Disney investors ask court to fix 'manifest error' in discovery fight

2026 SECDBRF 0334 • By Nicole Banas

WESTLAW Securities Enforcement & Litigation Daily Briefing • January 23, 2026

(January 23, 2026) - Five shareholders of the Walt Disney Co. are urging a California federal judge to reconsider a ruling that partially denied their discovery request in a securities fraud lawsuit related to the Disney+ streaming service.

Local 272 Labor-Management Pension Fund v. The Walt Disney Co. et al., No. 23-cv-3661, *motion for reconsideration filed* (C.D. Cal. Jan. 21, 2026).

In a memo filed Jan. 21 in the U.S. District Court for the Central District of California, the plaintiffs say that the court should have designated three senior Disney employees as custodians to enable the discovery of potentially relevant documents.

Daniel S. Drosman of Robbins Geller Rudman & Dowd LLP represents the plaintiffs, led by Central Pennsylvania Teamsters Pension Fund.

'Unsustainable' growth tactics

The proposed class action alleges that Disney and top executives misled investors about expected subscriber growth for Disney+ from December 2020 to May 2023.

After the pandemic damaged Disney's theme park, cruise and movie businesses, the company set an "outlandish" target to quadruple the number of Disney+ subscribers by 2024, the complaint says.

The defendants chased subscriber growth through aggressive promotions and other "unsustainable" tactics and falsely assured investors that Disney was on track to meet or achieve the 2024 target, the suit says.

But their strategy led to a $1.47 billion quarterly operating loss in the company's streaming division in 2022 and $2.4 billion in impairment charges in 2023, the suit says.

The defendants include Disney CEO Bob Iger, former CEO Robert Chapek and two other former executives.

Custodian quarrel

A dispute emerged after discovery began last summer, when the defendants declined the plaintiffs' request to add certain nonparties as custodians. Files in a custodian's possession, custody or control are discoverable.

The defendants also refused to use the plaintiffs' proposed search terms for electronic discovery, according to a joint stipulation filed Dec. 1.

The plaintiffs filed a motion to compel the addition of 16 custodians and use 36 search terms, which the District Court partially granted Jan. 7.

U.S. District Judge Consuelo Bland Marshall ordered the company to add more custodians, including Disney Chief Legal and Compliance Officer Horatio Gutierrez.

But she denied the motion as it related to other current and former Disney managers and board members, saying that their communications were only marginally relevant or duplicative of other custodians.

The judge also partially granted the motion as it related to search terms and modifications.

Plaintiffs: Inexplicable error

In a memo supporting their motion for reconsideration, the plaintiffs say that the denial of their request to designate Disney Vice President of Content Planning and Analysis Nick Lewerke as a custodian was "manifest error."

The written order contradicted the court's oral ruling requiring the company to add Lewerke, and it incorrectly stated that the defendants had already designated other custodians in the same business functions, the memo says.

The court also "inexplicably" denied the motion to add defendant Iger's Chief of Staff Nancy Lee and defendant Chapek's former Chief of Staff Claire Lee, the plaintiffs argue.

The order stated that the Lees' communications had "marginal relevance" to the suit, but they served a "critical gatekeeping role" in controlling the flow of information to and from the executives, the memo says.

Furthermore, the defendants conceded the relevance of the chief of staff position when they designated Claire Lee's predecessor as a custodian, the memo says.

Jonathan D. Polkes of White & Case LLP and John W. Spiegel of Munger, Tolles & Olson LLP represent the defendants.

By Nicole Banas

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Securities

BellRing Brands Investor Sues Over Protein Product Competition

Jan. 22, 2026, 12:37 PM PST

BellRing Brands Inc. and two executives misled investors about sales growth drivers and downplayed competitive pressures in the convenient nutrition market, a proposed class action filed Thursday said.

BellRing's reported sales growth came from retailers stockpiling inventory rather than genuine consumer demand, said the investor's complaint. Executives knew retailers were hoarding products to avoid shortages but were attributing strong sales to "organic growth," new "demand drivers," and "distribution gains," the investor told the US District Court for the Southern District of New York.

The Premier Protein shake seller's stock price fell almost 19% on May 6, 2025. Executives said retailers were reducing inventory levels in an earnings call that day, the complaint said.

On Aug. 4, BellRing narrowed its 2025 net sales outlook while reporting third quarter results. In a related Aug. 5 earnings call, CEO Darcy Horn Davenport "attributed the disappointing new sales outlook to competitive headwinds," the complaint said. That day, share prices dropped nearly 33%.

