive today," said **Paul Kiesel**, who is representing the plaintiff, in a phone interview, noting that Gordon's death "demonstrates that adults, in addition to children, are also vulnerable to AI-induced manipulation and psychosis."

The Gordon case brings the total number of such claims against OpenAI, which is based in San Francisco, to nine. OpenAI faces eight additional lawsuits in [California state courts](#), including one that seeks to hold OpenAI and stakeholder Microsoft liable for a [murder-suicide in Connecticut](#) and an inaugural suit—[Raine v. OpenAI](#)—that claims ChatGPT was responsible for helping a 16-year-old in Orange County, California, Adam Raine, to plan his death by hanging in April 2025.

According to the most recent complaint against OpenAI, Gordon was aware of the *Raine* case and expressed his concerns about it directly to ChatGPT, asking the chatbot if it was "unsafe." In response, ChatGPT initially "suggested that perhaps Adam Raine isn't a real person, but instead, part of 'rumors, viral posts,'" the complaint alleged.

Jay Edelson, the CEO and founder of plaintiffs firm **Edelson PC**, which filed the *Raine* case, said in an interview that the Gordon case was "particularly chilling."

"[Even] in the chats, Austin is asking ChatGPT about the *Raine* case and is concerned that his version of ChatGPT is going to do the same thing that Adam's ChatGPT did to him—lead him to suicide," he said.

Edelson believes that the Character.AI settlement only serves to underscore key distinctions between OpenAI and Character.AI. His firm, he said, anticipates taking claims against OpenAI to trial by August 2026.

"I think that we've seen the contrast between OpenAI and Character.AI, even before they settled and changed their platform," said Edelson.

"So, they made it inaccessible to minors, which was a big step ... and then they settled these cases. You see OpenAI is doing the opposite thing. They're not making changes to their system."

Edelson added that as OpenAI was issuing "press releases"—including a [blog post](#) written by OpenAI's CEO, Sam Altman, in September 2025, which detailed OpenAI's plans to implement new safety protections for teens—"people were dying on their platform."

Edelson maintains in an amended complaint in the *Raine* case that OpenAI [deliberately removed](#) two safety guardrails from the then-latest version of ChatGPT, GPT-4o, in the months leading up to Raine's death—including a feature that refused to engage with user conversations about self-harm

—in order to gain a competitive edge over Google's chatbot product, Gemini, and drive user engagement.

On Jan. 20, OpenAI [announced](#) on its website the rollout of a new “age prediction” protocol, which it said will “help determine whether an account likely belongs to someone under 18, so the right experience and safeguards can be applied to teens.”

A representative for OpenAI did not respond to a request for comment.

Eric Goldman, associate dean for research and professor at **Santa Clara University School of Law** and co-director of the **High Tech Law Institute**, said in an interview that if the *Raine* case goes to trial, “legal causation” will be a central issue at play. Plaintiffs’ counsel, he added, will have their work cut out for them given the intrinsic ambiguity surrounding deaths by suicide.

“It's extremely difficult to explain why someone dies by suicide,” he said.

“There may be multiple things going on, and it's difficult for anyone to really know exactly what combination of factors led to the outcome.

“And, of course, that's one of the difficulties for the families and friends around the suicide victim—that they want answers and can't get them. So that will become relevant to legal questions. But every time they try to reverse-engineer the causal factors of suicide, it's never satisfying, because it's just usually more complicated than that.”

Lily Li, a cybersecurity and AI attorney at **Metaverse Law** in Newport Beach, CA, said in an interview that though she highly doubts the *Raine* case will go to trial given that “over 95%” of cases settle, AI developers should not “rest easy.” Regardless of settlement or the outcome of a potential trial, she said, AI companies will still face escalating product liability litigation that may partially be driven by recent state legislation.

The *Raine* case, she added, has already led California and New York to institute companion chatbot laws that “require warnings, referrals to suicide hotlines and definite controls in place that address suicidal ideation and self-harm.”

Edelson said that if the *Raine* case goes to trial, it will have an impact that reverberates far beyond the Raine family’s own story.

“We think that OpenAI is a really bad actor. And the first jury verdict, obviously, is going to send a big message to AI companies,” he said. “And we definitely carry more weight because it'll be the first one to go, but we're eager to have that fight.”

Free, confidential services for people in suicidal crisis or emotional distress, or those around them, exist 24/7. The National Suicide Prevention Lifeline is at 1-800-273-TALK (8255). A crisis text line

is at 741-741. The [American Bar Association](#) has a directory of lawyer assistance programs.

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Litigation

Florida Fishermen Allege Conspiracy Sunk Stone Crab, Lobster Prices

"As established by Mr. Dopico's guilty plea, Florida fishermen have been the victims of a textbook conspiracy to suppress their profit and increase the profits of the purchasers. We look forward to righting this wrong," the plaintiffs' counsel said in a joint statement to the Daily Business Review.

January 21, 2026 at 03:58 PM By **Annie Mayne**



L-R: Adam Zapala of Cotchett Pitre & McCarthy, Brandon Floch of Neiman Mays Floch & Almeida, Joseph Saveri, of Joseph Saveri Law Firm, and Benjamin J. Widlanski of Kozyak Tropin & Throckmorton. Courtesy photos

A group of Florida fishermen filed a proposed class action lawsuit in Miami federal court last week, accusing seafood wholesalers of running a price-fixing conspiracy that deflated the value of stone crab claws and spiny lobsters for at least a decade, costing them millions.

The complaint accuses some of the largest seafood buyers in the Sunshine State of conspiring to artificially lower the value of two of Florida's most lucrative crustaceans in violation of state and federal antitrust law. The named plaintiffs—two small fishing companies and two individual fishermen, all based in the Florida Keys—alleged that even amid supply shortages and increased

demand from international markets, the defendants' coordinated effort kept seafood prices low, and plaintiffs lost out "at least tens of millions of dollars."

Those underpayments allegedly continued amid a shortage of stone crab claws that was escalated by warming waters, overfishing and subsequent state regulation; and as Chinese consumers' demand for live spiny lobsters skyrocketed. According to the complaint, while Chinese customers were initially willing to shell out up to eight times the market rate for the lobsters, defendants "co-opted these new entrants, forcing them to align with the cartel's pricing structure to survive."

"Although Chinese interests initially disrupted the market by offering premium prices, this competition was extinguished by 2015 when Defendants and their co-conspirators, having witnessed their profit margins erode due to rising ex-vessel prices, actively coordinated to crush this new competition," the complaint reads.

Florida is the country's largest source of stone crab claws and spiny lobster, accounting for more than 40% of the total value of all Florida commercial seafood landings, according to the suit. If certified, the plaintiff class would include anyone who sold stone crab claws or spiny lobsters to the defendants or their alleged co-conspirators between June 2015 and April 2025.

Defendants include D&D Seafood Corporation and its vice president, Dennis Dopico, who pleaded guilty to conspiring with competitors to fix stone crab and spiny lobster prices between 2023 and 2025 in Miami federal court last year. Dopico's sentencing is scheduled to continue on Jan. 27 before Chief Judge Cecilia Altonaga, who is also presiding over the proposed class action suit against him.

"As established by Mr. Dopico's guilty plea, Florida fishermen have been the victims of a textbook conspiracy to suppress their profit and increase the profits of the purchasers. We look forward to righting this wrong," the plaintiffs' counsel said in a joint statement to the Daily Business Review.

Plaintiffs' counsel includes Brandon Floch, founding partner at Neiman, Mays, Floch & Almeida; Adam Zapala, partner at Cotchett Pitre & McCarthy; Joseph Saveri, of Joseph Saveri Law Firm; and Benjamin Widlanski, partner at Kozyak Tropin & Throckmorton.

Attorneys for the D&D Seafood and Dopico from The Billbrough Firm, The Law Offices of Robert N. Pelier and Akerman LLP did not return a request for comment. Attorneys for defendants Key Fisheries Inc. and its vice president, Gary Graves, from Akerman LLP and von Briesen & Roper did not return a request for comment.

As of Wednesday afternoon, no attorneys are on file for the other named defendants: BSC Fisheries LLC, Billy's Stone Crabs Inc., Brian C. Hershey, Ernest Hamilton Stone Crabs Corp., and

Summit KFL LLC.

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Judge's 639-Page Report Greenlights Talc Experts: 'No Seismic Shifts in the Scientific Landscape'

In a Tuesday report, retired U.S. District Judge Freda Wolfson, acting as special master, recommended most of the 39 experts should be allowed in the talc multidistrict litigation against Johnson & Johnson.

January 21, 2026 at 09:42 PM By  **Amanda Bronstad**

What You Need to Know

- Retired U.S. District Judge Freda Wolfson, acting as special master, recommended in a 639-page report that U.S. District Judge Michael Shipp, who is overseeing the multidistrict litigation in the District of New Jersey, deny most of the 17 motions to exclude experts in the talc cases for both the plaintiffs and Johnson & Johnson.
- In 2020, Wolfson, then serving as the district judge in the talc multidistrict litigation, allowed all five of plaintiffs' general causation experts to testify in the talc cases, but three Chapter 11 filings of Johnson & Johnson's subsidiaries halted trials.
- Shipp, who took over as judge in 2023, had allowed both sides to reargue their experts in light of a 2023 amendment to the Federal Rule 702 of Evidence and the passage of time and evolving science.



Freda Wolfson, former federal judge, now with. Courtesy photo

A federal judge allowed nearly all of the 39 experts to move ahead in the multidistrict litigation over Johnson & Johnson's baby powder, setting the stage for the first bellwether trial this year.

Retired U.S. District Judge Freda Wolfson, acting as special master, recommended in a 639-page report that U.S. District Judge Michael Shipp, who is overseeing the multidistrict litigation in the District of New Jersey, deny most of the 17 motions to exclude experts in the talc cases for both the plaintiffs and Johnson & Johnson. In 2020, Wolfson, then serving as the district judge in the talc multidistrict litigation, [allowed all five of plaintiffs' general causation experts](#) to testify in the talc cases, but three Chapter 11 filings of Johnson & Johnson's subsidiaries halted trials.

Shipp, who took over as judge in 2023, [had allowed both sides to reargue](#) their experts in light of a [2023 amendment to the Federal Rule 702](#) of Evidence and the passage of time and evolving science. But on Tuesday, Wolfson found plaintiffs' general causation experts, who plan to testify that talcum powder causes ovarian cancer, to be reliable.

In denying Johnson & Johnson's motion to strike plaintiffs' experts, three of whom were in her 2020 order, Wolfson noted a "more robust record of scientific evidence" in the past five years concerning talc.

"Indeed, there have been no seismic shifts in the scientific landscape that would warrant reconsideration of my ruling here," she wrote. "In fact, the majority of additional studies support the association between talc and ovarian cancer, without any new studies concluding that no causal link exists."

Christopher Placitella, of Cohen Placitella & Roth in Red Bank, New Jersey, who serves as liaison counsel in the talc multidistrict litigation, told Law.com in an email that Wolfson's ruling allowed plaintiffs' experts to testify about the asbestos contamination of Johnson & Johnson's product and the mines that supplied the talc.

"Today's comprehensive 623-page report and recommendation confirms what we have argued for years: the science linking talc use to ovarian cancer is reliable, robust, and ready for a jury," Placitella wrote. "This ruling validates the extensive body of epidemiological evidence—including the most recent pooled analyses—showing that women who use genital talc face an increased risk of ovarian cancer."

In a statement, Johnson & Johnson said it would appeal "the erroneous aspects of the recommendation, which has no legal import until that appeal is resolved."

"Special master erroneously allowed certain other plaintiffs' expert opinions—reiterating the same flawed reasoning from her 2020 decision, disregarding changes to the Federal Rules of Evidence,"

Johnson & Johnson said in a statement, then added, “Recommendation only reinforces the company’s overall litigation strategy.”

Beasley Allen’s Andy Birchfield, whose colleague, Leigh O’Dell, is co-lead plaintiffs’ counsel in the talc multidistrict litigation, criticized Johnson & Johnson’s statement as an attempt to “spin” the ruling as a victory.

“This is a major victory for 67,000 women poisoned by talc and harmed again by Johnson & Johnson’s pathological need to obstruct, delay and lie,” Birchfield, in Montgomery, Alabama, alleged in a statement to Law.com. “They’re attempting to convince investors this is not bad news even as they double down on their toxic, failing litigation strategy of attacking women, misleading the courts, contradicting every judge and criticizing every ruling.”

Birchfield said his trial teams are ready to “go toe to toe as long as it takes.” On Tuesday, O’Dell [opened a talc trial](#) against Johnson & Johnson in the Philadelphia Court of Common Pleas.

“I believe we can work toward a fair, reasonable resolution, but first, J&J must engage responsibly, acknowledge the risks of its products, and be willing to correct its misconduct and make things right,” Birchfield added. “Until that occurs, plaintiffs look forward to presenting the scientific evidence—deemed admissible once again—to juries of citizens who will evaluate the facts for themselves.”

'Among the Most Significant Issues in This MDL'

At issue were motions submitted under the U.S. Supreme Court’s standard under its 1993 decision in *Daubert v. Merrell Dow Pharmaceuticals*.

Wolfson, whose 2020 ruling addressed a total of eight experts, heard oral arguments on Nov. 25 as to eight motions filed by the defense and nine for the plaintiffs.

Five motions focused on general causation, three from the plaintiffs and two from the defense.

“There is no question that general causation is among the most significant issues in this MDL, as reflected by the parties’ submission of 285 pages of briefing and thousands of pages of supporting exhibits related to these motions,” Wolfson wrote. But her ruling, she noted, does not address the merits of the litigation.

“Indeed, as emphasized throughout this report and recommendation, my role as a Rule 702 gatekeeper is to assess whether the experts have adequately considered the existing literature and applied a reliable methodology in interpreting it to support their opinions, which must be

based upon good grounds—*not* to determine whether I ultimately agree with their purported conclusions.”



Christopher M. Placitella of Cohen, Placitella & Roth. Courtesy photo

Other motions addressed contamination and testing, regulatory issues and specific causation as to the bellwether plaintiffs.

Wolfson did not hand all victories to the plaintiffs. She struck down attempts by plaintiffs’ experts to testify about talc reaching the ovaries by inhalation or exposure to heavy metals. She also refused plaintiffs’ motions to strike defense experts, including those planning to refute causation by bringing up genetic

mutations of cells, and narrowed the scope of the conclusions of some plaintiffs’ experts.

“In an opinion of this magnitude—spanning over 600 pages and dozens of experts—there are naturally areas where we respectfully disagree with specific exclusions, particularly regarding inhalation exposure pathways,” Placitella wrote in his email. “However, these narrower rulings do not diminish the primary victory: the central scientific pillars of the plaintiffs’ case have withstood the most rigorous judicial scrutiny. We look forward to presenting this evidence to a jury.”

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News | **Litigation**

Alabama RICO Verdict Could Benefit Chiquita on Appeal of Landmark Florida Case

The banana grower alleges that plaintiffs' attorney Terrence P. Collingsworth paid witnesses to tie killings to paramilitary groups that Chiquita used for protection in Colombia.

January 21, 2026 at 02:06 PM By  **Amy Guthrie**



Credit: Parilov/Adobe Stock

Alabama coal producer Drummond Company has won a \$256 million defamation and Racketeer Influenced and Corrupt Organizations Act (RICO) claim in Alabama against attorney Terrence P. Collingsworth for making false and defamatory accusations that Drummond supported paramilitary groups in Colombia.

The Alabama ruling could help banana grower Chiquita as it appeals a landmark \$38.3 million Florida [verdict](#) that held Chiquita liable for murders committed by death squads paid by the banana grower in Colombia.

Chiquita alleges that Collingsworth promised to pay or actually paid paramilitary commanders to testify that they were involved in the plaintiffs' murders, thus tying those killings to Chiquita.

In its appeal, Chiquita is arguing that the Florida court excluded documentary evidence that demonstrated the witness payment scheme.

"The court's dismissal of substantial (and largely unrefuted) evidence of witness tampering, without even questioning any plaintiffs' counsel, was an abuse of discretion," Chiquita counsel Michael L. Cioffi of Blank Rome wrote.

In 2003, Chiquita voluntarily reported to the U.S. Department of Justice payments of at least \$1.7 million to the United Self-Defense Forces of Colombia (AUC)—two years after the U.S. government classified the Colombian organization as a terrorist group.

Chiquita said the payments were fees it paid to protect employees operating in a conflict zone.

The AUC was formed by wealthy landowners who armed themselves against the Revolutionary Armed Forces of Colombia, a Marxist guerrilla group known as the FARC, which kidnapped and killed many Colombians over several decades.

The Florida class action suit against Chiquita was filed after a 2007 U.S. criminal case in which Chiquita pleaded guilty to financing AUC and agreed to pay a \$25 million fine.

From 2008 through 2015, Collingsworth was the managing partner of the D.C. office of Conrad & Scherer—one of the firms with plaintiffs in the Chiquita case. Law.com International has reached out to a representative at Conrad & Scherer for comment.

Oral arguments in the Chiquita appeal are scheduled to take place in Miami on Jan. 30.

Drummond Suit

Currently, Collingsworth is executive director of International Rights Advocates, a group that works globally to address human rights issues through strategic litigation. International Rights Advocates was also named in the Drummond suit.

Prior to the Alabama verdict, Collingsworth posted a video statement calling the charges by Drummond "frivolous lawsuits" and "SLAPP suits."

"They're designed to prevent human rights defenders from doing their work," Collingsworth said in the video posted on Oct. 17.