The proposed class would include investors who bought BellRing stock from Nov. 19, 2024, through Aug. 4, 2025. The lawsuit targets the protein shake company, Davenport, and Chief Financial Officer Paul Rode under federal securities laws that prohibit defrauding investors.

Bleichmar Fonti & Auld LLP represents investor Danil Denha, who seeks damages.

BellRing didn't immediately respond to a request for comment on its media web form.

The case is Denha v. BellRing Brands, Inc. , S.D.N.Y., No. 1:26-cv-00575, complaint filed 1/22/26 .

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Securities

Manage Newsletters

Ardelyx Investors Appeal Dismissal of Medicare Program Lawsuit

Jan. 22, 2026, 11:33 AM PST

Ardelyx Inc. investors will request an appellate court reverse the dismissal of their allegations the biotech company lied to shareholders about intending to include its dialysis patient treatment in a grace-period Medicare program.

Investors told the US District Court for the District of Massachusetts Wednesday they were appealing the proposed class action's dismissal to the US Court of Appeals for the First Circuit. Judge Leo T. Sorokin tossed the suit last month, saying the plaintiffs didn't offer contemporaneous facts suggesting executives had decided against or harbored serious doubts about applying for the two-year transitional program while saying Ardelyx intended to do so. Rather, he said the investors constructed a "circumstantial case," alleging that because sales suffered for other drugs that went to the program, called TDAPA, Ardelyx knew all along it wasn't going to apply.

In July 2024, Ardelyx announced it decided against applying for TDAPA, with CEO Mike Raab saying restrictions on the high-phosphate treatment Xphozah would slash patient access

Xphozah, like other oral-only drugs, had been reimbursed through a different Medicare program and excluded from a "bundle" payment system made to renal dialysis centers, but that was set to change in 2025

Xphozah generated $104 million in revenue last year

The Rosen Law Firm PA represents the investors. Latham & Watkins LLP represents Ardelyx. Neither of these law firms nor the company immediately responded to emails seeking comment.

The case is Yarborough v. Ardelyx, Inc. , D. Mass., No. 1:24-cv-12119, notice of appeal 1/21/26 .

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Securities

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Rivian Again Fails to Shed Investor Suit on Overhyped Demand

Jan. 23, 2026, 7:54 AM PST

Summary by Bloomberg AI

AI Generated

- Rivian Automotive Inc. couldn't shake an investor suit alleging it overstated demand, as a federal judge rejected the automaker's argument that an appellate court's decision concerning a pharmaceutical company's marketing doomed this case.
- Judge Consuelo B. Marshall said Rivian investors adequately pleaded the electric-vehicle maker's statements about demand increases were misleading, as they were based on an allegedly unreliable preorder backlog.
- The appellate ruling concerned a marketing slogan, which is different than Rivian's disclosures, and didn't change pleading standards in federal securities lawsuits, Marshall said.

Rivian Automotive Inc. couldn't shake an investor suit alleging it overstated demand, as a federal judge rejected the automaker's argument that an appellate court's decision concerning a pharmaceutical company's "Tongue and Done" painkiller marketing doomed this case.

Rivian investors adequately pleaded the electric-vehicle maker's statements about demand increases were misleading, as they were based on an allegedly unreliable preorder backlog, Judge Consuelo B. Marshall said Thursday. Preorders on the backlog could be canceled—making it a poor indicator to determine demand, which Rivian allegedly didn't share with investors—and a large number of older orders were set to be sold for lower profits.

These allegations stand in contrast to an investor suit against Talphera Inc., in which the US Court of Appeals for the Ninth Circuit affirmed dismissal, Marshall said. The company formerly known as AcelRx Pharmaceuticals Inc. beat investors' allegations of tricking them with a "snappy slogan" for its under-the-tongue opioid because a reasonable shareholder wouldn't blindly accept its "Tongue and Done" marketing with the surrounding context Talphera provided, the Ninth Circuit's August opinion said.

The Ninth Circuit's opinion landed the same day Marshall denied Rivian's bid to dismiss this proposed class action. The automaker then moved for judgment on the pleadings in light of the Talphera decision.

The appellate ruling concerned a marketing slogan, which is different than Rivian's disclosures, and didn't change pleading standards in federal securities lawsuits, the US District Court for the Central District of California judge said Thursday.

In the August ruling, Marshall said she considered the automaker's disclosures in their context and determined investors adequately alleged that statements on Rivian's 2024 roadmap to profitability were misleading because they "created an impression of a state of affairs that differed in a material way from what actually existed."

The Rivian investors also sufficiently alleged top executives were watching the backlog metrics "daily," boosting an inference of intent or reckless disregard for purposes of the securities fraud claims, Marshall said in August. CEO Robert J. Scaringe and Chief Financial Officer Claire McDonough's compensation being heavily tied to the stock's value bolstered that inference, as did the timing of other high-level executives' resignations surrounding corporate statements about EV production and two bond offerings.

EV Production

Rivian lacked a reasonable basis to believe that enough demand warranted more production or that vehicles would be sold at a sufficient profit to reach its financial goal in 2024, while the company was dealing with EV industry-wide issues, investors alleged.

The proposed class would include those who bought Rivian securities from Aug. 11, 2022, through Feb. 21, 2024. That day, Rivian announced production guidance below analysts' expectations and a 10% workforce reduction. Share prices plunged almost 26% the next day, then its sharpest one-day drop since its 2021 market debut, according to data compiled by Bloomberg.

Bernstein Liebhard LLP is lead counsel for the investors. Morrison & Foerster LLP represents Rivian and the two executives. Neither of these law firms nor Rivian immediately responded to emails seeking comment.

The case is Ind. Pub. Ret. Sys. v. Rivian Auto., Inc. , C.D. Cal., No. 2:24-cv-04566, 1/22/26 .

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Class Action

Manage Newsletters

Canopy Growth Investors Drop Suit Over Canada Joint Launch Cost

Jan. 23, 2026, 8:51 AM PST

Canopy Growth Corp. investors voluntarily dismissed their lawsuit alleging the cannabis company concealed production costs tied to launching a line of prerolled joints in Canada that resulted in disappointing quarterly financial results.

The court-appointed investors leading the case told the US District Court for the Eastern District of New York Thursday they were ending the proposed class action without prejudice, leaving the opportunity to refile. The investors were supposed to file an updated complaint Thursday, according to an agreed-upon schedule, in the lawsuit alleging Canopy overhyped the health of its gross margins and expense-reduction measures, including reducing production costs of prerolled joints infused with California-grown marijuana from Claybourne Co.

Share prices slid more than 27% the day Canopy revealed its gross margin fell in the third quarter of 2025 compared to the same quarter of 2024, noting costs related to the Canada launch and certain vaporizers

The company said the decrease was "primarily due to the incremental costs related to the Claybourne infused pre-roll launch in Canada, and an increase in indirect costs of Storz & Bickel vaporizer devices partially offset by stronger sales of higher-margin medical cannabis products"

The case was assigned to Judge Ann M. Donnelly

Pomerantz LLP and Bronstein, Gewirtz & Grossman LLC represent the investors. Skadden, Arps, Slate, Meagher & Flom LLP represents Canopy. None of these law firms nor Canopy immediately responded to emails seeking comment.

The case is Baron v. Canopy Growth Corp. , E.D.N.Y., No. 1:25-cv-01877, notice filed 1/22/26 .

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Securities

Delaware High Court Rulings Seen as Staving Off Corporate Exits

Jan. 23, 2026, 2:00 AM PST

Two rulings from Delaware's Supreme Court signal a potential shift in the way it handles disputes concerning controller-led companies as the state fights for its best-in-class corporate reputation.

The state Supreme Court's Jan. 20 ruling in favor of investment banking firm Moelis & Co. in a dispute over the former CEO's board influence focused on procedural arguments instead of the merits, said Charles Elson, a retired University of Delaware professor who founded the school's Weinberg Center for Corporate Governance. Justices could have instead spent time weighing whether the legislature cut into a lower court's judicial discretion by amending the law in favor of the defendant, he said.

Taken in conjunction with the court's December approval of a multibillion-dollar pay package for Tesla Inc. CEO Elon Musk, the Moelis ruling shows justices could start allowing controllers more leeway in their transactions, said Ann Lipton, a corporate governance scholar and law professor at the University of Colorado Boulder.

"It feels very much like the Delaware Supreme Court is tacitly trying to signal that it's a new day," she said.

Both the Moelis and Musk rulings come as Delaware battles to retain its spot as the top company enclave after several high-profile corporate relocations out of state fueled talks of a larger Delaware exit, or "DExit." Meanwhile, the fate of Delaware's recent corporate law overhaul, Senate Bill 21, which promised to help shield companies from shareholder litigation, is unclear as the state Supreme Court weighs the constitutionality of its safe harbor provisions.

"The court is under huge pressure, and the legislature specifically overruled the Moelis case itself, and I guess they probably figured, 'Why poke the bear?'" Elson said.

Unsatisfying—or Surgical?