Law.com International has reached out to Collingsworth for comment following the Drummond verdict.

In the Drummond case, a jury found Collingsworth guilty of all counts on Jan. 15 after a trial before the United States District Court for the Northern District of Alabama.

Drummond filed suit against Collingsworth for defamation, extortion, witness bribery, witness tampering, wire fraud, money laundering, obstruction of justice and conspiracy under the Racketeer Influenced and Corrupt Organizations Act (RICO).

Trey Wells, lead trial lawyer of the law firm Starnes Davis Florie, who represented Drummond, said in a statement, "This verdict is further proof that Drummond has had no connection whatsoever with illegal organizations. The company has endured malicious accusations and narratives for decades, which a jury has now unanimously determined were categorically false."

Drummond said the case demonstrates that Collingsworth undertook a coordinated strategy to exert reputational and legal pressure on the company through lawsuits and media campaigns in the United States, Colombia, and Europe, supported by false testimonies obtained through hidden witness payments.

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California Brief

Google Must Face Another Search Antitrust Case by Consumers (1)

Jan. 21, 2026, 5:06 PM PST; Updated: Jan. 21, 2026, 6:14 PM PST

Google LLC failed to escape an antitrust lawsuit from internet search users who allege the tech giant illegally monopolized the search market after a San Francisco federal court ruled they have a plausible legal theory.

Judge Rita F. Lin denied Google's motion to dismiss the suit Wednesday, finding the proposed class action adequately alleged that consumers would have had a more diverse array of search engines to choose from if it weren't for Google's anti-competitive agreements with browser and phone companies.

The lawsuit filed in the US District Court for the Northern District of California is one of a number consumer-led complaints against Google that draw from the Department of Justice's largely successful search monopolization case against the company. A Washington, DC, federal judge in 2024 ruled that Google abused its monopoly power by paying device manufacturers to set Google as the default search engine.

Lin's Wednesday opinion rejected Google's argument that the consumers, unlike the federal government, lack legal standing to bring the suit because they haven't shown "plausible, non-speculative" antitrust harms.

The judge said the complaint presented viable theories that, if it weren't for Google's default search agreements with Apple Inc. and other phone manufacturers, different search engines would have emerged that compensate users for searches or have better privacy and fewer ads.

"Google's arguments ignore Plaintiffs' extensive allegations about search engines that have already emerged in fledgling form with those features," Lin said. She pointed to search engines such as DuckDuckGo, which has greater privacy features, and Brave, which pays users for viewing ads.

"It is reasonable to infer that these search engines floundered due to the challenged agreements," Lin said.

The judge pointed to a consumer search antitrust case she's overseeing, *Arcell v. Google LLC*, where she also allowed the case to proceed on a similar legal theory last year.

Lin's Wednesday ruling allowed the plaintiffs to advance their claims under Section 2 of the federal Sherman Antitrust Act and California Unfair Competition Law.

The judge largely rejected Google's statute of limitations defense, but she dismissed the suit's claims that rely on Google's alleged fraudulent concealment of its anti-competitive conduct. She allowed the plaintiffs to refile an amended complaint by Feb. 20.

Boies Schiller Flexner LLP represents the plaintiffs. Wilmer Cutler Pickering Hale & Dorr LLP represents Google.

The case is *Attridge v. Google LLC*, N.D. Cal., No. 3:25-cv-02775, 1/21/26 .

(Adds 2024 result of DOJ's antitrust case in third paragraph. A previous version corrected the day the judge's opinion was released.)

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Google seeks class decertification; class seeks disgorgement after \$425M verdict

DJ [dailyjournal.com/articles/389434-google-seeks-class-decertification-class-seeks-disgorgement-after-425m-verdict](https://www.dailyjournal.com/articles/389434-google-seeks-class-decertification-class-seeks-disgorgement-after-425m-verdict)

Simona A. Agnolucci of Cooley LLP

Four months after a jury found Google had illegally used certain customers' data without their permission and awarded \$425 million, the company asked U.S. District Judge Richard Seeborg on Wednesday to decertify the class.

At a hearing in San Francisco, the company pointed to testimony of lead plaintiff Anibal Rodriguez, saying he didn't mind Google's use of his data in most instances. Therefore, Google's attorneys argued, it was unlikely the entire class found the conduct "highly offensive" -- the standard required to hold Google liable.

The plaintiffs alleged that Google continued to collect certain data from users who had turned off "web app and activity" and "supplemental web app and activity" data collection, rendering the opt-out button misleading.

Seeborg accused Google's attorneys, Cooley LLP, of only looking at a select few quotes from Rodriguez's testimony that bolstered their argument rather than considering it in its entirety.

"I'm skeptical," Seeborg said regarding the motion. "I do think that, effectively, the arguments are cherry-picking a few comments from Mr. Rodriguez." *Rodriguez et al v. Google LLC et al*, 3:20-cv-04688 (N.D. Cal., filed July 14, 2020).

Google, represented by Cooley LLP partner Jonathan A. Patchen, responded that there wasn't much relevant evidence beyond Rodriguez's few quotes.

"When there are only two cherries in the tree, that's all you have to pick," Patchen said.

He went on to argue that the entire class needed to find Google's use of their data "highly offensive" for the class to be certified. Rodriguez's testimony, he said, called that into question.

Seeborg called it "fine lawyering" to get that testimony out of Rodriguez but said that alone shouldn't render the rest of his testimony irrelevant.

David Boies of Boies Schiller Flexner LLP, representing the plaintiffs, agreed with Seeborg that the defendants didn't properly consider Rodriguez's entire testimony.

He argued that the case centers on whether the opt-out button was misleading, and that common question predominates the case for the entire class.

Seeborg also heard a pair of motions from the plaintiffs: one asking for an injunction requiring Google to further change the wording of its privacy policies and notices and the other asking for the disgorgement of profits obtained from users who had opted out of data collection.

Boies argued that the three-sentence change to a single policy wasn't enough to properly warn users that their data was being collected. Boies called the company's new policy, which states that it can use data collected from users who select the opt-out button, unnecessarily vague. Instead, he argued, it should clearly state that it does use that data.

"They could say this very clearly ... very simply," Boies said.

Seeborg said he was leaning against granting the injunction because even if Google's new wording is vague, it's the court's job to ensure the company remedies its conduct. As long as Google implemented a fix, he said, it's not his job to police the exact wording.

Google, also represented by Cooley partner Simona A. Agnolucci, argued that the wording had to be vague since the company doesn't collect the data from every user.

The plaintiffs' motion also asked the court to require Google to delete the data it had collected from customers who'd opted out.

Agnolucci argued that the jury awarded damages over the data that's already been collected, which effectively means the company has paid for that data and can continue to use it. It should be allowed to continue the practice, she said, because it now notifies users that their data may be collected even if they select the opt-out button.

Boies then asked Seeborg for disgorgement of profits obtained through the conduct in question, even though the jury had opted against it. He argued that plaintiffs' unjust enrichment claims justify disgorgement even if there was no monetary harm.

Seeborg seemed reluctant to go against the jury's decision and said it would be difficult to trace profits back to the specific violations in the complaint.

If he overruled the advisory jury on the issue of disgorgement, Seeborg said, "what's the point of having an advisory jury?"

Seeborg said he'll consider the arguments before issuing orders on Wednesday's motions. He said he expects another round of motions after he reaches a decision, but that they likely won't require a hearing.

Plaintiffs initially filed the class action in July 2020. Trial began in August 2025, and in September, the jury found in favor of the plaintiffs in their violation of privacy and intrusion upon seclusion claims but sided with Google on claims under California's Comprehensive Computer Data Access Fraud Act. The jury awarded nearly \$250 million in damages to Android users and \$180 million to non-Android users but opted against requiring Google to disgorge profits.

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California Brief

Google Users Unlikely to Win \$2.3 Billion in Privacy Switch Case

Jan. 21, 2026, 1:07 PM PST

A group of Google LLC users appeared unlikely to convince a San Francisco federal court to order the tech giant to pay \$2.36 billion in ill-gotten profits from data it continued to collect on users who flipped a privacy switch in their account settings.

Judge Richard Seeborg at a hearing Wednesday said he was skeptical of the users' request because a jury last year issued an advisory verdict finding they aren't entitled Google's profits, known as disgorgement.

The hearing is the latest post-trial fight in a years-long privacy class action where nearly 100 million Google users claimed the company continued tracking their data across phone apps even after they turned off a switch in their account settings called "Web & App Activity."

After a three-week trial last summer, an eight-person jury found Google liable for invasion of privacy and awarded \$425 million in actual damages, a fraction of the \$31 billion the plaintiffs sought.

The jury could only issue an advisory opinion on the question of disgorgement, but Seeborg said he believed the jurors "got it right."

"This is not inconsistent with my making an independent judgment," Seeborg said at the hearing. "It's not right for me to ignore the advisory jury."

The plaintiffs' filed a post-trial motion for \$2.36 billion in disgorgement despite the jury opinion, arguing that Google made far more than \$425 million in net profits off the illegally tracked data.

Seeborg said disgorgement shouldn't be used as a method to back fill the jury's small damages award compared to the plaintiffs' request.

The judge was also skeptical of the plaintiffs' request for a broad permanent injunction that would have required Google to undergo a number of major privacy policy changes, delete users' Web & App Activity data and algorithms, and comply with an independent monitor.

In the months after the trial, Google changed the language of its Web & App Activity setting to state that Google “can collect and use data” not associated with the user’s account, regardless of their settings.

Seeborg said that change in the language seemed to be enough to resolve the central claim that Google was misleading users about their privacy settings. His role is not to craft the perfect language for Google, he said.

“If they’re being told that this can happen, they know it can be collected, now they have the information they need to make a decision,” Seeborg said of the users.

The judge said he was also skeptical of Google’s post-trial motion to decertify the 98 million member class of similarly situated users who had turned off their Web & App Activity setting.

He said Google had cherry-picked quotes from the lead class representative, Anibal Rodriguez, who at times during the trial testified that he wasn’t upset with Google’s continued tracking of his data when he used certain apps. Rodriguez still said that, writ large, he was offended by Google’s conduct, Seeborg said.

“We did have common questions from which we got common answers,” the judge said.

Boies Schiller Flexner LLP, Susman Godfrey LLP, and Morgan & Morgan represent the class. Cooley LLP represents Google.

The case is Rodriguez v. Google LLC, N.D. Cal., No. 3:20-cv-04688, 1/21/26 .

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To contact the editor responsible for this story: Stephanie Gleason at sgleason@bloombergindustry.com

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California Brief

Peet's Coffee Sued Over 'Deceptive' Cookie Consent Web Banner

Jan. 21, 2026, 9:41 AM PST

Peet's Coffee Inc. falsely assured consumers they could reject the use of website tracking tools and the disclosure of their personal data to Google LLC, Meta Platforms Inc., TikTok Inc., and other third parties, a proposed federal class action said.

Lead plaintiff Sal Munoz alleged that Peet's website displayed a consent banner allowing users to manage their preferences and decline various types of tracking cookies except those "strictly required" for the site to function.

But Peet's continued allowing third parties to place cookies on consumers' devices and collect their data even after they had rejected the tracking tools, according to a complaint filed Jan. 16 in the US District Court for the Northern District of California.

Peet's didn't respond immediately to a request for comment. The third parties, which also included Microsoft Corp., LinkedIn Corp., Pinterest Inc., and X Corp., weren't named defendants in the lawsuit.

Information disclosed to the third parties included browsing data, search queries, device information and location data, the complaint said.

Munoz seeks to represent a class of consumers who visited Peet's website and adjusted cookie settings to reject non-essential tracking.

The complaint brings claims of invasion of privacy, intrusion upon seclusion, common-law fraud and deceit, unjust enrichment, and violations of the wiretapping and pen-register provisions of the California Invasion of Privacy Act.

Munoz is seeking compensatory, statutory, and punitive damages; restitution and disgorgement; injunctive relief; attorneys' fees and costs; and pre- and post-judgment interest.

Gutride Safier LLP represents Munoz.

The case is Munoz v. Peet's Coffee Inc. , N.D. Cal., No. 4:26-cv-00499, complaint filed 1/16/26

US appeals court warns self-represented litigants over AI errors

 [reuters.com/legal/government/us-appeals-court-warns-self-represented-litigants-over-ai-errors-2026-01-21](https://www.reuters.com/legal/government/us-appeals-court-warns-self-represented-litigants-over-ai-errors-2026-01-21)

Sara Merken

January 21, 2026

A message reading "AI artificial intelligence", a keyboard, and robot hands are seen in this illustration taken January 27, 2025. REUTERS/Dado Ruvic/Illustration [Purchase Licensing Rights, opens new tab](#)

Jan 21 (Reuters) - A federal appeals court said in an opinion on Wednesday that people who represent themselves without a lawyer still "shoulder responsibility" to guard against errors caused by the use of artificial intelligence to draft legal filings, weighing in on a pressing issue as AI "hallucinations" show up in more and more cases.

"As pro se litigants employ AI to assist with court filings, a basic reminder seems wise. Accuracy and honesty matter," a panel of the 7th U.S. Circuit Court of Appeals [said](#)  [, opens new tab](#). Still, the court said "the inquiry is different" for courts grappling with errors by litigants without legal training rather than licensed lawyers.

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The discussion came in a ruling by the panel to send the case — a man's lawsuit claiming officials in Kankakee, Illinois, violated his constitutional rights — back to a lower court. The 7th Circuit in December had ordered the man, Solomon Jones, to explain whether he used AI to prepare a filing that the panel said contained quotations that did not appear in two cited decisions.

In Wednesday's ruling, the court said it doubted Jones' representation that he did not use AI but did not impose any sanctions on him.

Jones did not immediately respond to a request for comment. A lawyer for the defendants said the panel's decision to vacate an order pausing the case and send it back to the district court, which was unrelated to the issue of AI use, "was an easy and correct call." The lawyer said his clients "also appreciate that the panel recognized that Jones provided numerous false and non-existent citations to the court."

False or misattributed citations and quotations have crept into court filings in dozens of cases since the generative AI boom took hold, leading to serious sanctions for some lawyers after courts found they failed to vet submissions crafted with help from the technology. A large number of incidents have involved pro se litigants, and courts have been more lenient in some of those cases.

"No doubt the inquiry is different for pro se and represented parties," the 7th Circuit panel said. "Indeed, our reaction to what we saw in Jones's brief may have been quite different if the non-existent quotations came in a brief submitted by a lawyer."

But, the court added, "pro se litigants shoulder responsibility too and, while our understanding of honest mistakes and common presentational foot faults will remain, in no way will we allow a court filing to include misrepresentations on legal or factual points that an unrepresented party reasonably knows or should know exist."

The case is Jones v. Kankakee County Sheriff's Department, 7th U.S. Circuit Court of Appeals, No. 25-1251

For Jones: Pro se

For the defendants: David Mathues of Hervas, Condon & Bersani

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

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FT Alphaville US

European pension funds: Assemble!

Or not. Up to you really



© AP

Toby Nangle and **Robin Wigglesworth**

Published YESTERDAY



Alphaville was quick to talk down the prospects of co-ordinated European “weaponisation” of the continent’s ownership of US assets just because Trump said he might invade one of its allies. Were we too quick?

We [posted on Monday](#) that you could “colour Alphaville a crimson shade of sceptical that this is a credible threat”, citing the problems of how to compel mostly private sector investors to sell, and the self-harm that it could inflict.

But by Tuesday lunchtime, [Reuters had reported](#) that AkademikerPension, a \$25bn Danish pension fund for academics, was ditching its \$100mn of US Treasuries. Then on Wednesday, [Dagens Industri reported](#) that Alecta, Sweden's largest private pension fund, managing around \$140bn, had dumped 80-90 per cent of its roughly \$11bn of US Treasury holdings (although Alphaville understands that the trades might have actually have been made during 2025).

This comes after Pædagogernes Pension, the ca \$12bn Danish early childhood teachers' pension fund, and PFA Pension — Denmark's largest pension fund with around \$132bn of assets — [had already taken action](#) to reduce US exposure.

PFA's chief strategist Tine Choi Danielsen explained the move in a company blog post [on Monday](#):

“

We sold off US government bonds and increased our currency hedging last year because we were concerned about the US's unilateral approach to trade policy and the Trump administration's repeated challenges to the central bank's independence. Naturally, we are monitoring the situation very closely and are prepared to take further action if necessary.

Collectively, these are still small moves — almost infinitesimally small moves in the context of a [\\$31tn stock](#) of publicly held US debt. And barriers to European leaders getting their pension funds to dump US assets still look substantial, if that ever even turns out to be anyone's plan. But it's only Thursday morning.

Given that [it looks like Trump has walked back](#) not only the US invasion but also his promise to tariff nations who objected to any invasion, perhaps the subject of Europe weaponising its capital is, for now, moot (though it'll probably come back in due course).

But did the pension fund move prove that Alphaville was wrong? [We frequently are, after all](#). Horrifically so. But in this case we don't think so. We were only exploring the possibility of collective, co-ordinated and compelled *weaponisation* of European investments in the US, and whether it could give the EU leverage against Trump. That still seems far-fetched, [for all the reasons we listed](#).

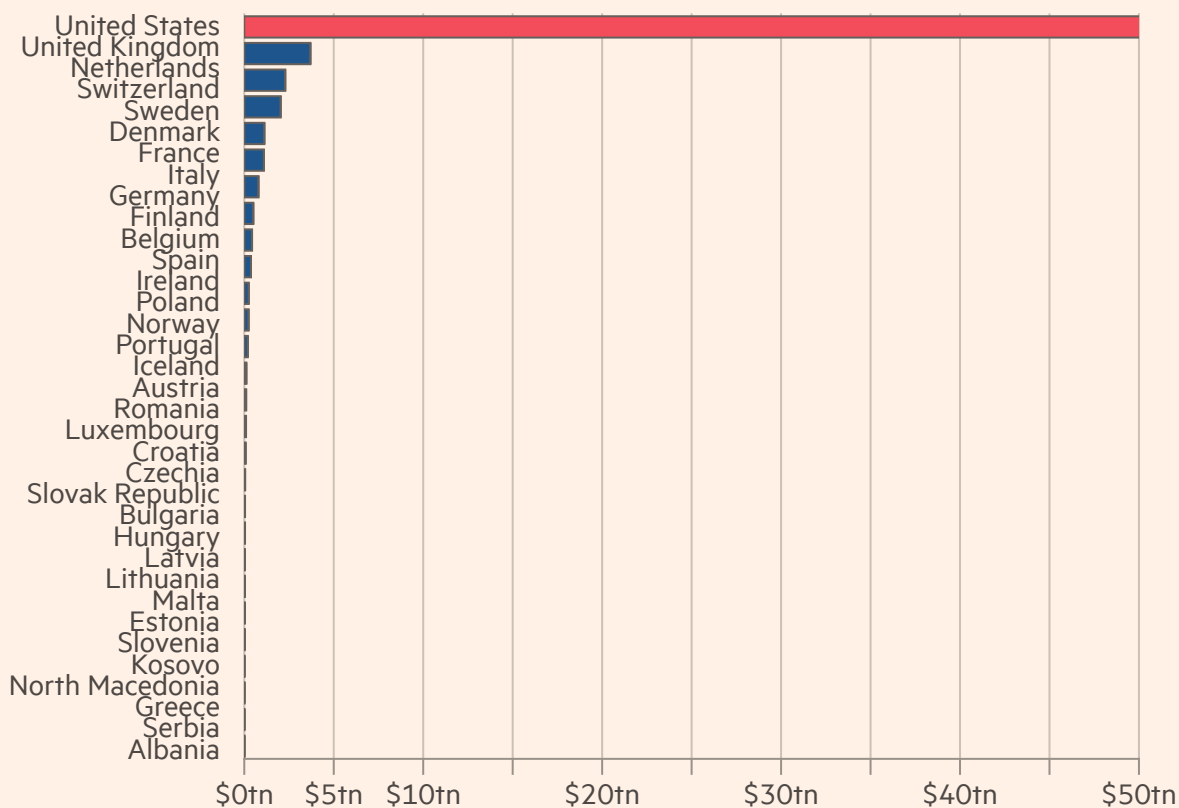
Pension funds might all *independently* decide to take AkademikerPension's lead. Stranger things have happened. But Alphaville is still unconvinced that this really moves the needle that much. Outside Denmark, the Netherlands, Sweden, Norway and the UK (local government), public sector pensions — and indeed most pensions — are largely unfunded.

If we throw into the mix all private pension assets too, it's really just the British, Dutch and Swiss pension systems that stand out as being worth more than a couple of CalPERS apiece.

They each own a stack of US assets big enough to cause some damage to valuations if liquidated. But they also have mandates oriented around investment returns and will therefore mostly need actual coercing to dump their US holdings (unless they judge the risks of buying US stocks and bonds has just got too high).

European pension assets are big, but not 'US big'

Assets earmarked for retirement in different regions, by jurisdiction, at end-2024



FINANCIAL TIMES

Source: [OECD 2024](#), [IMF](#) • Figures calculated by multiplying OECD 2024 funded pension assets as % of GDP by IMF nominal 2024 GDP in current US dollars.

Of course, no one has suggested that it would only be European pension funds' US assets that might be weaponised. As Toby discussed with Robert Armstrong in the [Unhedged podcast](#), changing capital requirements for US bonds across banking and insurance would be a big big deal. However, it's not clear whether doing this might accidentally blow up the financial system.

Lastly, chapeau to George Saravelos. While Saravelos was only one of a number of analysts we picked up alerting their clients to the risk that Europeans might choose to respond to territorial threats by refraining from funding their American cousins, MainFT [reports](#) Scott Bessent as telling a Davos crowd yesterday:

“

This notion that Europeans would be selling US assets came from a single analyst at Deutsche Bank, of course, the fake news media led by the Financial Times amplified it. The CEO of Deutsche Bank called to say that Deutsche Bank does not stand by that analyst.

Any analyst can be thrown under the bus by an unclassy boss. But you know you've *really* made it when you get to learn your CEO has thrown you under the bus direct from the US Treasury secretary.

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Magnum accuses former Ben & Jerry's board chair of 'serious misconduct' as more directors squeezed out

 [reuters.com/sustainability/boards-policy-regulation/magnum-accuses-former-ben-jerrys-board-chair-serious-misconduct-more-directors-2026-01-22](https://www.reuters.com/sustainability/boards-policy-regulation/magnum-accuses-former-ben-jerrys-board-chair-serious-misconduct-more-directors-2026-01-22)

Alexander Marrow, Jessica DiNapoli

January 22, 2026

Varieties of Ben & Jerry's ice cream sits on display, as co-founder Jerry Greenfield has quit his role as "brand ambassador" after a rift and public feud with parent Unilever company, over the conflict in Gaza, at a store in the Queens borough of New York City, U.S., September 17, 2025. REUTERS/Shannon Stapleton/File Photo [Purchase Licensing Rights, opens new tab](#)

- The Magnum Ice Cream Company spun off from Unilever in December
- Six Ben & Jerry's directors have now been ousted from the independent board
- Ex-chair calls Magnum move a 'midnight purge'

LONDON, Jan 22 (Reuters) - Ben & Jerry's years-long struggle to defend its progressive mission from parent-company pressure escalated this week, as The Magnum Ice Cream Company ([MICCT.AS](#))  [, opens new tab](#) accused the brand's former board chair of misconduct and said its once eight-member board had been reduced to just two directors.

Unilever, which acquired the quirky, socially conscious Ben & Jerry's in 2000, spun off its ice cream unit into Magnum in December and retains a 19.9% stake.

Sign up [here](#).

Since 2024, Vermont-based Ben & Jerry's and its independent board have fought Unilever, and now Magnum, in U.S. District Court in New York against what they said were efforts to undermine the brand's social mission and the board's autonomy.

In a filing dated January 20 in that U.S. District Court case in New York, Magnum said that Ben & Jerry's CEO and a Unilever appointee were now the only members on its board.

After Magnum deemed her [unfit to serve](#), Ben & Jerry's Board Chair Anuradha Mittal [was ousted](#) in mid-December, and two long-serving directors left as Magnum introduced nine-year term limits.

In its new filing, Magnum said Mittal "had engaged in serious misconduct that rendered her ineligible to serve on the board" and that an Ernst & Young audit of the [Ben & Jerry's Foundation](#), a separate U.S. non-profit funded by the brand, led to concerns of conflicts of interest.

Magnum said none of the three remaining independent directors had agreed to undergo compliance training, meaning they had left the board as of January 1.

Mittal has accused Magnum and Unilever of trying to discredit her and undermine the board's authority.

"Magnum's midnight purge of independent directors who provide oversight authority and holding hostage charitable funds— all while they continue to conceal the audit report and scope of work — speak for themselves," Mittal said in a statement on Thursday.

Magnum described the protracted litigation as "regrettable" and said it remained committed to supporting the Ben & Jerry's team.

"We look forward to the development of a refreshed Board with a majority of Independent Directors, led by an Independent Director," Magnum said in a statement.

Magnum said the foundation had regularly made grants to organisations where trustees including Mittal held senior positions and received compensation or other benefits.

The foundation said it had "become collateral damage" in the battle.

The relationship between Ben & Jerry's and its parent company began unravelling in 2021 when it said it would stop selling in the Israeli-occupied West Bank.

Reporting by Alexander Marrow in London and Jessica DiNapoli in New York;
Editing by Cynthia Osterman

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[Alexander Marrow](#)

Thomson Reuters

Alexander covers European consumer goods from London, focusing on the corporate strategies of companies including Nestle, Unilever, Danone and Reckitt, as well as on how their products impact consumers' daily lives. Alexander

previously covered Russia's economy and companies from Moscow, reporting on the fallout from Russia's 2022 invasion of Ukraine and the Western corporate exodus that followed.

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[Jessica DiNapoli](#)

Thomson Reuters

New York-based reporter covering U.S. consumer products and the companies that make them, and the role they play in the economy. Previously reported on corporate boards and distressed companies. Her work has included high-impact stories on CEO pay, Wall Street bubbles and retail bankruptcies.

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<https://www.wsj.com/business/retail/this-time-lululemons-founder-blames-its-board-for-see-through-pants-ad1797aa>

BUSINESS | RETAIL

This Time, Lululemon's Founder Blames Its Board for See-Through Pants

A LinkedIn tongue-lashing about troubles with new activewear line is latest in Chip Wilson's campaign for board overhaul

By [Suzanne Kapner](#) [Follow](#)

Jan. 22, 2026 1:25 pm ET



Chip Wilson said that the problem isn't the fault of Lululemon employees. TAEHOON KIM/BLOOMBERG

Quick Summary

- Lululemon founder Chip Wilson criticized the company's board after a new activewear line faced customer complaints about sheerness.

[View more](#)

When [Lululemon](#) LULU 2.33% ▲ Athletica had a sheerness problem years ago, founder Chip Wilson blamed its customers. Now, in yet another see-through dust-up, he's blaming the company's board.

“This is a new low for Lululemon,” Wilson wrote in a LinkedIn post days after customer complaints pushed the athleisure company to pause online sales of a new line of active wear. Some said the material of the Get Low leggings was too sheer to do much bending or squatting.

“Despite any finger pointing internally following this mishap, this is not the fault of any hard-working employees,” he continued. “This is the fault of the Board.” A Lululemon spokesman declined to comment on Wilson’s post.

It isn’t the first time the company famous for its yoga wear has run into issues with the sheerness of its materials. Back in 2013, when Wilson was still on Lululemon’s board, he suggested in a TV interview that sheerness and pilling problems with yet another style of Lululemon pants were the [fault of its customers](#).

“Quite frankly some women’s bodies just actually don’t work for it,” he said. Later that year, he apologized and [stepped down](#) as chairman. He left the board entirely in 2015.

This week’s tongue-lashing is the latest salvo in Wilson’s campaign to remake Lululemon’s board. Wilson, who is the company’s largest individual shareholder, has been critical of Lululemon’s management and board for months, blaming them for the retailer’s [having lost its “cool”](#) and “its way as a leader in technical apparel.”

In December, he [launched a proxy fight](#) to replace several board members while the company looks for a new chief executive. Its now-former CEO Calvin McDonald stepped down from the role earlier that month.

Lululemon paused online sales of the Get Low line of activewear just days after launching the collection. It [pulled the products](#) from its website “to review early guest feedback and insights,” it said in a statement, though they were still available in North American stores.

It restored the Get Low collection to its website Wednesday evening after adding more guidance on sizing and how to use the garments.



Lululemon is known for creating leggings women like to wear in the gym—and outside it. ALISHA JUCEVIC/BLOOMBERG NEWS

“We take our guests’ feedback seriously and value their input in shaping the products and experiences we create,” the company said.

In 2024, Lululemon [stopped selling](#) its Breezethrough leggings after customers complained that the fabric was too thin and the V-shaped seam lines were asymmetrical and unflattering.

Lululemon got its start as an innovator in athletic apparel, designing leggings that were so flattering and comfortable that women wore them to the gym and just about everywhere else. It helped create the athletic apparel category and dominated it for years. But more recently, it has stumbled with quality issues and a lack of new styles while rivals are gaining steam.

“For years, Lululemon’s results (particularly in North America) have shown how the Company has struggled to deliver products that are compelling and beloved; now it is unable to simply deliver products that work,” Wilson wrote in his post.

“It is clear that persistent failures like this are born out of this Board’s lack of experience in creative businesses, disinterest in product development and quality, and focus on short-term, self-interested priorities,” he continued.

One solution, according to Wilson’s post, would be for the board to have a Brand Product Committee with oversight of the product pipeline and quality testing.

Wilson doesn’t want a board seat for himself. But as part of his proxy fight, he nominated three directors to Lululemon’s board. He also wants David Mussafer, who is a managing partner of private-equity firm Advent International, to relinquish his

board seat. Mussafer joined the board in 2005, when Wilson sold 48% of Lululemon to Advent and stepped down as CEO.

Semafor first reported Wilson's intentions toward the Advent director.

This month, Lululemon said its sales and earnings for the year-end quarter would likely come in at the high-end of its previously guided range. The move comes after several challenging quarters in which North American sales fell.

Lululemon shares are down about 49% over the past year.

Write to Suzanne Kapner at suzanne.kapner@wsj.com

Videos

NewsRoom

1/22/26 cleveland.com (Cleveland, Ohio) (No Page)
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January 22, 2026

'Lying liars who lie': FirstEnergy's corruption legacy haunts its climate change claims

Today in Ohio; cleveland.com

FirstEnergy may have a legitimate point about climate change increasing storm intensity and complicating power restoration efforts—but nobody's buying it.

According to Today in Ohio podcast hosts, the utility's involvement in the biggest bribery scheme in history of the state has permanently damaged its credibility.

The utility wants permission from regulators to relax its power outage standards, allowing for more frequent outages each year and giving crews more time to restore power. In Cleveland, the average restoration time would increase from 135 minutes to 150 minutes.

"I think this is evidence of nobody trusting FirstEnergy, which is FirstEnergy's own fault, because they were so corrupt," said Chris Quinn Wednesday. "I don't think anybody's ever going to believe anything they say again."

The backlash has been swift and widespread. Cleveland and Lakewood have already announced their opposition, and Bay Village has joined them, citing concerns that repeated outages already strain their public safety and city services. A bipartisan group of 19 bipartisan Ohio lawmakers has also urged the Public Utilities Commission of Ohio (PUCO) to reject the request.

The lawmaker group warned that easing standards would have "profound economic, health and public safety implications," particularly for households that rely on powered medical equipment or businesses that need electricity to deliver services.

Quinn acknowledged that FirstEnergy's argument about climate change might have merit but said it ultimately doesn't matter. "I do think they have a legitimate claim here that climate change has brought more intense storms and it's causing them a lot more effort needed to restore power after a storm goes through," he said. "But I don't think it matters because they're lying liars who lie and bribing bribers who bribe."

The utility's request comes in the long shadow of its role in a \$60 million bribery scheme that secured a \$1.3 billion bailout of two nuclear plants. That scandal has left an indelible stain on the company's reputation.

"I mean, that's what they get, right? You make your bed, you lie in it, deal with it," added Courtney Astolfi.

Listen to the discussion here.

Listen to full "Today in Ohio" episodes where Chris Quinn hosts our daily half-hour news podcast, with Editorial Board member Lisa Garvin, Impact Editor Leila Atassi and Content Director Laura Johnston.

---- Index References ----

Company: FIRSTENERGY CORP; BAY VILLAGE, CITY OF

News Subject: (Corruption, Bribery & Embezzlement (1EM51); Crime (1CR87); Fraud (1FR30); Social Issues (1SO05); Weather & Climate (1WE93))

Industry: (Climate Change (1CL10); Earth Science (1EA85); Electric Utilities (1EL82); Energy & Fuel (1EN13); Environmental (1EN24); Meteorology (1ME62); Science (1SC89); Science & Engineering (1SC33); Utilities (1UT12))

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

Language: EN

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

Word Count: 375

News from Bloomberg Terminal
FTX Does Some Effective Altruism
Jan. 22, 2026, 10:58 AM PST

By Matt Levine

(Bloomberg Opinion) --

"The" vs. "a"

Remember FTX? It was wild. FTX was a crypto exchange that collapsed in bankruptcy and fraud charges in late 2022. Before that, though, it was a wildly lucrative business, run sloppily by inexperienced young people out of luxury apartments in the Bahamas, with a distinctive charitable mission. FTX was associated with the Effective Altruism (EA) movement, and its founder, Sam Bankman-Fried, was explicitly looking to earn a lot of money to give to effective charities. I once said to him that he was "in the business of funneling money from people who are going to use it poorly on gambling to, like, animal charities and pandemic preparedness and Joe Biden," and that was *before* I knew about the fraud stuff. Even the *good* story of FTX was that it was a vast machine for extracting money from crypto traders and giving it to effective altruism charities.

In that vein, in April 2022, FTX hired a guy named Ross Rheingans-Yoo to work at the FTX Foundation, its charitable arm.¹ His employment agreement – "a shared Google Document, 'Final Ross Terms'" – promised him "a discretionary bonus of at least \$1 million," to be paid half in cash and half in a donation to a charity of his choice. Very FTX: \$1 million seems like a nice paycheck for a nonprofit employee, and getting half of his pay in charitable donations was very EA of Rheingans-Yoo.²

In September 2022, after about five months of work, Bankman-Fried told Rheingans-Yoo that, "as his bonus for the first half of 2022," he would get \$650,000, plus "another \$650k of directed grants to any [Effective-Altruist]-driven cause if you want." Two months later, FTX went bankrupt. At the time of the bankruptcy, Rheingans-Yoo had apparently not told FTX where to send the \$650,000.