The Delaware Chancery Court in February 2024 invalidated years-old contract provisions that gave Moelis & Co.'s chief executive officer veto power over board decisions. Shortly after, Delaware's legislature effectively rendered moot the case's main argument by passing a law expanding stockholder power through private contracts.

The state Supreme Court's ruling sidestepped the question they're being asked to consider in the S.B. 21 case: whether the legislature diminished the Chancery Court's equity power, Elson said. Equity power allows the court to weigh cases based on principles other than strict legal rules.

The court instead followed the same narrow, procedural path they used to decide the Musk case, Elson said.

Justices said the plaintiff, a pension fund, brought the challenge too long after the contract was signed. They also ruled the Moelis contract provisions at issue were "not void, but voidable." A contract is void if a company cannot apply it at all because it violates the law, whereas it's voidable if the contract can go into effect until one party challenges it.

The distinction lies in whether the company could have accomplished an act through "appropriate" means, rendering the contract voidable, or whether the contract was legally impermissible in every way, according to the opinion.

This contract's outcome—granting veto power to former CEO Ken Moelis, who is now the company's executive chair—could have been accomplished through amending the company's charter or other measures. But the court's legal rationale felt "unsatisfying" because it didn't distinguish between the vehicles used to institute veto rights to begin with, Lipton said.

In other words, the court didn't weigh in on whether there was a legal avenue to give Moelis veto power specifically through a private contract, Lipton said.

What some see as a conciliatory move others see as smart and succinct. John Lawrence, co-chair of Baker Botts LLP's shareholder litigation practice, called the Moelis decision a narrow ruling that sets reasonable time frame expectations for shareholder complaints and assures companies their every move isn't subject to a legal challenge years down the line.

Lawrence is also doubtful about political pressure affecting the ruling. The only pressure Delaware Supreme Court justices feel, he said, is to "get it right."

Kristen Swift, managing partner of Kaufman Dolowich LLP's Delaware office, said the "surgical" Moelis ruling proved the court was focused on the big picture and unswayed by controversy.

The court's future ruling on S.B. 21 will likely rise above the DExit frenzy and stick to answering the narrow set of questions in front of it, Swift said.

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Insight

Shareholder Proposal Reform Must Center on Facts, Not Philosophy

Jan. 23, 2026, 1:30 AM PST

Summary by Bloomberg AI AI Generated

- Almost all constituencies in corporate governance agree that the Securities and Exchange Commission's handling of shareholder proposals isn't working, citing unpredictability, opacity, and inconsistent application of standards.
- A recent survey reveals broad dissatisfaction with the agency's administration of Rule 14a-8, with even those who favor shareholder activism agreeing that the SEC's no-action system has been unpredictable and costly.
- The survey data suggest that reform should focus on how the process works, with potential solutions including clearer federal standards, greater deference to state law, or private ordering, to create a more predictable, transparent, and aligned process.

Almost all constituencies in corporate governance—shareholders, directors, and professionals—agree on one thing: The Securities and Exchange Commission's handling of shareholder proposals isn't working.

A recent large-scale survey reveals broad dissatisfaction with the agency's administration of Rule 14a-8, citing unpredictability, opacity, and inconsistent application of standards. That consensus spans groups that otherwise disagree over the legitimacy of certain proposals. The problem isn't just philosophical polarization—it's institutional design.

This matters because the SEC is signaling a willingness to reconsider its role under Rule 14a-8. At stake is a fundamental question: Should a federal securities regulator continue to referee disputes that often turn on corporate governance, or should greater responsibility rest with the states that traditionally oversee internal corporate affairs? The debate has gained new salience, yet much of the public discussion remains abstract, dominated by anecdote and ideology. The survey data offer a more grounded starting point.

First, dissatisfaction with the current process is nearly universal. Even those who favor shareholder activism agree that the SEC's no-action system has for many years been unpredictable and costly. That convergence suggests reform should focus less on proposals' merits and more on how the process works.

Second, the data distinguish areas of consensus from genuine dispute. Traditional governance proposals—on voting rights, board accountability, or takeover defenses—are widely viewed as legitimate. By contrast, environmental and social proposals provoke sharp disagreement—not only about outcomes but also about the proper scope of shareholder involvement. Yet even here, respondents often agree on underlying principles: materiality, feasibility, and a connection to firm-specific business concerns.

Third, cost asymmetry looms large. Submitting a proposal is cheap; responding can be expensive. That imbalance shapes perceptions of fairness and effectiveness, especially among directors. Whether seen as a necessary feature of shareholder voice or a distortion of incentives, it underscores that Rule 14a-8 now carries consequences well beyond disclosure.