So he filed a claim in bankruptcy, asking FTX's bankruptcy estate to send the \$650,000 to the charity of his choice. FTX's bankruptcy estate fought the claim, arguing that it had no obligation to pay him, but the bankruptcy judge disagreed and awarded him the money. (The \$650,000 was an unsecured claim, but FTX ended up recovering more than 100 cents on the dollar for unsecured creditors,³ so he got the full amount.)

He asked FTX to send the money to Manifold for Charity, the charitable arm of prediction market Manifold Markets, because of course he did. FTX's estate objected to this too, arguing that, because FTX was in litigation against Manifold, because Rheingans-Yoo was on Manifold for Charity's board, and because he would control the disbursement of the money from Manifold, this donation was conflicted: "Rather than seeking to do good, Rheingans-Yoo instead is perpetuating a key component of the FTX fraud in which FTX insiders siphoned money from creditors to donate to 'charities' in order to enhance their own personal reputations and line the pockets of their Effective Altruist acquaintances."

Rheingans-Yoo disagreed, but said that he was "willing to eliminate the parties' ongoing litigation costs and conserve judicial resources by changing his designation from Manifold for Charity" to another EA charity, 1DaySooner Inc.⁴ But Sullivan & Cromwell, the FTX bankruptcy estate's lawyers, wrote back, saying, nope, the court's order "only permitted distribution on the claim to 'Effective Altruism-driven charity,' designated in writing ... and not, for example, to 'Effective Altruism-driven charity.'" ⁵ That is: Because he could give the money to "the EA charity of his choice," and he chose wrong, he couldn't choose a different charity. He only had the one shot, and he missed.

One thing that is arguably going on here is that the FTX bankruptcy administrators are extremely and understandably crotchety about the young EA people who worked at FTX. Reading between the lines a bit, you get the sense that Sullivan & Cromwell thinks that the young FTX EAs drove FTX into bankruptcy and stole customer money to give to fake charities, and doesn't want to give them or their charities any more money.

Another thing that is going on here is that no lawyer can resist the opportunity to say "aha, if this document said 'a' you'd get \$650,000, but it says 'the' so you don't." That is the sort of thing that lawyers live for.

Anyway the judge wasn't having it. Bloomberg Law's James Nani reports:

A former Jane Street trader recruited by Sam Bankman-Fried to assist in FTX's charitable giving defeated opposition from the fallen crypto exchange to send \$650,000 of his bonus to an effective altruism-tied nonprofit as part of the bankruptcy.

Ross Rheingans-Yoo can send part of his bonus to 1Day Sooner Inc. because the FTX recovery trust's lacked any credible basis to oppose it, Judge Karen B. Owens of the US Bankruptcy Court for District of Delaware ruled at a hearing Tuesday. ...

Owens allowed Rheingans-Yoo to re-designate the beneficiary of his \$650,000 claim from Manifold for Charity to 1Day Sooner, according to a transcript of the hearing. She also granted Rheingans-Yoo's motion for sanctions against the trust, finding its refusal to permit the re-designation as "completely unreasonable and really just not based in any law or fact" and leading to "wasteful litigation," she said.

"I just think that the trust has been harmed, and I think that the claimant has been harmed, and I think that the Court has been harmed with this," Owens said, according to a transcript.

One important model of FTX is that, *before* November 2022, it was a way to funnel money from crypto traders to EA charities, but *after* November 2022 it has become a way to funnel money to lawyers.

People are worried about private credit liquidity

It seems like it would be fairly easy to sell private credit to a pension fund. The pitch is something like this:

1. Private credit, generically, offers higher returns than “public credit” (bonds, etc.), as compensation for offering less liquidity. If you invest in bonds, you can sell them whenever you want; if you invest in private credit, your money is locked up for years. But in exchange you get a higher interest rate.
2. You are a pension fund: You don’t *need* your money back for years! You have a quite predictable schedule of liabilities; you know that some of your beneficiaries will retire in 10 years, and you will need to start paying them benefits then. They won’t all suddenly retire tomorrow; you can safely make long-term plans.
3. If you don’t need your money back soon anyway, private credit also offers other benefits: Because it doesn’t trade much, it is not marked to market as rigorously as public bonds are, so you get to tell everyone that you have pleasingly consistent returns without much volatility.

Great pitch. But a problem with it is that most US workers do not have defined-benefit pensions, so there is not all *that* much pension money to put into private credit.

What do US workers have? Well, one way to replace a pension is with an annuity: You save some money, you buy an annuity from an insurance company, and the annuity pays you a fixed amount every month in your retirement, much like a pension would. The pitch to pension funds that I wrote above works, without any adjustment, for annuities: Same basic dynamic of “you want high returns and can wait.” So private credit firms should pitch their product to insurance companies. And they do, very much so, to the point that I sometimes write that “private credit” is a fancy way to say “insurance companies,” and to the point that many private credit managers own and manage annuity companies themselves.

Even that, though, is not the main prize. The *main* US replacements for pensions – the main ways that US workers save for retirement – are 401(k) plans and other defined-contribution plans. That is, the main way that US workers save for retirement is that they put some money aside for themselves, and hopefully by the time they retire it’s enough money to fund their lifestyles.

And so you’d expect private credit to make the same pitch to individual investors, their financial advisers and their 401(k) plans:

1. Private credit should offer high returns at the cost of bad liquidity.
2. You’re not going to retire for 20 years so you don’t need liquidity.
3. Also, if you check your account every day, it won’t go down much (it’s not marked to market), so you’ll sleep better.

This is a pretty good pitch (though it leaves some stuff out, like high fees⁶), and private credit is all-in on making it.

An important problem, though, is the second point. In theory “you’re not going to retire for 20 years so you don’t need liquidity” is a good argument to individuals, just as good as it is to pension funds or annuities. In practice, the individuals want liquidity. Bloomberg’s Ellen DiMauro reports on what private credit managers are actually doing:

Private credit firms are preparing to reach everyday investors in the US by launching new vehicles that are more compatible with 401(k)s and other retirement accounts.

Managers last year launched 41 evergreen funds dedicated to private credit, according to data from Preqin. These vehicles offer investors options to cash out periodically, in contrast with closed-end vehicles that typically lock up capital for a set amount of time, a drawback for individual investors. ...

“You have many managers working on new ways for retail investors to access the market, and there’s a focus on delivering vehicles which can provide enough liquidity for 401(k) access,” said Jennifer Daly, chair of private credit and special situations at Paul Hastings.

“Enough liquidity for 401(k) access” makes no real sense in theory, but it really is what’s required. You can’t sell retail investors a private credit product like “give us your money and forget about it until you retire,” even if that would be optimal for both you and them.

Meanwhile, private credit’s pitch to *regulators* is that it has a safer funding model than bank lending. “Instead of being funded with deposits,” as I have put it, private credit firms “lend using long-term locked-up investor capital”: Private credit funds have much less debt than banks do, and their money is locked up for longer. This is basically true of private credit funds whose investors are pensions or endowments or insurance companies. But when you get individual investors and let them withdraw their money, it’s less true. The Wall Street Journal reports:

For the first time since the start of the private-credit boom, large numbers of individual investors are trying to get their money out.

Several of the biggest funds eligible to wealthy individuals received requests from about 5% of shareholders to cash out at the end of last year, well above the normal volume, according to Securities and Exchange Commission filings. One, managed by Blue Owl, got redemptions for about 15% of its shares, primarily from Asian clients, a person familiar with the matter said.

The rising redemptions come at an awkward time for private-credit fund managers—and for the Trump administration—as they push for new rules that would “democratize” private markets by encouraging their inclusion in 401(k) retirement plans for all Americans.

Private-fund managers, including Apollo Global Management, Blackstone and Blue Owl, blame fearmongering about a recent spate of corporate bankruptcies, like automotive supplier First Brands, for the surge of withdrawals. Analysts say there could be a simpler explanation: Individual investors are falling into a familiar pattern of selling out when an asset class underperforms expectations.

If you let individual investors take their money out, they will, at the worst time, and your funding model is not as good as you thought it was.

There are solutions. For instance: What if you borrow the money that they want back? The Journal goes on:

Redemptions have been particularly heavy from a technology-focused BDC that Blue Owl has grown to about \$6 billion by relying heavily on UBS's wealth-management platform to sell it to individuals in Asia. By December, Blue Owl had received redemptions well in excess of 5% but rather than capping payouts there, the firm announced it would raise the threshold to 17%, borrowing money to retire the shares.

The idea was to flush all shareholders who wanted out in one fell swoop, avoiding the cycle of redemptions that weighed down Blackstone's real-estate fund for years when it fell from favor. About 15% of the technology BDC's investors took Blue Owl up on its offer and redeemed, the person familiar with the matter said.

The usual story about private credit is that it is systemically safe because it has long-term funding and low leverage, but once you open it up to retail the funding gets more flighty and the leverage gets higher.

Fake 10b5-1

Chief executive officers of public companies often have material nonpublic information about their companies, and they also often have college tuition bills. Much of a CEO's wealth will be tied up in her company's stock, and she will sometimes need to sell stock to pay tuition or buy a house or whatever. If she knows bad news about the company, though, she can't sell stock, which is hard when the tuition bill is due.

How do you address this? Well, there are *some* times when the CEO *doesn't* have inside information, at least in theory. When the company releases earnings and does an earnings call and answers analysts' questions and gives guidance for the year, the CEO can at least *argue* that the market knows as much as she does about the company. (This is rarely true, but it's a reasonable polite fiction.) Therefore, she is free to sell stock. The company is in an "open window" for insider selling.

These windows are often short, so often CEOs will use them to set up "10b5-1 plans," named after the US Securities and Exchange Commission rule allowing them. Basically the rule is that you can set up a mechanical plan – "sell 10,000 shares every month," "sell 100,000 shares if the price goes above \$100," whatever – during an open window, and then that plan can execute, mechanically, when the window closes. If you set up a plan when you have no material nonpublic information, and then later you *get* material nonpublic information, you can keep selling shares under the plan: You are not *making decisions* to sell shares using material nonpublic information; your broker is just mechanically doing what the plan says.

There are complicated ways to manipulate this, which we sometimes discuss. But the simple bad thing you can do is set up the plan while you have material nonpublic information. You know your company is going to get acquired, so you set up a plan that is like “buy 10,000 shares a day.” You know your company is going to announce disastrous earnings, so you set up a plan that is like “sell 10,000 shares a day.”

This doesn’t seem to happen much. For one thing, it is straightforwardly illegal: Setting up a 10b5-1 plan while you have material nonpublic information doesn’t “work”; it’s insider trading; the whole point of Rule 10b5-1 is that you have to *not* have inside information when you set up the plan. For another thing, there are prophylactic rules to prevent it: 10b5-1 plans are generally required to have a delayed start, so you can set up a plan like “sell 10,000 shares a day starting in three months” but not “sell 10,000 shares a day starting tomorrow.”⁷ The point of this “cooling-off period” is that, even if you do have nonpublic information when you set up the plan, it will stop being relevant by the time the plan starts trading.

Still, I guess, maybe. If you have some really slow-burn bad news, maybe you could keep it to yourself, set up a 10b5-1 plan to sell all your stock in three months, sit on the news, sell the stock, announce the news, and be like “what? I had a 10b5-1 plan.” Seems sort of far-fetched.

Way back in 2021, we discussed allegations that the CEO of a company called Emergent BioSolutions Inc. insider traded on some bad news. In 2020, Emergent announced that it had a lucrative contract to manufacture some Covid-19 vaccines; in March 2021, it announced that it had messed up those vaccines. The stock went up when it announced the contract and down when it announced the problems. The CEO sold stock before the problems were announced, and so people asked: “Is this insider trading?” And my instinct was no. I wrote:

To be clear, he sold the stock in January and February (under a 10b5-1 plan he put in place in November), and the vaccine mixup happened in March. He didn’t know about the bad thing when he sold stock, because it hadn’t happened yet. But did he know that the bad thing *would* happen?

Well. Last week the attorney general of New York sued him, and settled with Emergent, claiming that actually it was insider trading:

The lawsuit alleges that Kramer knew about the manufacturing and contamination issues and executed a trading plan before those issues were made public. The OAG’s investigation found that on October 6, 2020, an executive vice president responsible for manufacturing operations provided Kramer with a copy of a PowerPoint presentation that included slides about aborted, contaminated batches of the vaccine. On October 13, 2020, Emergent concluded that multiple batches of vaccines were likely to be lost due to contamination. A day later, Kramer asked his investment advisor to implement a stock trading plan, which would allow him to sell some of his Emergent stock at set dates and prices. ...

On November 13, 2020, Emergent approved Kramer's trading plan, which he then executed, all while the company was amid a manufacturing crisis. Kramer received more than \$10.1 million as a result of his sale of stock, which took place in January and February 2021 as outlined in his trading plan. Shortly after Kramer completed his sales on February 8, 2021, the market price of Emergent stock began to decline consistently, and has not recovered since. In April 2021, the U.S. Food and Drug Administration ordered a permanent halt to Emergent's production of the AstraZeneca vaccine.

Emergent actually *found* contamination in March 2021, but apparently it was worried about it in October 2020. If you were worried about contamination, and you wanted to sell your stock before the news got out, would you set up a delayed 10b5-1 plan to sell stock in a few months, and then try to keep a lid on the bad news until then? Seems hard, but maybe?

Thinking People

My basic model of modern artificial intelligence labs is that they are like emotionally intense graduate school programs but with unlimited money. You spend all day in the single-minded pursuit of knowledge for its own sake, working late hours, subsisting on pizza and ramen, advancing the frontiers of human understanding with like-minded quirky brilliant colleagues, and sometimes you sleep with them, but also for some reason there's \$2 billion in your bank account. Honestly it sounds nice.

The purest case of this might be Thinking Machines, an AI startup that has historically been somewhat short on product, long on talent and very long on investor interest. I wrote about it once:

If you are a top AI researcher, probably a lot of your friends are also top AI researchers. If you all got together, you could (1) hang out and have fun and (2) also do some top AI research. And then you could go out to investors and say "hey, look, top AI researchers here, give us a billion dollars." And if the investors said "yes but what are you all doing together," you could give them a disapproving look and take a step toward the door, and they would say "we're so sorry, we don't know what we were thinking, to make it up to you here's \$2 billion."

And then you'd have \$2 billion dollars to hang out with your friends. And do top AI research with them, if you want. You probably do want! That's how you got to be top AI researchers. But do you need to do boring stuff like *have a business plan or pursue revenue*?

Just very pleasing. Anyway the Wall Street Journal has an update on what Thinking Machines is up to:

[Mira] Murati, the chief executive of AI startup Thinking Machines Lab, had shown up for work on Monday last week expecting to have a one-on-one with Barret Zoph, her chief technology officer, according to people familiar with the matter. Last summer, she had learned that Zoph was in a relationship with a colleague; in the months since, she had expressed repeated concerns about his lack of productivity, according to the people.

She was invited instead to an impromptu meeting with Zoph, another co-founder and a third employee. The three told her they disagreed with the direction of the company and that they were considering leaving.

They asked for Zoph to be given charge of all technical decision-making, according to the people. Murati responded that Zoph was already CTO and asked why he hadn't been doing his job for months, they said.

Two days later, Zoph was fired.

Within hours, all three had signed offers to rejoin OpenAI, the AI lab they had ditched a year ago to join Murati's fledgling startup.

"A relationship with a colleague" and "lack of productivity" are bad things in traditional corporate America, but if you think of this as a \$50 billion grad school it sounds pretty normal.

Idiot sale

One theory of mine is what I call the Elon Markets Hypothesis, which says that "the way finance works now is that things are valuable not based on their cash flows but on their proximity to Elon Musk." Another theory of mine is that bad things are now good: "Scandal, these days, sells. I mean it sells *stock*, even."

If you combine these two theories, the result is something like "public companies should make Elon Musk mad at them, because that's good for the stock price." Here's a Wall Street Journal article about how Musk is fighting with Michael O'Leary, the chief executive officer of Ryanair Holdings Plc:

Musk had taken to his social-media platform, X, to call the Ryanair CEO an "insufferable, special needs chimp." In recent days, Musk has called for O'Leary to be fired and threatened to buy his airline and oust him.

Staring down the barrel of an escalating brawl with one of the world's richest and most outspoken figures, many executives of a major public company might choose to defuse tensions. Ryanair's O'Leary leaned into the spat, offering a lesson in how to monetize the online feud. ...

"I frankly wouldn't pay any attention to anything that Elon Musk puts on that cesspit of his called X," O'Leary told [a radio] host. "He's an idiot. Very wealthy, but he's still an idiot." ...

The company also launched what it dubbed 'the idiot sale,' offering 100,000 one-way tickets for \$20 a pop. ...

"We want to thank him sincerely for the additional publicity," the CEO told reporters, adding that bookings in a typically slow postholiday period were up as much as 3% since the tiff started and that the seat sale had been visited as many as four million times. ...

"I do think it's unfair on chimps, but it is very good for our bookings," O'Leary said, adding that the spat was likely beneficial for X, too.

"Corporate governance should be more like professional wrestling," is a thought that I have not really had.