Finally, the system is often misunderstood as shareholder democracy. In reality, most proposals never reach a vote—they're withdrawn or blocked through no-action relief. Of those that do reach the ballot, most fail. That's not a flaw; it reflects corporate law's design. Corporations aren't democracies but hierarchical institutions where boards exercise plenary authority and shareholders have limited, episodic rights. Federal proxy rules were meant to complement that structure, not replace it.

The survey's findings give concrete details on what might otherwise sound like an abstract federalism debate. Shareholder proposals increasingly require judgments about authority, fiduciary duty, and the boundaries between shareholder input and board discretion—questions traditionally addressed under state law. Yet the SEC remains responsible for administering a process embedded in federal proxy rules, using tools developed for a disclosure-oriented mandate.

The survey also points to a third option: private ordering. Many respondents favor letting companies set their own rules for shareholder proposals in bylaws and charters, subject to disclosure and fiduciary duties—flexibility long embraced in Delaware law.

The survey doesn't dictate a single solution. Reasonable observers differ on whether clearer federal standards, greater deference to state law, or some hybrid approach would best improve predictability and legitimacy. But the data make clear that the status quo satisfies few participants and that reform discussions should begin with how the system actually operates rather than caricatures of activism or reflexive defenses of existing arrangements.

If the SEC proceeds with reconsidering its role, it can reframe the debate in practical terms. The question isn't whether shareholder proposals should exist, but how they should function—and which institutions should make the judgments the system now requires.

Any durable reform, federal or state, must reckon with those realities. The goal should be a process that is predictable, transparent, and aligned with corporate law's allocation of authority—while enabling private ordering for companies that seek tailored solutions.

Getting this right matters. Shareholder proposals shape corporate priorities, imposing real costs while also offering potential benefits—tradeoffs that remain sharply contested. Reform should start with facts, not philosophies.

This article does not necessarily reflect the opinion of Bloomberg Industry Group, Inc., the publisher of Bloomberg Law, Bloomberg Tax, and Bloomberg Government, or its owners.

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Federal judge lets consumer antitrust case against Google move forward

DJ dailyjournal.com/articles/389452-federal-judge-lets-consumer-antitrust-case-against-google-move-forward

U.S. District Judge Rita F. Lin

A federal judge in San Francisco has largely allowed a proposed consumer antitrust class action against Google to move forward, rejecting the tech giant's bid to dismiss claims that its default search engine agreements unlawfully shut out competition.

U.S. District Judge Rita F. Lin ruled Wednesday that four consumers plausibly alleged Google violated federal antitrust law by using exclusive default contracts with device makers and browser developers to entrench its dominance in general search.

"Assuming plaintiffs' allegations to be true, as required at this stage, it is reasonable to infer that these search engines floundered due to the challenged agreements. Accordingly, plaintiffs have adequately pled antitrust injury, as well as the other antitrust standing factors," Lin wrote in her order.

The plaintiffs allege Google unlawfully monopolized the U.S. general search market by paying Android manufacturers, Apple, wireless carriers and browser companies to make Google the preset search engine across most devices and platforms, the order said.

According to the plaintiff's complaint, those default settings channel most search queries to Google and deprive rivals of the data needed to compete.

Google argued the case should be dismissed because consumers lacked antitrust standing and had not plausibly alleged harm.

According to Lin, Google said it was speculative to suggest that other search engines would have competed by offering greater privacy protections, fewer ads, or direct compensation to users without the default contracts.

"In a world without the challenged agreements, Google argues that it still would have been the strongest choice to be a default search engine due to its superior quality," Lin added.

But Lin said it was reasonable to infer that rival search engines offering privacy-protective, ad-light, or reward-based models failed to gain traction because Google's default agreements foreclosed competition "and in turn allowed Google to 'maintain a 'critical mass of users.'"

The order points to existing services such as DuckDuckGo, Brave, Bing that offer privacy features or pay users for searches as evidence that consumer demand for such alternatives exists.

The court also rejected Google's argument that consumers' alleged harms were too indirect or speculative, concluding the plaintiffs were directly injured by being denied meaningful choice among competing search engines and by Google's alleged retention of valuable user data.

However, the ruling partially favored Google on statute-of-limitations issues. Lin ruled that most claims are timely because the limitations period was tolled during the federal government's antitrust case against Google and restarted by alleged "continuing violations."

But the judge dismissed allegations that Google fraudulently concealed its conduct to further toll the statute of limitations, finding the plaintiff's complaint failed to plead the specific acts of concealment required. Plaintiffs were granted leave to amend those allegations.

Lin also allowed related claims under California's Unfair Competition Law and for unjust enrichment to proceed.