Things happen

Trump Sues JPMorgan, Dimon for \$5 Billion Over Alleged Debanking. Wall Street Chiefs Lay Low to Avoid Trump's Trolling. Bank of America's Brian Moynihan left off invite list for Trump reception at Davos. Bank of America's Moynihan Says Card-Cap Proposal Would Slow Spending. How Trump Is Rewriting the Rules for America's Biggest Banks. Hedge Funds Gather \$116 Billion in Net Inflows, Most Since 2007. "Compensation for a sports trader at Susquehanna International Group starts at around \$90,000 a year." Paramount Extends Tender Offer for Warner Bros. Shares. Private equity moves deeper into US law with personal injury firm deal. Elon Musk's SpaceX lines up 4 banks for blockbuster IPO. Tesla Aims to Sell Optimus Robots to Public Next Year, Musk Says. Bessent Urged by Warren to Probe 'Opaque' Data Center Financings. Elizabeth Holmes Asks Trump for Early Prison Release After Fraud. Bill Hwang Seeks Pardon for Fraud That Cost Banks \$10 Billion. N.Y.C. Sues to Block Adams-Approved Police Reality Show With Dr. Phil. Real Madrid Indicted Over Noise After €2 Billion Stadium Revamp. Lululemon Founder Slams Board After See-Through Leggings Fiasco. Dos Equis Brings Back the Most Interesting Man in the World.

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1. See FTX's objection and Rheingans-Yoo's response, from which I have taken the facts and quotes in this paragraph and the next. Note that FTX says he was hired to work at Alameda, FTX's associated trading firm, not the FTX Foundation, though given the sloppiness of FTX/Alameda's management practices that doesn't mean too much.
2. Also very FTX: Like Bankman-Fried and a number of other important characters in the FTX story, Rheingans-Yoo came to FTX from Jane Street.
3. I promise that you do not need to email me to say "actually their crypto creditors were not made whole"; I know.
4. See Exhibit 2 here.
5. Exhibit 3 here.
6. And, of course, it's not clear that the actual returns will be higher.
7. This was only added to the rule in 2022, but before that companies commonly required their own cooling-off periods.

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Securities

Cemtrex Founder Ordered to Pay \$10 Million in SEC Fraud Case

Jan. 21, 2026, 8:31 AM PST

Cemtrex Inc. founder Aron Govil must pay an additional \$9.71 million in an SEC enforcement action alleging he defrauded investors and misappropriated company funds.

Judge J. Paul Oetken on Tuesday ordered Govil to pay \$6.7 million in disgorgement and \$3 million in prejudgment interest after a federal appeals panel remanded the Securities and Exchange Commission's case to the US District Court for the Southern District of New York.

The SEC's power to recoup ill-gotten gains from defendants is currently under review by the US Supreme Court, which opted to address whether a showing of investor harm is required to win disgorgement in fraud enforcement.

Govil previously settled the enforcement action with the SEC in 2021, when he agreed to pay \$1.2 million in disgorgement, fines, and interest. He also accepted an order barring him from issuing penny stocks and serving as a corporate officer or director.

The 2023 remand from the US Court of Appeals for the Second Circuit prompted Oetken to reappraise the amount Govil paid, finding that the \$664,023 he surrendered in the settlement fell far short of calculated ill-gotten gains based on pecuniary harm suffered by Cemtrex and its investors.

"Mr. Govil believes that the District Court got it wrong again, unfortunately," said Derrelle Janey, an attorney in New York who represents the defendant. "This litigation is far from over."

An SEC spokesperson declined to comment.

The SEC alleged Govil siphoned \$7.3 million from Cemtrex, which he touted as a diversified industrial and technology company while paying promoters to boost the company's stock price and selling his own shares. He also allegedly bought shares using inside knowledge of corporate earnings and deals and ran a separate fraud scheme using Telidyne Inc., a purported developer of mobile applications.

Disgorgement has been a key tool for the SEC to recoup assets through enforcement, with the agency winning \$6.1 billion back from defendants in fiscal 2024, more than triple the amount derived from civil penalties. The amount collected from disgorgement plummeted in fiscal 2025, according to Cornerstone Research.

The SEC last week notched another disgorgement win when an Eleventh Circuit panel upheld an order requiring a securities transfer agent to relinquish \$115,000 in ill-gotten gains, allowing the agency to deposit the recouped assets with the US Treasury after it was unable to find individual harmed investors.

Govil is also represented by Cozen O'Connor.

The case is SEC v. Govil , S.D.N.Y., No. 21-cv-6150, 1/20/26 .

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Securities

Manage Newsletters

SEC Seeks Fresh Pathway to Advance in Stalled Adani Fraud Case

Jan. 22, 2026, 9:57 AM PST

Summary by Bloomberg AI AI Generated



- The US Securities and Exchange Commission is asking a judge to allow alternative measures to serve Gautam Adani and his nephew Sagar Adani with a legal summons, after failing to do so for more than a year.
- The SEC wants to notify the Adanis of its lawsuit via email and through their US-based lawyers, as it has been unsuccessful in getting assistance from India's government to deliver the summons.
- The SEC's lawsuit alleges that Gautam and Sagar Adani violated US securities laws by making false and misleading representations about Adani Green Energy Ltd.

After failing to serve **Gautam Adani** with a legal summons for more than a year, the US Securities and Exchange Commission wants a judge to clear a way for the agency to advance with its fraud case against the Indian billionaire.

The SEC asked US District Judge Nicholas Garaufis in Brooklyn, New York, on Wednesday to let it use alternative measures to ensure that Adani and his nephew **Sagar Adani** – who both reside in India – are formally made aware of the legal action against them. Generally, such litigation can't proceed in the US until the defendants have been properly served with the complaint.



Gautam Adani

Photographer: Indranil Aditya/Bloomberg

The US regulator has said it's repeatedly tried in vain to get assistance from India's government to deliver the summons. Unsuccessful in its efforts, the SEC said it wants to formally notify the Adanis of its lawsuit via email and through Gautam's US-based lawyers at Kirkland & Ellis and Quinn Emanuel Urquhart & Sullivan and counsel at Hecker Fink, which the agency says is representing Sagar.

The SEC declined to comment beyond the court filings. An Adani representative did not offer any immediate comment. India's Ministry of Law and Justice and Ministry of External Affairs didn't respond to an email sent after office hours seeking comments.

A spokesperson for Quinn Emanuel declined comment. Neither Kirkland & Ellis nor Hecker Fink immediately responded to a request for comment.

The SEC's lawsuit, filed in November 2024, alleges that Gautam and Sagar Adani violated US securities laws by making false and misleading representations about Adani Green Energy Ltd.

In addition to the SEC's civil complaint, federal prosecutors in Brooklyn charged the Adanis, accusing India's second-richest person and others of helping drive a \$250 million bribery scheme in India to lock in solar-power contracts.

For the past year, Gautam Adani has been using diplomatic and other channels in an effort to have the cases against him and his nephew resolved, Bloomberg News has reported.

Kirkland & Ellis and Quinn Emanuel have filed registrations with the US Congress to lobby the government on behalf of Adani Green on energy issues and related criminal and civil matters.

Gautam Adani's representatives have tried to make the case that his prosecution doesn't align with President Donald Trump's priorities and should be reconsidered, Bloomberg [reported](#) in May. Those attempts hit a snag as the US and India clashed on issues like trade, Russian oil and India's conflict with Pakistan.

Read More: [Adani Bid to End Bribe Case Stalls Amid Tense US-India Ties](#)

The criminal case has remained dormant with no filings in more than a year and no appearance from legal counsel on the Adanis' behalf.

The Adani Group has called the US allegations "baseless." In June, Gautam Adani said that "despite all the noise," no one from the Adani Group was charged with violating the Foreign Corrupt Practices Act or conspiring to obstruct justice.

--With assistance from **Nicola M White, P R Sanjai** and **Sudhi Ranjan Sen**.

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Securities

Bill Hwang Seeks Pardon for Fraud That Cost Banks \$10 Billion

Jan. 21, 2026, 8:48 AM PST

Archegos Capital Management founder **Bill Hwang** is seeking a presidential pardon for his conviction in a high-profile Wall Street fraud case over the collapse of his \$36 billion family office, which scorched banks and helped topple Credit Suisse Group AG.

Hwang, who's free on bail while appealing the verdict behind his 18-year sentence, submitted a pardon application to the Justice Department last year, according to a notice on the DOJ's website. In 2024, a jury found him guilty of fraud and market manipulation after prosecutors accused him of deceiving lenders to ramp up stock bets that sent prices soaring — a scheme that spectacularly imploded in March 2021.

Hwang's petition follows the Justice Department process for leniency used by thousands of people every year — a system President Donald Trump has often sidestepped in his second term. Beyond that channel is a supercharged pardon economy, in which some lawyers quote as much \$1 million to put cases together and get them in front of the White House for consideration, Bloomberg News has reported. Hwang's notice doesn't specify who filed his petition, and it's unclear whether anyone reached out to the White House on his behalf.



Bill Hwang

Photographer: Jeenah Moon/Bloomberg

A White House official wouldn't comment on the specific case but said the president is the final decider on all pardons and commutations. A Justice Department spokesperson declined to comment, and a lawyer handling Hwang's appeal didn't respond to messages.

Hwang was represented at trial by **Barry Berke**, a white collar defense lawyer who played roles in Trump's impeachments, including serving as chief impeachment counsel for the House of Representatives. The investor has since enlisted a new legal team led by appeals specialist **Alexandra Shapiro**. She's known for her roster of financial-world clients and celebrities, including crypto mogul Sam Bankman-Fried and music producer **Sean "Diddy" Combs**.

The collapse of Archegos reduced Hwang's personal wealth to a small fraction of the billions of dollars he once commanded. But his non-profit Grace and Mercy Foundation still held well over \$700 million at the end of 2024, a filing shows.

So far in his second term, Trump has issued more than 1,600 pardons or commutations, according to the Justice Department. The vast bulk of his grants of clemency have been to people charged in connection with the Jan. 6, 2021, attack on the US Capitol.

The Justice Department generally waits for appeals to run their course before it takes action, and federal guidelines advise applicants to wait five years before seeking a pardon. But Trump has sometimes intervened much earlier, granting relief before sentences are served or even start.

Read More: Bill Hwang, SBF, Diddy Rely on Wall Street's Last-Chance Lawyer

The president has said he's using his clemency powers to correct abuses in the criminal-justice system against those prosecuted for political reasons, particularly under former President Joe Biden. But Trump's critics say he's undermining the work of Justice Department prosecutors by giving pardons and commutations to undeserving recipients who gain access to him, including political donors.

In Hwang's case, prosecutors said the veteran investor directed Archegos staff to tell banks his firm had large positions in tech giants like Apple Inc. and Microsoft Corp. In reality, its money was heavily concentrated in a small group of fairly illiquid stocks, most notably the company then known as ViacomCBS. To maximize his trades' impact, Archegos executives typically bought swaps, knowing that counterparty banks would hedge by directly buying shares.

When his bets became unsustainable, it set off a cascade of margin calls that saddled banks including Credit Suisse, Nomura Holdings Inc. and Morgan Stanley with about \$10 billion of losses. UBS Group AG later took over Credit Suisse in an emergency merger arranged by Swiss authorities.

The indictment was the first big white-collar prosecution brought by then-Manhattan US Attorney **Damian Williams** after his appointment by Biden. Trump replaced Williams last year. Hwang's trial was overseen by Judge Alvin Hellerstein, the 92-year-old has been assigned the US case against ousted Venezuela leader **Nicolás Maduro**.

--With assistance from **Hadriana Lowenkron** and Chris Strohm.

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Securities

Elizabeth Holmes Asks Trump for Early Prison Release After Fraud

Jan. 21, 2026, 1:18 PM PST

Disgraced Theranos Inc. founder **Elizabeth Holmes** has formally asked President Donald Trump to release her from prison with almost six years left to serve on her term.

Holmes asked Trump last month to commute her 11-year sentence for defrauding investors in her blood-testing startup. Her application appeared in a Justice Department database in mid-December, according to archived copies posted on lawyeroy.com.

After Holmes was convicted in 2022 at a trial in San Jose, California, the judge ordered her in May 2023 to pay \$452 million in restitution. If Trump commutes her sentence, she still would owe restitution and remain on probation. Those obligations would not apply if she got a pardon.



Elizabeth Holmes, founder of Theranos Inc., arrives at federal court in San Jose, California, on Sept. 1, 2022.

Photographer: Nic Coury/Bloomberg

The White House is sifting through thousands of clemency requests, including a pardon bid by Archegos Capital Management founder **Bill Hwang**, who was convicted over the collapse of his \$36 billion family office.

Last week, Trump granted clemency to more than 20 people, including several convicted of white-collar crimes. Trump says he's using his unchecked clemency powers to correct abuses in the criminal-justice system against those prosecuted for political reasons. But critics say he's abusing the process and undermining the work of prosecutors.

Attorneys for Holmes didn't immediately respond Wednesday to requests for comment.

The White House said it does not comment on potential clemency requests and that the president is "the final decider" on all pardons or commutations.

Holmes, 41, has two small children and is serving her term at a minimum-security prison camp northwest of Houston. She has asked the judge who sentenced her to knock more than two years off her punishment. She's scheduled to be released on Dec. 30, 2031, according to the Bureau of Prisons website.

Last year, a federal appeals court rejected her request to overturn her fraud conviction. It also upheld the conviction of her former business and romantic partner **Ramesh “Sunny” Balwani**, as well as the restitution the pair must pay to 14 victims.

Their Silicon Valley startup, fueled by the celebrity of Holmes, once had a \$9 billion valuation. But the company collapsed after its testing technology was exposed as a failure, prompting books, films and podcasts.

In November, the San Jose Mercury News reported that Holmes had posted a stream of posts on the social media platform X that proclaimed her innocence and supported Trump’s agenda.

--With assistance from **Zachary R. Mider** and **Aaron Gordon**.

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Tesla Lost the Most Share Last Year in EV-Stronghold California

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Kara Carlson

January 22, 2026

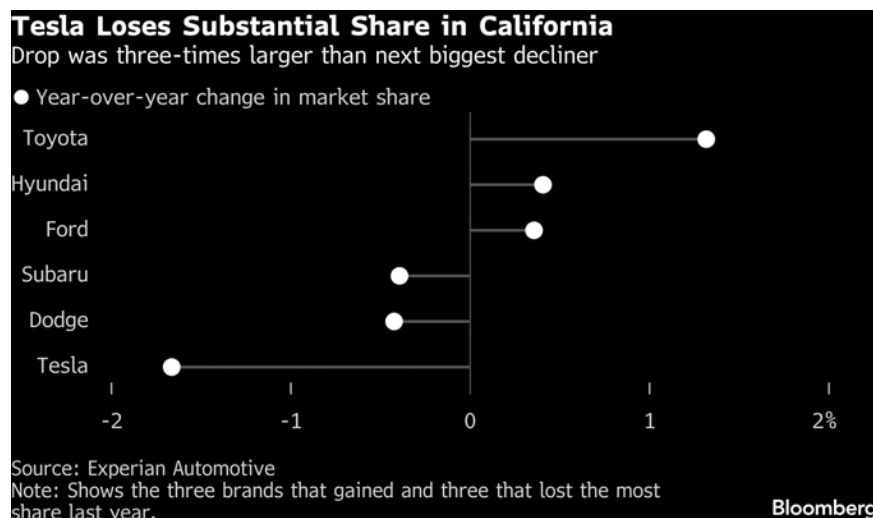
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- Tesla Inc. shed most new-car buyers in California last year, with its market share dropping to 9.9% from 11.6% in 2024.
- The company's registrations in California fell below 180,000 vehicles last year, down from nearly 203,000 in 2024, contributing to a decline in the state's overall EV market.
- Tesla's most-popular models, including the Model Y SUV and Model 3 sedan, remained among the state's top-selling vehicles, with the Model Y SUV being the best-selling EV in the state.

shed by far most new-car buyers in California last year, showing how the electric-vehicle maker is losing ground in one of the world's largest EV markets.

The company accounted for 9.9% of all vehicles registered in the state last year, down from 11.6% in 2024, according to Experian data published by the [California New Car Dealers Association](#). The drop was more than three times that of 's Dodge brand, leaving Tesla as the No. 3 auto brand in the state in 2025, after trailing only 's namesake unit the prior year.



The downturn echoes Tesla's [struggles](#) in other [markets](#) around the world. The company's aging lineup and its slow-selling Cybertruck faces growing competition from fresher EVs offered by mainstream carmakers, while the loss of federal tax

credits for US EV purchasers has put more pressure on demand that was already faltering. Tesla has also contended with a consumer backlash to Chief Executive Officer 's political activities.

Read More: [Tesla Loses EV Crown to BYD After Second Annual Sales Drop](#)

Tesla registrations in California fell below 180,000 vehicles last year, down from nearly 203,000 in 2024. The decline was enough to put the state's overall EV market into retreat, with total zero-emission vehicle registrations falling by about 7,300 cars to a little more than 378,000.

Still, Tesla's most-popular models remained among the state's top-selling vehicles. The Model Y SUV remained the best-selling EV in the state and was the No. 1 light truck of any type. Tesla's Model 3 sedan was the state's second-best selling passenger car, trailing the Toyota Camry.

To help bolster EV demand, California Governor , a Democrat, is [seeking \\$200 million](#) to resume offering tax rebates for EV purchases in the state.

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Musk Plans to Sell Humanoid Robots to the Public Next Year

WSJ [wsj.com/livecoverage/stock-market-today-dow-sp-500-nasdaq-01-22-2026/card/musk-plans-to-sell-humanoid-robots-to-the-public-next-year-sSZvEfCSt7OpA1FIIZL](https://www.wsj.com/livecoverage/stock-market-today-dow-sp-500-nasdaq-01-22-2026/card/musk-plans-to-sell-humanoid-robots-to-the-public-next-year-sSZvEfCSt7OpA1FIIZL)

January 1, 2026

By

[Benjamin Katz](#)

,

Reporter



Elon Musk attending the World Economic Forum in Davos, Switzerland, Thursday. Gian Ehrenzeller/EPA/Shutterstock

[Elon Musk](#) plans to start selling humanoid robots to the public by the end of next year, the billionaire said Thursday at the World Economic Forum in Davos, Switzerland.

Musk has already predicted that humanoid robots will eventually outnumber humans, with billions of the machines deployed not only in factories but in homes, helping with everything from dishwashing to childcare.

That roll-out could start as soon as late 2027.

"By the end of next year I think we'd be selling humanoid robots to the public," Musk said. "That's when we are confident that it's very high reliability, very high safety and the range of functionality is also very high, you can basically ask it to do almost anything you'd like."

Electric-vehicle maker Tesla, where Musk is CEO, currently has Optimus robots performing basic functions. Musk said he expects them to start handling more complex factory tasks by the end of this year.

"Humanoid robotics will advance very quickly," Musk said. The entrepreneur typically isn't shy of providing public timelines that can shift.

Musk said his companies are also progressing on other long-held ambitions. Tesla plans to make self-driving robotaxis widespread across the U.S. this year, he said. Those cars currently only operate in a handful of U.S. cities.

At SpaceX, he said the company will hopefully demonstrate this year that both parts of its Starship rocket can be reused. SpaceX has already shown [it can catch](#) the rocket's booster back at launch pads, but hasn't tried to bring the Starship spacecraft back for reuse.

[Tesla](#)

[\\$447.95 USD16.523.83%](#)

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News from Bloomberg Terminal

Trump Sues JPMorgan for \$5 Billion Over Debanking Claims

Jan. 22, 2026, 11:53 AM PST

Summary by Bloomberg AI

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- President Donald Trump sued JPMorgan Chase & Co. and its chief executive officer, Jamie Dimon, for at least \$5 billion over allegations that the lender stopped offering him and his businesses banking services for political reasons.
- The complaint accuses the bank of trade libel and breach of implied covenant of good faith, and claims Dimon violated Florida's deceptive trade practices law.
- JPMorgan said in a statement that the suit has no merit, and that it closes accounts because they create legal or regulatory risk for the company.

By David Voreacos and Hannah Levitt

(Bloomberg) --

President Donald Trump sued JPMorgan Chase & Co. and its chief executive officer, Jamie Dimon, for at least \$5 billion over allegations that the lender stopped offering him and his businesses banking services for political reasons.

The complaint, filed Thursday, accuses the bank of trade libel and breach of implied covenant of good faith. It also claims Dimon violated Florida's deceptive trade practices law. In response, the bank said it doesn't close accounts for political or religious reasons.

Trump has singled out JPMorgan repeatedly in his push to stamp out what he sees as banks refusing to provide financial services to customers for ideological reasons. JPMorgan closed accounts for Trump and his businesses about seven weeks after the Jan. 6, 2021, assault on the US Capitol by his supporters. Trump was out of office then and his political standing was low.

The lawsuit was brought by Trump and several Trump business entities.

JPMorgan, the biggest US bank, notified plaintiffs, “without warning or provocation” that it was terminating accounts, causing significant financial and reputational harm, according to the complaint filed in Miami-Dade County state court. Bloomberg reviewed the complaint, which couldn’t immediately be found in court records.

Since taking office again last year, Trump has sought retribution against perceived political enemies. He or his administration have taken actions against law firms, universities, corporations, media outlets, Democratic officials, and others who don’t align with him ideologically.

The bank was motivated by its “woke” beliefs that it “needed to distance itself from President Trump and his conservative political views,” according to the complaint. “In essence, JPMC debanked plaintiffs’ accounts because it believed that the political tide at the moment favored doing so.”

JPMorgan said in a statement that the suit has no merit.

Regulatory Expectations

“We do close accounts because they create legal or regulatory risk for the company,” the New York-based bank said. “We regret having to do so but often rules and regulatory expectations lead us to do so. We have been asking both this administration and prior administrations to change the rules and regulations that put us in this position, and we support the administration’s efforts to prevent the weaponization of the banking sector.”

The bank disclosed in November that it’s facing reviews, investigations and legal proceedings tied to the Trump administration’s fight against “debanking.” Separately, the Trump Organization has already sued Capital One Financial Corp. over similar allegations.

Florida bars financial institutions from ending their banking relationship with an individual or business “based on their political opinions, speech or affiliations,” Trump’s lawyers said in the complaint against JPMorgan.

“Debanking is a matter of public interest and significant importance to all consumers and businesses in the United States of America – and JPMC, especially given its storied and leading history, is a central actor in this ongoing and troubling saga,” it said. Beyond closing accounts, JPMorgan placed Trump, the Trump Organization and family members on a “blacklist” for wealth management accounts, according to the complaint.

The White House didn’t immediately return a call seeking comment.

Read more: [How Trump Is Rewriting the Rules for America’s Biggest Banks](#)

Trump began publicly criticizing the country’s two largest banks over debanking almost as soon as he returned to office for his second term. A year ago, as he virtually addressed an audience at the World Economic Forum in Davos, he chided Bank of America Corp. CEO Brian Moynihan – one of a handful of executives on stage for the session – over the issue, and named JPMorgan as well.

The president has brought up the matter repeatedly since then. In August, he accused JPMorgan and Bank of America of rejecting his business, telling CNBC that JPMorgan asked him to close his accounts and Bank of America declined his attempt to deposit over \$1 billion there. An Aug. 7 executive order directed federal regulators to, among other things, identify financial institutions that engaged in unlawful “debanking” in the past.

Trump’s complaint was filed by Alejandro Brito, an attorney in Coral Gables, Florida, who also filed the lawsuit against Capital One.

Read more: ‘Trumpinator’ Sits Behind Lawyer Suing Media for \$35 Billion

Brito also has brought lawsuits on the president’s behalf against the New York Times, the Wall Street Journal and, last month, the British Broadcasting Corp., seeking a combined \$35 billion for allegedly defaming Trump. The companies deny wrongdoing and are vigorously fighting the litigation.

(Updates with background about Trump’s lawyer in final paragraph.)

--With assistance from Josh Wingrove and Erik Larson.

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Health Tech SPAC Execs Ink \$10M Investor Settlement

By **Emilie Ruscoe**

Law360 (January 21, 2026, 10:18 PM EST) -- Former executives of a health technology company that went public via merger with a blank check company have reached a \$10 million deal to settle claims they wiped out investors with a bankruptcy filing after the company's product development projections derailed.

In a Tuesday filing in Los Angeles federal court, investors in the special purpose acquisition company SC Health Corp. asked U.S. District Judge Monica Ramirez Almadani to grant preliminary approval to the agreement, describing the deal as a very good result for their proposed class.

"Considering the risks of continued litigation and the time and expense that would be incurred to prosecute the litigation through trial, the \$10 million Settlement is a meaningful recovery that is in the class's best interests," investors Federico Huergo and Jonathan Lottner said in the filing.

The investors said the settlement sum would represent over 30% of the maximum damages class members might recover at trial, which they said "falls well within the range of possible approval."

The proposed settlement would end claims against brass of a company originally known as SC Health Corp., which merged in 2021 with a company then known as Rockley Photonics Holdings Limited and became Rockley Photonics Cayman Limited.

The proposed class period begins in March 2021, when the merger was announced, and ends in January 2023, when Rockley filed for bankruptcy and class members saw their investments "effectively wiped out through the bankruptcy."

The settling defendants include the company's former CEO Andrew Rickman and two former chief financial officers, Mahesh Karanth and Richard Meier. Other parties named in the suit have since exited the litigation and the settling trio are the final remaining defendants.

The latest version of the suit, from February 2024, alleges the defendants dramatically mischaracterized the status of Rockley's plans to develop health monitoring technology for consumer wearables devices.

The investors claimed that during the SPAC merger announcement in March 2021, the companies' representatives claimed Rockley's products would be commercialized before mid-2022 and the company would be positioned for extraordinary revenue increases in 2023 and 2024.

The investors alleged these projections were at odds with the actual status of the company's development timeline.

"Because Rockley did not even begin the process of developing its essential new ASIC [application-specific integrated circuit] chipset until December 2021, there was no commercially viable consumer wearables product for Rockley's customers to 'validate' at any point during the Class Period, and there was never a basis for Defendants' stated expectations of commercially launching their consumer wearables products in 2022 and realizing a significant revenue ramp from those products in 2023," the suit states.

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

Plaintiffs Federico Huergo and Jonathan Lottner are represented by Steven W. Pepich, Thomas E.

Egler, Nathan R. Lindell and Kevin S. Sciarani of Robbins Geller Rudman & Dowd LLP.

The remaining defendants, Andrew Rickman, Mahesh Karanth and Richard Meier, are represented by Bruce A. Ericson and Ari M. Berman of Pillsbury Winthrop Shaw Pittman LLP.

The case is Kenneth S. Grossman v. David Sin et al., case number 2:23-cv-09501, in the U.S. District Court for the Central District of California.

--Editing by Nick Petruncio.

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Coinbase Investors Knew About Regulatory Issues, Court Told

By **P.J. D'Annunzio**

Law360, Philadelphia (January 21, 2026, 5:17 PM EST) -- Counsel for Coinbase urged a Pennsylvania federal judge Wednesday to dismiss a stockholder's proposed class action accusing the cryptocurrency exchange of not being up front with investors about its regulatory compliance, arguing the company had been transparent about what regulators in the U.S. and U.K. saw as deficiencies in Coinbase's anti-money laundering measures.

A hearing before U.S. District Judge Joel Slomsky on the company's motion to dismiss dealt with allegations that Erik Castle has made. His lawsuit says the value of investors' shares in the company plummeted following a revelation that the New York Department of Financial Services and the U.K.'s Financial Conduct Authority penalized Coinbase after finding it fell short of regulatory standards.

Lara Flath of Skadden Arps Slate Meagher & Flom LLP disputed Castle's claims that Coinbase didn't disclose to investors that it was under regulatory investigation in the U.S. and U.K.

Shareholders were told "We have received examination reports citing violations of rules and regulations and inadequacies in existing compliance programs," Flath asserted on behalf of Coinbase, adding that the disclosure to investors noted the crypto firm could "incur significant cost" to remedy the issues.

"How deep does the disclosure have to be?" Judge Slomsky asked.

"There is no duty to disclose ongoing communications with regulators or an ongoing investigation, that is the law certainly in the Third Circuit," Flath replied.

And the plaintiffs did not allege Coinbase owed any additional duty regarding disclosure, she added.

Judge Slomsky pointed to Coinbase's use of general terms such as "inadequacies," indicating that the exchange operator might have room to be more specific when telling investors about potential issues. He also questioned the use of words like "robust" by Coinbase to describe its monitoring and anti-money laundering measures, something that might inform an investor's decision to buy stock.

Flath contended that "robust" was an example of "corporate puffery," something an investor wouldn't seriously rely on when making a decision to purchase shares.

Lucas F. Olts of Robbins Geller Rudman & Dowd LLP, representing the putative class, argued that Coinbase's disclosure was insufficient to alert investors as to the true extent of the regulatory issues.

"This case is about Coinbase telling investors that compliance and security where are the very core of its business," while regulators discovered systemic failures in its anti-money laundering protections, Olts said.

He told Judge Slomsky that although regulators identified multiple "high risk" customers using Coinbase for criminal purposes, it was never disclosed to the public.

The fact that such individuals could use the platform amounted to a know-your-customer failure, Olts said.

"They blatantly violate that," the lawyer argued.

At the end of the hearing, Judge Slomsky said he would take the matter under advisement.

Castle brought his class claims against Coinbase in a 2024 complaint alleging the company violated securities law by not disclosing to investors the extent of its anti-money laundering shortcomings.

In May 2025, Coinbase was hit with additional **stockholder class claims** in a separate suit saying that investors lost money through decreased share value after it came to light that an unidentified individual had bribed overseas customer service agents to gain access to some Coinbase users' personal information.

Castle is represented by Timothy M. Stengel of Saxton & Stump LLC, Jacob A. Goldberg of the Rosen Law Firm and Lucas F. Olts of Robbins Geller Rudman & Dowd LLP.

Coinbase is represented by Lara A. Flath, Alexander C. Drylewski and Meredith C. Slawe of Skadden Arps Slate Meagher & Flom LLP.

The case is Castle v. Coinbase Global Inc., case number 2:24-cv-04850, in the U.S. District Court for the Eastern District of Pennsylvania.

--Additional reporting by Aislinn Keely. Editing by Covey Son.

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Del. Justices Urged To Revive Telemedicine Co. SPAC Suit

By **Jeff Montgomery**

Law360 (January 21, 2026, 7:08 PM EST) -- An attorney for special purpose acquisition company investors in a \$1.35 billion take-public deal that preceded an affiliate bankruptcy, heavy losses and fraud claims urged Delaware's Supreme Court on Wednesday to reject arguments that the statute of limitations on the claims started ticking at the time of the alleged misrepresentation.

"There is no dispute that defendants provided plaintiffs with diligence materials riddled with false information, false revenue projections and false descriptions of the underlying portfolio companies," said Evan Bianchi of Spiro Harrison & Nelson LLC during a hearing, arguing for Dr. Irv Edwards and three other physicians who invested in Cloudbreak Health LLC. The health venture was taken public in November 2020 with other financially distressed health-focused businesses.

"The only question is whether the fraudulent inducement, negligent misrepresentation and civil conspiracy claims are timely," Bianchi said in support of an action that put the start of the three-year claim limit at June 2021, instead of November 2020 as the defendants had argued.

Vice Chancellor Lori W. Will dismissed the claims in July, ruling that they were time-barred and that the suit suffered "from numerous defects," including that the plaintiffs lacked standing to sue for breach of a merger agreement and that some claims were not "reasonably conceivable."

The ruling shut down an eight-count Chancery suit filed by Edwards and the three other physician stockholders of Cloudbreak, described as a telemedicine venture heavily focused on providing remote diagnoses and healthcare for non-English-speaking patients. The four who sued included the company's Chief Medical Officer Dr. Bruce Hensel.

The suit alleged that investors were fraudulently induced into a 2021 de-SPAC merger with UpHealth Holdings Inc. and SPAC GigCapital2 LLC, and that the investors were misled regarding the financial health of the portfolio companies. Counts included fraudulent inducement, negligent misrepresentation, breach of the Delaware Deceptive Trade Practices Act, civil conspiracy, breach of contract, negligence and unjust enrichment.

Melanie E. Walker of DLA Piper, counsel to GigAcquisitions2 LLC, UpHealth Inc. and others, told the justices that, per court precedent, negligent misrepresentation claims accrue when statements are made, "and no later than when the contract at issue is entered into."

Investors, Walker said, are expected "to not take a lackadaisical approach to their own investments" and to recognize that parties on the other side of the transaction "are not their fiduciaries and are not acting on their own behalf," and should "perform their own due diligence and inquiries" before entering into a deal.

"Is it good public policy to have a rule that says you can lie, and unless you get caught, you get the advantage of the statute of limitations?" Chief Justice Collins J. Seitz asked the attorney.

"I don't think that is the Delaware rule," Walker said, noting that the state's safeguards include doctrines designed to protect plaintiffs from fraudulent concealment.

"But there also is an interest when you talk about a large transaction, such as this, in certainty and finality for the defendants and transaction counterparties," Walker said.

Justice Gary F. Traynor asked Bianchi if the plaintiffs took the position that there was no cause of action prior to November 2020.

"There certainly wasn't a cause of action to all plaintiffs" at the time, Bianchi said, adding that there may have been an earlier cause of action but the claim at issue could only have been brought in June 2021.

GigCapital2 combined with Cloudbreak and UpHealth Holdings Inc. in November 2020 in the \$1.35 billion deal that included five other portfolio companies on UpHealth's side. Vice Chancellor Will observed in the decision that "Cloudbreak was high-performing; UpHealth was struggling. The combined company went bankrupt."

Justice Karen L. Valihura asked Bianchi if any claims relied on statements after November 2020, with the attorney arguing that the claims accrued in June 2021. Bianchi added that, "if the member vote had failed, there would have been no SPAC transaction. It was effective only in June 2021."

The physicians are represented by Elizabeth A Sloan of Ballard Spahr LLP, and David B. Harrison, Evan Bianchi and Shomik Ghosh of Spiro Harrison & Nelson LLC.

GigAcquisitions2, GigCapital2, UpHealth Inc. and Avi Katz are represented by Ronald N. Brown III, Kelly L. Freund, Melanie E. Walker and Emma C. Peplow of DLA Piper.

Continental Stock Transfer & Trust Co. is represented by Peter B. Ladig and Abraham Schneider of Bayard PA, and Mark A. Harmon and James Van Splinter of Chiesa Shahinian & Giantomasi PC.

The case is Irv Edwards, M.D. et al. v. GigAcquisitions2 LLC, case number 2024-0591, in the Supreme Court of the State of Delaware.

--Editing by Melissa Treolo.

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Fintech Co. Says Investor Suit 'Regurgitates' SEC Claims

By **Emilie Ruscoe**

Law360 (January 21, 2026, 9:49 PM EST) -- A fintech company has sought to shed a proposed investor class action alleging its former CEO manipulated trading prices for its shares, arguing that the suit fails because it parrots separate U.S. Securities and Exchange Commission allegations.