"Since plaintiffs have raised a plausible Sherman Act claim, their claim under California's UCL is also plausible," Lin wrote. "Plaintiffs' claim for unjust enrichment is construed as a claim for restitution; they similarly state a restitution claim due to their plausible Sherman Act claim."

Google's motion to dismiss was otherwise denied, and the case will move into discovery unless narrowed by an amended complaint.

Plaintiffs have until Feb. 20 to file a third amended complaint addressing the fraudulent concealment issue.

#389452

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News | Antitrust

US Judge Orders Google to Answer Search Monopoly Class Action Allegations

"At this stage, plaintiffs' allegations that users want compensation and competitors have continually attempted rewards schemes is sufficient to plausibly allege that search engines would compete on price in a but-for world," U.S. District Judge Rita F. Lin wrote in an order allowing antitrust class-action claims to proceed against Google in California federal court.

January 22, 2026 at 03:29 PM By **Sulaiman Abdur-Rahman**

What You Need to Know

- U.S. District Judge Rita F. Lin ruled defendant Google must answer antitrust class-action claims.
- Boies Schiller Flexner and the Law Offices of Lingel H. Winters represent consumer plaintiffs in the lawsuit alleging Google harmed internet search users with anticompetitive conduct.
- Wilmer Cutler Pickering Hale and Dorr represents Google in the litigation.

U.S. District Judge Rita F. Lin of the Northern District of California. Photo: Diego M. Radzinschi/ALM

An antitrust class action challenging Google's alleged unlawful internet search monopoly and seeking damages on behalf of consumers has largely survived a motion to dismiss.

U.S. District Judge Rita F. Lin of the Northern District of California ruled Google must answer the plaintiffs' federal and state antitrust claims alleging the Big Tech company unlawfully harmed consumers by undercutting their ability to get paid for using high-quality search products.

"Plaintiffs plausibly allege that, in a market where search engines competed on relatively equal footing with respect to search quality, consumers enjoy compensation, and 'people would expect compensation once it was provided' by some competitors with comparable search quality," Lin wrote in her 24-page order filed Wednesday.

"At this stage, plaintiffs' allegations that users want compensation and competitors have continually attempted rewards schemes is sufficient to plausibly allege that search engines would compete on price in a but-for world," Lin added.

Boies Schiller Flexner and the Law Offices of Lingel H. Winters filed the antitrust class action last summer on behalf of consumer plaintiffs, citing the August 2024 decision by U.S. District Judge Amit Mehta of the District of Columbia ruling Google unlawfully monopolized the U.S. general search engine market.

Wilmer Cutler Pickering Hale and Dorr on behalf of defendant Google filed a motion to dismiss the operative complaint last fall, arguing the plaintiffs failed to plausibly allege an antitrust injury.

Lin allowed the plaintiffs' Sherman Act and California state Unfair Competition Law claims to proceed but dismissed the plaintiffs' fraudulent concealment allegations in her order filed Wednesday.

The plaintiffs' attorneys at Boies Schiller welcomed Lin's decision.

"Plaintiffs are grateful to the court for its thoughtful consideration of the claims asserted in this case by consumers who were injured by Google's anticompetitive conduct, and the court's well-reasoned decision largely rejecting Google's efforts to dismiss these claims," counsel for the plaintiffs said Thursday via email. "Plaintiffs look forward to litigating these claims on behalf of these consumers."

Google has faced a series of antitrust class actions since the U.S. Department of Justice secured trial court rulings finding Google liable for alleged monopolization of the U.S. internet search and global advertising tech markets.

Mehta imposed behavioral remedies to end Google's alleged anticompetitive conduct in the U.S. market for general search services. Mountain View, California-based Google filed a notice of appeal Jan. 16 seeking review from the U.S. Court of Appeals for the D.C. Circuit.

Counsel for Google declined to comment Thursday, referring The Recorder and Law.com to the tech giant.

Google did not immediately respond to a request for comment.

Bloomberg Law

Manage Newsletters

Firms Are ‘Working for Free’ on Anthropic Settlement, Judge Says

Jan. 22, 2026, 12:51 PM PST

Summary by Bloomberg AI **AI Generated**

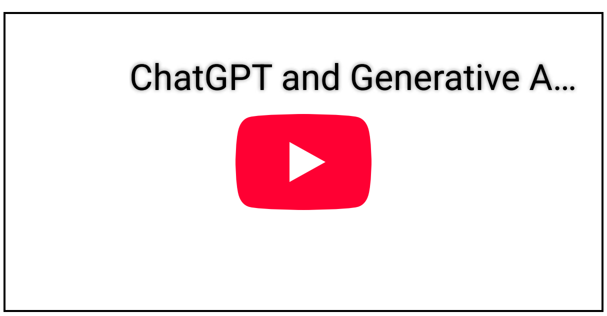
- A federal judge indicated three law firms seeking $75 million in attorneys’ fees from Anthropic PBC’s $1.5 billion copyright class action settlement won’t receive any share of the pot.