In a Tuesday filing in New Jersey federal court, Future FinTech Group Inc., its former CEO Shanchun Huang and two former Chief Financial Officers Jing Chen and Ming Yi told U.S. District Judge Julien Xavier Neals that investor Scott Present "relies solely on the SEC complaint" to allege that Huang used his personal trading accounts to prop up Future FinTech trading prices in an effort to keep its Nasdaq listing.

Present's suit "simply regurgitates allegations" from the SEC's lawsuit, the defendants said, adding that this does not comply with the heightened pleading standards under the Private Securities Litigation Reform Act.

"There is no specific allegation regarding who conducted the alleged manipulative trading," the defendants claimed, saying elsewhere that the investor "does not — because he cannot — sufficiently plead that Huang was the person who engaged in the alleged trading activity."

The defendants further said the **SEC's suit**, which recently survived a motion to dismiss, is "rife with factual errors and based on an incomplete investigation." They also said that while the SEC claims that Huang was the primary person using his trading account, he hadn't known about the trades when they were made.

The dismissal bid also asserts that Huang, who lives in England, and Yi, who lives in China, hadn't been served properly under The Hague Convention, telling the court that "there is no 'too lazy to comply with the Hague Convention' exception for service of process for the countries in which Huang and Yi reside."

The defendants claimed Huang and Yi should be dismissed from the latest version of the claims because the complaint failed to show the investors had complied with English and Chinese civil procedure rules with their service attempts.

According to the defendants, Huang lives at a "known address" in London and the investor had improperly sought permission to serve Hung through his counsel in "an apparent attempt to evade the requirements of the Hague Convention."

Both the SEC's and Present's suits **allege** Huang began manipulating the market for Future FinTech shares in an effort to keep its share price above Nasdaq's \$1 listing threshold.

Future FinTech's shares traded as high as \$11.29 during Huang's manipulation scheme, but collapsed to under 30 cents a share following public allegations about it, the investor's suit says.

On Wednesday, Jacob Frenkel, an attorney for the defendants, told Law360: "This is a legally and factually defective complaint relying entirely on an unproven civil claim which itself was under-investigated and lacks substantive merit."

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

Lead plaintiff Scott Present is represented by James M. Wilson Jr., Raymond N. Barto, Robert W. Killorin and Joseph T. Lukens of Faruqi & Faruqi LLP.

Shanchun Huang, Ming Yi, and Future FinTech Group Inc. are represented by Jacob S. Frenkel, Lindsey M. Specht and Justin J. Bustos of Dickinson Wright PLLC.

The case is Labelle v. Future FinTech Group Inc. et al., case number 2:24-cv-00247, in the U.S. District Court for the District of New Jersey.

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

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Jump Trading Beats Crypto Class Action Over Terra Collapse

By **Aislinn Keely**

Law360 (January 21, 2026, 8:26 PM EST) -- Brokerage firm Jump Trading and its crypto arm beat back claims that they failed to honor their market-making duties when certain holders of TerraUSD sought to sell their tokens during the algorithmic stablecoin's collapse, as a California magistrate judge found the holders have not tied the market maker to the state.

U.S. Magistrate Judge Peter H. Kang on Tuesday dismissed a case from crypto holders Austin Ward, David Krevat, and Nabil Mohamad with leave to address his jurisdictional concerns in an amended complaint.

Though Ward is a California resident and the plaintiffs alleged the Jump entities seemingly employ people in California, Judge Kang said in his opinion that the plaintiffs "cannot rely solely on their own contacts with California as evidence of Defendants' purposeful availment of, or purposeful direction to, the forum state."

Ward, Krevat and Mohamad's May complaint accused Jump Trading LLC and Jump Crypto Holdings LLC of failing to honor an agreement with the wallet provider the plaintiffs used to hold their TerraUSD tokens. The algorithmic stablecoin, which used an interconnected suite of assets to maintain a consistent value, lost its peg and suffered a stunning collapse in May 2022 that wiped out billions of dollars in value and sparked a widespread downturn in crypto markets, leading to a so-called crypto winter.

The plaintiffs held their TerraUSD with wallet provider Prime Trust, which is not a party in the case. When the token lost its peg and began its downward spiral, the holders attempted to withdraw their funds from their Prime Trust wallets, according to the opinion. However, Jump allegedly refused to respond to Prime Trust's sell orders, despite an alleged agreement to provide liquidity.

The men brought claims for breach of contract, conversion, unjust enrichment and civil theft for the losses they incurred due to their inability to sell their holdings during the downturn.

But Judge Kang wrote in his opinion that their complaint "largely relies on undifferentiated allegations with respect to Defendants, lumping together Jump Trading, Jump Crypto, and unidentified John Does" as "one mass." The court was not able to evaluate jurisdiction for many of the allegations "because Plaintiffs' manner of pleading makes it impossible to attribute particular jurisdictional facts to each Defendant separately," the opinion said.

The allegations that are specific to each entity, Jump Trading or Jump Crypto, are also not enough to tie the firms to the California venue, according to the opinion. Both firms are Delaware incorporated companies with Chicago headquarters.

Though the plaintiffs alleged Jump maintained a "significant presence" in California through a multitude of employees who appear to be based in the state based on their LinkedIn profiles and other online clues, they have not met the burden to show that Jump's affiliations with California are continuous and systematic, wrote Judge Kang.

The complaint does not detail any actions taken by alleged California employees related to the TerraUSD incident, the opinion said.

"The alleged failure by Defendants to provide liquidity for the fulfillment of the UST sell orders is not linked in any way to any of Defendants' employees in California," wrote Judge Kang.

Judge Kang granted the Jump entities' motion to dismiss without prejudice, allowing the crypto holders to amend their complaint to address the jurisdictional issues if they so choose.

Judge Kang's order also "admonished counsel for both parties" for a sanctions squabble. The order denied the Jump entities' request to sanction the plaintiffs for "frivolous allegations," and likewise denied a counter motion from the plaintiffs demanding attorney fees to cover the defense of the sanctions bid.

"Filing a motion for sanctions at this stage of the case not only burdens the Court with premature motions practice, but also gives the appearance of needless posturing," wrote Judge Kang. "Similarly, seeking an award of attorney fees and costs in response to a motion for sanctions not only burdens the Court further, but also gives the appearance of reflexive tit-for-tat gamesmanship."

Counsel for the plaintiffs and the Jump entities did not immediately respond to a request for comment on Wednesday.

Austin Ward, David Krevat, and Nabil Mohamad are represented by Julie C. Erickson, Elizabeth A. Kramer and Kevin M. Osborne of Erickson Kramer Osborne LLP.

Jump Trading LLC and Jump Crypto Holdings LLC are represented by Jonathan D. Cogan, Steven W. Perlstein and Daniel A. Zaheer of Kobre & Kim LLP.

The case is Ward et al. v. Jump Trading LLC et al., case number 3:25-cv-03989, in the U.S. District Court for the Northern District of California.

--Editing by Vaqas Asghar.



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EXp Brass Can't Shake Claims It Ignored Sexual Misconduct

By **Sarah Jarvis**

Law360 (January 21, 2026, 10:01 PM EST) -- The Delaware Chancery Court has allowed the bulk of a shareholder lawsuit against eXp World Holdings Inc. to proceed, saying it is reasonable to infer the real estate brokerage's board "effectively did nothing" in response to red flags about widespread allegations of drugging, rape and sexual assault.

In a 90-page **opinion and order** Tuesday, Chancellor Kathaleen St. J. McCormick rejected most of a dismissal bid from eXp and its executives, but tossed what she said is a novel oversight claim brought against a stockholder control group. Counsel for the lead plaintiff, the Los Angeles City Employees' Retirement System, praised the decision and noted it is believed to be the first by the Chancery Court upholding claims of alleged corporate governance oversight failures stemming from alleged sexual misconduct.

Rebecca E. Boon of Bernstein Litowitz Berger & Grossmann LLP, counsel for the stockholders, said in a statement that this is "a precedent-setting ruling."

"We thank the court for its careful and well-reasoned decision and look forward to the opportunity to prove our case in court," Boon said. "We are gratified by the court's emphatic stance that companies owe it to shareholders as well as to their employees to address and prevent sexual harassment, assault and other abuse."

Counsel for the defendants didn't immediately respond to requests for comment Wednesday.

The stockholders sued the company in October, bringing derivative claims of breaches of fiduciary duties against James Bramble, eXp's chief legal counsel; Glenn Sanford, the company's founder, CEO and chairman; former board members Gene Frederick and Jason Gesing; and current board members Randall Miles — referred to as Sanford's "fixer" — and Dan Cahir.

According to the stockholders, the defendants harmed the company by allowing their agents to be harassed, drugged, assaulted and raped at company events. Some defendants — including Sanford — benefited financially from retaining the perpetrators because of the company's multilevel marketing structure, and they actively covered up their conduct.

The stockholders alleged Sanford's cover-up amounted to a breach of loyalty. Other defendants failed to respond in good faith to red flags putting them on alert about eXp's "rape culture," Chancellor McCormick said.

The stockholders **argued** last year that eXp operated for years without a viable, board-level system for monitoring and investigating "harrowing acts of surreptitious drugging and sexual assault of eXp real estate agents."

Chancellor McCormick said in her Tuesday opinion that in the end, eXp's board of directors didn't change any policies, enact any reforms suggested by a company whistleblower or take any meaningful steps to address "the systemic problem of rape at eXp."

"It is reasonable to infer that the board effectively did nothing in response to the company-wide allegations of drugging, rape, and sexual assault at the heart of the red flags," the chancellor said.

The chancellor said among other things that her conclusion in rejecting the dismissal bid as it relates to the claims against Sanford required "revisiting whether workplace sexual misconduct can give rise to a corporate trauma sufficient to support a claim for breach of fiduciary duty."

"It can and does here, for a host of reasons grounded in well-settled principles of Delaware corporate law," she said.

But Chancellor McCormick granted the motion to dismiss as it relates to one count against a control group that included Sanford, his former spouse, Frederick and Gesing. The stockholders had alleged that group breached its oversight obligations, based mainly on Sanford's actions.

But the chancellor said it is hard to imagine a scenario in which a controller could be liable for inaction necessary to support oversight liability under the 1996 Delaware Court of Chancery decision *In re: Caremark International Inc. Derivative Litigation*, which refined director duties of care and oversight.

The chancellor said extending oversight duties to the control group "invites the court to make new law."

"This decision declines that invitation," the chancellor said.

"The control group held enough voting power to control any stockholder vote. And the control group members occupied multiple high-level leadership positions on the board and in management," Chancellor McCormick said. "But none of that authority was so extensive as to justify rendering the control group responsible for overseeing the company or liable for their failure to do so."

Los Angeles City Employees' Retirement System is represented by Gregory V. Varallo, Benjamin M. Potts, Hannah Ross and Rebecca Boon of Bernstein Litowitz Berger & Grossmann LLP, Ned Weinberger, Mark D. Richardson, John Vielandi, Alfred L. Fatale III and Charles Wood of Labaton Keller Sucharow LLP, and Hydee Feldstein Soto, Joshua Geller, Miguel Bahamon and Gina Di Domenico of the Office of the Los Angeles City Attorney.

EXp World Holdings and James Bramble are represented by Elena C. Norman and Skyler A.C. Speed of Young Conaway Stargatt & Taylor LLP and Joanna A. Diakos, Stephen G. Topetzes and Theodore L. Kornobis of K&L Gates LLP.

Dan Kahir is represented by David S. Eagle of Klehr Harrison Harvey Branzburg LLP and Robert D. Weber and Saul Rostamian of Sheppard Mullin Richter & Hampton LLP.

Randall Miles is represented by Albert H. Manwaring, Albert J. Carroll and Kirsten A. Zeberkiewicz of Morris James LLP.

Jason Gesing is represented by A. Thompson Bayliss and Florentina D. Field of Abrams & Bayliss LLP.

Glenn Sanford is represented by Rudolf Koch, Matthew D. Perri and Mari Boyle of Richards Layton & Finger PA.

Eugene Frederick is represented by Joseph B. Cicero, Ryan M. Lindsay and Dakota B. Eckenrode of Chipman Brown Cicero & Cole LLP.

The case is Los Angeles City Employees' Retirement System on behalf of eXp World Holdings Inc. v. Glenn Sanford et al., case number 2024-0998, in the Court of Chancery of the State of Delaware.

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



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Delaware Justices Clarify Ruling On Loews' \$1.5B Cash-Out

By **Jeff Montgomery**

Law360 (January 21, 2026, 8:54 PM EST) -- In a rare second look at one of its own recent decisions, Delaware's Supreme Court said an earlier opinion "misconstrued" some dimensions of an unjust enrichment challenge to Loews Corp.'s \$1.5 billion buyout of Boardwalk Pipeline Partners LP public unitholders.

In a finding Tuesday on motions for reargument and clarification, the full five-member court clarified that its decision affirming a Court of Chancery judgment in the defendants' favor in 2022 did not extend to the plaintiffs' exercise of a call-in right, to the extent it is based on potential disclosures regarding the exercise.

The decision adds a fragment to the high court's Dec. 26, 2025, ruling that partially revived long-running challenges to Loews Corp.'s \$1.5 billion cash-out of Boardwalk in 2018.

Affirmation of the Court of Chancery's judgment in the defendants' favor "does not extend to the plaintiffs' unjust enrichment claim" based on the exercise of a call-in right, the decision said, adding that "in all other respects," the parties' motions for reargument "are denied."

Under review were prior rulings that found the Court of Chancery misread high court guidance in 2022, prematurely shutting down minority unitholder claims attacking a legal opinion that triggered the Loews Corp. buyout.

In the most recent ruling, the justices said the decision "aligns with the defendants' separate motion for reargument, which takes us to task for remanding the case to the Court of Chancery for consideration of the plaintiffs' tortious interference claim," with the defense arguing that "our courts' adjudication of this matter has been insufficiently prompt or predictable."

The justices said: "Out of respect for the trial court and its views on the issues that remain to be decided, however, we stand by our decision to remand."

The justices affirmed in part, reversed in part and remanded in December a holding that an opinion in 2022 did not resolve whether the general partner breached the partnership agreement by failing to satisfy the key "opinion of counsel" condition before exercising the call-in right.

The high court also had revived related claims against Loews for tortious interference and unjust enrichment, concluding they were shut down only because the Chancery Court incorrectly assumed no breach was possible after 2022.

Boardwalk Pipeline Partners, a publicly traded master limited partnership formed by Loews Corp. in 2005, included in its governing agreement a call-in right allowing Loews to buy out public unitholders if federal regulatory or tax changes were reasonably likely to depress Federal Energy Regulatory Commission-regulated pipeline rates.

In March 2018, after the commission proposed eliminating a key income tax allowance for master limited partnerships, Loews sought to trigger that right. Years of litigation followed over whether the opinion was issued in good faith and whether the call-in right was properly invoked.

In the decision on Tuesday, the justices said they affirmed the trial court's dismissal of the unjust

enrichment claim "because we understood it to have been grounded exclusively" on exercise disclosures, with underlying claims on the disclosures found to be without merit.

Bandera Master Fund LP and other appellants are represented by Eric A. Veres, Daniel Paterno and A. Thompson Bayliss of Abrams & Bayliss LLP and J. Peter Shindel Jr. of Fox Rothschild LLP.

Boardwalk Pipeline Partners LP and other appellees are represented by Matthew D. Perri, John M. O'Toole, Kyle H. Lachmund and Srinivas M. Radu of Richards Layton & Finger PA, James M. Yoch Jr. and Rolin P. Bissell of Young Conaway Stargatt & Taylor LLP, and Daniel A. Mason of Paul Weiss Rifkind Wharton & Garrison LLP.

The case is Bandera Master Fund LP et al. v. Boardwalk Pipeline Partners LP et al., case number 439,2024, in the Delaware Supreme Court. The case under appeal is Bandera Master Fund LP et al. v. Boardwalk Pipeline Partners LP, case number 2018-0372, in the Delaware Chancery Court.

--Editing by Philip Shea.

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CVS, UnitedHealth, Express Scripts Duck PBM Antitrust Suit

By **Lauren Berg**

Law360 (January 21, 2026, 11:09 PM EST) -- A Missouri federal judge has thrown out a proposed class action accusing the country's three largest pharmacy benefit managers — owned by CVS, UnitedHealth Group and Cigna Group — of inflating prescription costs through their rebating practices.

U.S. District Judge Beth Phillips in a Tuesday **order** granted the motion to dismiss brought by Caremark, OptumRX and Express Scripts, saying the plaintiffs — consumer Skye Clements and third-party payors Iberia Parish School Board and the City of Laurel, Mississippi — failed to allege parallel activity among the companies as required to pursue their claim that they conspired to increase and retain rebate fees through their use of aggregators to set the rebates manufacturers have to pay.

Pharmacy benefit managers, or PBMs, help negotiate prices insurance companies and benefit plans pay for prescription drugs. The country's three largest PBMs are each owned by healthcare conglomerates: Express Scripts is owned by Cigna, OptumRx by UnitedHealth, and Caremark by CVS, which also owns health insurer Aetna Inc.

Among other claims, the plaintiffs contend that the use of these aggregators allowed the PBMs to control more rebate negotiations, drive out competitors and raise their own profits, but Judge Phillips determined that they have not alleged parallel conduct.

For one thing, "despite plaintiffs' argument that defendants acted at the same time, the amended complaint alleges that the conduct occurred at different times over the course of years," her order states. The judge noted that Express Scripts created its aggregator in 2019, CVS created one in 2020, and UnitedHealth created one in 2021.

"The allegations of aligned activity fail because similarities in business activities alone do not prove conspiratorial parallel conduct and because the timing must also be parallel," Judge Phillips said.

As for the plaintiffs' Robinson-Patman claim, the judge determined that they have not alleged an antitrust injury, which is defined in the order as "an 'injury of the type the antitrust laws were intended to prevent ... that flows from that which makes defendants' acts unlawful.'"

In the case, the third-party payors say they paid unfairly increased prices for drugs as a result of the PBMs' alleged scheme to pocket rebates, according to the order. That is considered a proper injury under some antitrust laws, but the Robinson-Patman Act is different, the judge pointed out.

"Unlike the Sherman Act, which protects competition, not competitors, the Robinson-Patman Act extends its protection to competitors," Judge Phillips said, citing the 1989 First Circuit case *Monahan's Marine Inc. v. Boston Whaler Inc.* "It protects smaller companies from the ill effects of discriminatory actions by large companies by protecting access to the market or to goods for sale."

"But in this case, the third-party payor plaintiffs are acting as ultimate consumers, rather than as defendants' competitors, and their alleged damages are not related to access to drugs but rather to the incidental cost increase in the drugs resulting from defendants' alleged rebate scheme," the judge said.

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

The Federal Trade Commission brought a similar **administrative case** in September 2024, accusing Express Scripts, OptumRx and Caremark of using rebate schemes that prevent patients from accessing lower-priced insulin drugs by prioritizing drugs with high list prices.

The companies have consistently argued that manufacturers alone **set the prices** and have contended that benefit managers work to lower prices for insurers and others that pay for healthcare.

Express Scripts had been pushing to force a commission attorney to **sit for a deposition** to discuss the FTC's investigation of the industry and the role insulin manufacturers play in setting prices.

But Administrative Law Judge Jay L. Himes **denied the request** last week, saying the companies could not use discovery to probe the commission's "mental processes" or its decision to file a complaint.

The FTC is considering a **potential settlement** with Express Scripts, issuing an order Wednesday withdrawing the company and its related entities from adjudication to consider a proposed consent agreement.

The potential deal has already been approved by the directors of the FTC's Bureaus of Competition and Consumer Protection and will now be reviewed by the commissioners, according to the order.

The PBMs also have their own case pending in federal court challenging the FTC's in-house administrative process on **constitutional grounds**. Like other cases, the companies say the commission's in-house proceedings violates due process rights and their right to have the claims decided by a federal judge.

The plaintiffs are represented by Rex A. Sharp, Isaac L. Diel, Ryan C. Hudson, Ruth Anne French, Jennifer Salva-Cushing and Hammons P. Hepner of Sharp Law LLP, Warren T. Burns, Kyle Oxford, Korey Nelson, Amanda K. Klevorn and Ellen E. Short of Burns Charest LLP, Daniel C. Hedlund, Michelle J. Looby and Bailey Twyman-Metzger of Gustafson Gluek PLLC, David M. Cialkowski and Zachary J. Freese of Zimmerman Reed LLP, and Steven N. Williams.

The CVS defendants are represented by Daniel E. Blegen, Casey Murray and Emily Reed of Spencer Fane LLP, and Enu A. Mainigi, Jonathan B. Pitt and R. Kennon Poteat III of Williams & Connolly LLP.

The Express Scripts defendants are represented by Michael J. Lyle, Eric C. Lyttle, Meghan A. McCaffrey, Michael D. Bonanno and Michael J. Sebring of Quinn Emanuel Urquhart & Sullivan LLP, and Taylor Concannon Hausmann of Husch Blackwell LLP.

The UnitedHealth defendants are represented by Bradley J. Schlozman of Hinkle Law Firm LLC, and Brian Boone, Brandon C.E. Springer and John Snyder of Alston & Bird LLP.

The case is Clements et al. v. CVS Health Corp. et al., case number 4:25-cv-00126, in the U.S. District Court for the Western District of Missouri.

--Additional reporting by Matthew Perlman. Editing by Adam LoBelia.



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Google Likely Stuck With \$425M Loss, But Bid For \$3B Flops

By **Bonnie Eslinger**

Law360 (January 21, 2026, 6:37 PM EST) -- A California federal judge overseeing a class action accusing Google of illegally collecting information from 98 million cellphone users said Wednesday that he probably will not let Google decertify the class, but he is also unlikely to add \$2.36 billion in alleged wrongful profits on top of a jury's \$425 million verdict.

Wednesday's hearing follows a September **decision** by a San Francisco federal jury in a case over claims that Google unlawfully saved and used information about consumers' activities on third-party apps, even though the users opted out of tracking. The jury awarded more than \$425 million in compensatory damages but declined to award punitive damages or disgorgement of Google's profits related to the data.

In the wake of the **trial** verdict, the parties filed dueling motions: Google asked the court to dismantle the class and vacate the verdict, while the three named plaintiffs argued that the tech giant should also disgorge \$2.36 billion in profits.

At the start of Wednesday's hearing, U.S. District Judge Richard Seeborg said he was not inclined to give either side what they wanted. At the conclusion of the proceedings, he took the matters under submission and did not rule from the bench.

In its motion, Google urged the court to decertify the class, arguing that class treatment of the privacy claims is improper because they call for individual, and not common, inquiry. They pointed to the trial testimony of one of the named plaintiffs, Anibal Rodriguez, who said he was okay with Target providing Google with data collected by its app because the retailer had asked permission, but did not like Google compiling data from the apps on his phone because he had toggled a switch Google said would give him privacy.

Judge Seeborg said Google had "cherry picked" a few comments from Rodriguez for its argument.

"We did have common questions from which we got common answers," the judge said. "My tentative view is not positive with respect to the motion."

A lawyer for Google, Jonathan Patchen of Cooley LLP, said there was no contrary evidence.

"When there's only two cherries in the tree, that's all you have to pick," Patchen told the court.

Judge Seeborg pushed back, saying that there was evidence at trial that an executive felt users were being misled. The jurors considered that when making their decision.

Patchen said the concern is that class members differ on whether Google's conduct was "highly offensive." Rodriguez heard that testimony as well.

"He still considered the data collection from Target to be not a big deal," the lawyer for Google said.

The judge said the jury had heard all the evidence and "made its decision." Patchen said the court had an obligation to do its own "independent, rigorous examination of the evidence."

Judge Seeborg pointed out that Rodriguez ultimately said he was offended that Google used his data,

even though the company had told him it would not.

"There are other answers that he gave that gave more of a big picture of his reaction," the judge said. "And I think he was offended."

The judge's favor flipped, however, when it came to the plaintiffs' motion for an order requiring Google to disgorge \$2.36 billion of net profits.

"Long story short, I think the jury got it right," the judge said. "So I'm disinclined on the disgorgement issue."

A lead lawyer for the plaintiffs, David Boies of Boies Schiller Flexner LLP, noted that the plaintiffs were now arguing for the court to make a ruling that's not aligned with the jury's decision.

"The court has to make an independent judgment about this," Boies said.

Judge Seeborg said he should still take into account their verdict.

"It's not right for me to ignore the jury," the judge said.

In its verdict, the jury found Google liable for compensatory damages based on the economic value of the data, but the plaintiffs failed to show that Google received a financial benefit it otherwise would not have achieved through its ad program "but for" the data at issue in the case.

That "but-for causation" is not required for a determination of unjust enrichment and disgorgement, Boies argued.

Judge Seeborg suggested that the plaintiffs were making the argument just to get more money.

"If you ask for X amount and the jury awards less than that, you don't then say 'Well, the delta should be supplied through discouragement by the court,'" the judge told Boies.

California law provides for restitution in cases of unjust enrichment, the lawyer for the plaintiffs replied.

"The law is quite clear," Boies said. "That if you have ... unjust enrichment of 200 the plaintiff gets the 200."

Judge Seeborg said the jury made a determination about disgorgement and unjust enrichment.

"I agree with the court that I'm asking the court to do something that's contrary to the jury verdict," Boies said. "If you look at the evidence you have to see that [Google] made a lot of profits from this."

Judge Seeborg suggested that the plaintiffs were asking for more than just Google's profits from the activity at issue in the case, but also from other programs.

In the litigation, Anibal Rodriguez, Julian Santiago and Susan Lynn Harvey represent nationwide classes of device users who swiped on a "supplemental Web & App Activity" privacy option offered by Google related to third-party app use. The lawsuit covers conduct by the tech giant between July 2016 and September 2024.

In their motion to the court, the plaintiffs also asked the court to enter a permanent injunction barring Google from collecting and saving sWAA-off data, require Google to delete the data it has already collected and require Google to destroy the algorithms and services that use sWAA-off data, among other requirements.

On Wednesday, Judge Seeborg said he was not inclined to grant that request either.

"I do think that the fix, the language that Google has now addresses the situation," the judge said. "I don't see the need for a permanent injunction."

Google changed online language for its privacy disclosures to add that even when the WAA and/or sWAA settings are toggled, Google may still collect and use data.

Boies told the court on Wednesday that the language is "intentionally vague" and argued that Google should tell users that it "will" collect and use the data.

"They want people to think they still have privacy," the lawyer said.

The users are represented by David Boies, Alexander Boies, Mark C. Mao, Beko Reblitz-Richardson, James Lee, Rossana Baeza, Alison L. Anderson and M. Logan Wright of Boies Schiller Flexner LLP, Bill Carmody, Shawn J. Rabin, Steven M. Shepard, Alexander Frawley, Ryan Sila and Amanda K. Bonn of Susman Godfrey LLP and John A. Yanchunis, Ryan J. McGee and Michael F. Ram of Morgan & Morgan PA.

Google is represented by Jonathan Patchen, Michael A. Attanasio, Benedict Y. Hur, Simona Agnolucci, Eduardo E. Santacana, Naiara Toker, Harris Mateen, Thilini Chandrasekera, Chelsea Hu and Michael B. Morizono of Cooley LLP.

The case is Anibal Rodriguez et al. v. Google LLC, case number 3:20-cv-04688, in the U.S. District Court for the Northern District of California.

--Additional reporting by Lauren Berg. Editing by Vaqas Asghar.

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UFC Asks 9th Circ. To Nix 'Overbroad' Discovery In Wage Suits

By Benjamin Morse

Law360 (January 21, 2026, 7:32 PM EST) -- The Ultimate Fighting Championship urged the Ninth Circuit to immediately stop a Nevada federal court from enforcing a "breathhtakingly overbroad" discovery order in wage suppression lawsuits, saying it violates attorney-client privilege and the First Amendment.



The Ultimate Fighting Championship contends that its legal defense has been harmed by a district court discovery order and that it cannot adequately prepare for an upcoming hearing. (Photo by Noushad Thekkayil/NurPhoto via AP)

In a petition for a **writ of mandamus** filed Tuesday, TKO Operating Co. LLC — which does business as UFC — TKO majority owner Endeavor Group Holdings Inc. and UFC operator Zuffa LLC said a federal judge's order compelling the production of attorney-client privileged current and future documents and communications would lead to irreparable harm.

"Absent this court's intervention, the district court — and potentially even plaintiffs themselves — will gain access to confidential documents, the disclosure of which will irreparably harm defendants' ability to fairly defend this litigation," Zuffa said.

In a Jan. 6 order, the district court found that the fighters who lodged the suit made "a preliminary showing" of spoliation because they indicated that potentially relevant information is missing, the filing said.

Therefore, the judge said they were entitled to access UFC's confidential communications that "would otherwise implicate the privilege," according to the petition.

UFC told the Ninth Circuit that it has already produced more than a million documents, totaling nearly 5 million pages, from 35 current and former employees.

Despite this, UFC said, the fighters argued that discovery into privileged communications is warranted because certain data from the cellphones of Zuffa executives Dana White and Tracy Long has not been produced to date.

The fighters "offered no evidence of improper conduct or mal-intent, other than the inability to locate the particular cellphone data at issue," UFC said.

UFC added that on a "reed-thin basis," the district court compelled discovery into privileged communications "far beyond that which any court has ever ordered under Rule 37(e)."

Federal Rule of Civil Procedure 37(e) governs sanctions for a party's failure to preserve electronically stored information. District courts have authorized limited discovery into that party's attorney-client communications after a preliminary showing of spoliation, according to the petition.

"While district courts in this circuit are divided over the permissible scope of inquiry into privileged materials under Rule 37(e), no court has come close to issuing an order of the scope and magnitude here," UFC argued.

UFC argued that the district court's order encompasses "all manner of highly confidential communications" disclosing its legal strategy, including internal deliberations regarding the fighters' spoliation allegation.

The mixed martial arts organization also said the order requires it to turn over privileged communications dating back to Jan. 1, 2014, the start of a discovery period in a different case that has already settled, and extending through Jan. 26, including communications for over a year after the alleged spoliation.

The organization asserted that the district court "pierced" its privilege as to future attorney-client communications, saying it impedes their ability to freely communicate with their counsel on an ongoing basis in violation of their First Amendment rights.

UFC said its legal defense has already been harmed as a result of the order and "it continues to be irreversibly harmed," adding that it cannot adequately prepare for an upcoming hearing.

In addition to its request to vacate the order, UFC urged the Ninth Circuit to reassign the case to a different district judge on remand, saying that the court's invasion of privilege will continue to chill attorney-client communications even if the order is vacated.

The lawsuits **accuse** Zuffa and the UFC of running an anticompetitive scheme to maintain monopoly and monopsony power in the market for professional mixed martial arts bouts and fighters. The defendants have suppressed competition, leading to anticompetitive wages and other antitrust injuries and damages, the suit claims.

Representatives of both parties did not immediately respond to request for comment

The fighters are represented by Michael Dell'Angelo, Eric L. Cramer, Patrick F. Madden, Robert C. Maysey, Kyla Gibboney and Joshua P. Davis of Berger Montague; Michael J. Gayan of Claggett & Sykes Trial Lawyers; Joseph R. Saveri, Kevin E. Rayhill and Christopher Young of Joseph Saveri Law Firm LLP; Richard A. Koffman, Benjamin D. Brown and Daniel H. Silverman of Cohen Milstein Sellers & Toll PLLC; and W. Joseph Bruckner, Kyle J. Pozan and Brian D. Clark of Lockridge Grindal Nauen PLLP.

Zuffa, TKO and Endeavor are represented by Christopher S. Yates, Aaron T. Chiu, Sean M. Berkowitz, Laura R. Washington and Joseph Axelrad of Latham & Watkins LLP; William A. Isaacson, Jessica E. Phillips and Agbeko Petty of Dunn Isaacson Rhee LLP; and Donald J. Campbell and J. Colby Williams of Campbell & Williams.

The cases are Johnson et al. v. Zuffa LLC dba Ultimate Fighting Championship and UFC et al., case number 2:21-cv-01189, Davis v. Zuffa LLC et al., case number 2:25-cv-00946, and Cirkunovs v. Zuffa LLC

et al., case number 2:25-cv-00914, in the U.S. District Court for the District of Nevada.

--Additional reporting by Joyce Hanson. Editing by Nick Petruncio.

Correction: A previous version of this article misidentified the firm that employs Gayan, counsel for the fighters. The error has been corrected.

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Nationwide Unit Seeks Exit From Stock Dilution Scheme Suit

By **Mark Payne**

Law360 (January 21, 2026, 4:21 PM EST) -- A Nationwide Mutual Insurance Co. unit told a federal court that it doesn't owe coverage to a company and its officers for a shareholder derivative lawsuit alleging the officers schemed to dilute the stockholders' shares, saying the underlying suit doesn't allege a covered loss for disgorgement or restitution.

Scottsdale Insurance Co. lodged the complaint Tuesday alleging that it doesn't have to cover California-based EcoFactor Inc. or its executives, Shayan Habib or Amos Nathaniel Goldhaber, under the insurer's directors and officers policy.

Further, the insurer claimed the underlying action is an uninsurable loss under its policy and asked the court to find whether it's responsible to cover the company under Section 533 of the California Insurance Code, which states that insurers aren't liable for "loss caused by the willful act of the insured."

"Scottsdale requests that the court declare that Section 533 of the California Insurance Code precludes coverage for the underlying action under the policy and, as a result, Scottsdale is not obligated to defend or indemnify defendants in connection with the underlying action," the insurer said in its complaint.

In the underlying lawsuit, filed in February 2024, shareholders Leo Cheung, Edward Dumont, Scott Hublou, Bryan Ko, Robert Koenig, Eric Saltzman, William Sneed and John Steinberg claimed in a verified stockholder-derived lawsuit that starting in 2015, the executives started a scheme to "dilute the plaintiffs' and other stockholders' ownership interests in EcoFactor."

Filed in the Court of Chancery for the State of Delaware, the shareholders' complaint further alleges that Habib and Goldhaber "improperly and illegally" shifted most of the company's ownership interests to themselves. The directors allegedly did so by withholding key information about EcoFactor's operations and its intellectual property.

EcoFactor sought coverage from Scottsdale Insurance in March 2024. But after a back-and-forth between the companies over coverage, Scottsdale denied coverage.

Scottsdale Insurance is also asking the court to find that it doesn't have to provide coverage because the insurance policy's return of remuneration exclusion prevents it from covering the company and its executives.

Representatives for the parties didn't immediately respond to requests for comment Wednesday.

Scottsdale Insurance is represented by Valerie Rojas of Cozen O'Connor.

Counsel information for the defendants wasn't immediately available.

The case is Scottsdale Insurance Co. v. EcoFactor Inc. et al., case number 5:26-cv-00618, in the U.S. District Court for the Northern District of California.

--Editing by Lief Nielsen.