- The judge will appoint a special master to probe concerns that the firms requesting attorneys’ fees struck deals on the side for a sweeter recovery than other class members.

- The plaintiffs’ fees motion asked for a total of $300 million, with Susman Godfrey and Lieff Cabraser getting the lion’s share of that, $225 million.

A federal judge indicated three law firms seeking $75 million in attorneys’ fees from Anthropic PBC’s historic $1.5 billion copyright class action settlement with authors and publishers won’t receive any share of the pot.

“Any attorney outside Susman Godfrey and Lieff Cabraser is working for free,” Judge Araceli Martinez-Olguin said Thursday during a case-management conference in San Francisco. She also indicated she will appoint a special master to probe concerns that the firms requesting attorneys’ fees struck deals on the side for a sweeter recovery than other class members.



WATCH: Will copyright law stop generative AI?

The plaintiffs' fees motion asked for a total of $300 million, with Susman Godfrey and Lieff Cabraser, appointed counsel for the class, getting the lion's share of that, $225 million. Three other firms described by the motion as "coordination counsel"—Edelson PC, Oppenheim & Zebrak, and Cowan DeBaets, Abrahams & Sheppard LLP—would get a combined $75 million.

Both Anthropic and the judge originally assigned to the case condemned that part of the request, saying it's unjustified to subtract from the $1.5 billion settlement because they were never designated as class counsel.

Anthropic struck the deal in August 2025 to resolve authors and publishers' copyright lawsuit over the AI giant's downloading of millions of pirated books, one of the largest settlements over artificial intelligence and intellectual property to date. The pact received preliminary approval in September, and final approval is pending in the US District Court for the Northern District of California.

Martinez-Olguin, presiding over her first hearing in the case after Judge William Alsup's retirement at the end of 2025, appeared to align with her predecessor. In a memo before he passed the case to Martinez-Olguin, Alsup wrote he wasn't "merely opposing a multiplier for these three firms," but instead "opposing any award at all for these firms."

Alsup's memo also raised concerns that the add-on attorneys could share some of their fees with publishers to encourage them not to opt out of the settlement, giving those publishers an unfair gain at a cost to the rest of the class.

Class counsel, Justin Nelson of Susman Godfrey, told Martinez-Olguin at the conference that he didn't think a special master is necessary now that the firms had addressed Alsup's concerns through declarations that there were no such untoward dealings.

"I'm going to stop you there," Martinez-Olguin responded, saying she read the memo to suggest a special master might be needed to carefully examine Alsup's concerns.

"We have nothing to hide," Nelson responded. "Anyone who would give comfort to the court, we're okay with."

Anthropic is represented by Cooley LLP, Arnold & Porter Kaye Scholer LLP, Latham & Watkins LLP, Lex Lumina LLP, and Morrison & Foerster LLP.

The case is Bartz v. Anthropic PBC, N.D. Cal., No. 24-cv-05417, conference held 1/22/26 .

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Judge allows Anthropic author settlement to proceed after case reassignment

DJ **dailyjournal.com**/articles/389448-judge-allows-anthropic-author-settlement-to-proceed-after-case-reassignment

U.S. District Judge Araceli Martinez-Olguin

The $1.5 million settlement between tech giant Anthropic and a group of authors alleging it used their copyrighted works to train its AI model can proceed as scheduled despite being transferred to a new judge before final approval.

Attorneys for the plaintiffs and Anthropic met with U.S. District Judge Araceli Martinez-Olguin for the first time at a Thursday hearing in San Francisco to discuss how the landmark case should proceed in the wake of former U.S. District Judge William Alsup's retirement.

Martinez-Olguin, who was assigned the case Dec. 31, indicated the settlement could proceed without additional delays but said that a few steps need to be taken to ensure a smooth transition from Alsup to herself.

Martinez-Olguin said she hopes to appoint a special master as she gets up to speed on the 570-page docket. She said she understood an order issued by Alsup just before his retirement, requiring a declaration from both sides about where the settlement process stands, as a hint that the case would be difficult to pick up at this stage.

"I read his order as saying, 'Dear colleague who gets this case, you might need help,'" Martinez-Olguin said at the hearing. *Bartz et al v. Anthropic PBC*, 3:24-cv-05417 (N.D. Cal., filed Aug. 19, 2024).

Plaintiffs, represented by Justin A. Nelson of Susman Godfrey LLP, opposed the idea since they believe their declaration answered Alsup's remaining questions.

"We don't believe a special master would be appropriate," Nelson said.

Martinez-Olguin said that Alsup expressed concern about inconsistencies between the parties' responses to his preliminary approval and their previous declarations, and that a special master would help her sort through those.

The case has already had two special masters -- Harold J. McElhinny during litigation and Theodore K. Cheng during settlement proceedings. Both Nelson and Anthropic's attorney, Daralyn J. Durie of Morrison & Foerster LLP, said they'd be fine with whomever the court appoints.

The judge also said she's considering extending the deadline for class members to opt out since they weren't given sufficient notice of a recent order extending the deadline from Jan. 15 to Jan. 29.

Plaintiffs' attorneys said the 480,000-member class is "well-informed" and likely knew about the order. They said they've received several calls from class members wishing to opt out since Jan. 15, indicating that the class is aware of the change. Instead of extending the deadline again, plaintiffs' attorneys said, the court should handle opt-outs from class members confused about the initial extension on a case-by-case basis.

If Martinez-Olguin decides to extend the deadline, they said, it likely won't affect the rest of the case schedule.

A group of authors who had opted out of the settlement filed a lawsuit against the company and other tech giants in December hoping to secure more money for each copyright violation than the proposed settlement allows.

Martinez-Olguin also criticized attorneys on both sides for ignoring her order to re-notice the court about any pending motions. She said she was surprised, given the reputations of the firms on both sides.

"I'm reminding you to just read the orders," Martinez-Olguin said.

Alsup granted preliminary approval to the $1.5 billion settlement in September but expressed concerns with the deal that he said needed to be addressed before final approval. The case marked the first major settlement between an AI developer and authors whose work the company used to train its algorithm at a time when similar lawsuits have been filed across the country.

According to a case management statement, the sides have until Feb. 13 to file any additional motions and plaintiffs have until March 19 to move for final approval. A fairness hearing is tentatively scheduled for April 23. Nelson suggested the two sides could soon file a joint motion to set a date for the final approval hearing.

#389448

Judge inclined to back California in climate report dispute with Exxon

courthousenews.com/judge-inclined-to-back-california-in-climate-report-dispute-with-exxon

Alan Riquelmy January 23, 2026

Outside the Exxon Mobil shareholders meeting in Dallas on May 31, 2006, a slow-melting ice sculpture fashioned by protesters demonstrates their view of how ExxonMobil's policies are affecting the environment. (LM Otero/AP)

SACRAMENTO, Calif. (CN) — A federal judge said Thursday that he didn't think a California statute requiring certain companies to report climate data is preempted by federal law.

However, U.S. District Judge Daniel Calabretta made no final decision on the state's motion to dismiss the case filed by Exxon Mobil over two laws California says heighten transparency and provide access to data about greenhouse gas emissions.

The laws, passed in 2023, require businesses operating in California with annual revenues over $1 billion to publicly reveal their emissions. They also require businesses bringing in over $500 million to issue forward-looking reports on climate-related business risks.

Exxon has argued the laws violate its First Amendment rights and the supremacy clause, the latter of which subordinates state laws that conflict with federal statute.

"I don't think the statute's preempted," the Joe Biden appointee said, giving attorneys his tentative ruling.

The state law focuses on specific information — climate-related financial risk, the judge said. Disclosures required by the federal government, in turn, hinge on a different form of risk — what Calabretta called a separate concept.

Exxon attorney Jonathan Schneller said federal law prohibits states from requiring companies to reveal specific data. He argued that if California could impose climate-related reports on companies, then any state could create similar obligations on a host of other topics.

States can't place reporting requirements on companies that federal authorities already have imposed. Congress intended to stop states from placing burdensome reporting duties on such businesses, Schneller said.

"I don't see anything in the law that says that," Calabretta said. He questioned why Congress wouldn't clearly state in law that states couldn't impose reporting requirements.

In its lawsuit, Exxon says the state laws force it to become a mouthpiece for ideas it opposes. The oil giant claims California wants to embarrass corporations it believes shoulder the blame for climate change, leading them to reduce emissions.

But states can't demand certain speech from private parties and make them adhere to a specific ideological view, it adds.

"We need a good reason to think that this is what Congress was trying to accomplish," Schneller said.

Arguing for the state, Deputy Attorney General Katherine Gaumond said a carveout does exist in federal law, enabling states to impose specific reporting requirements.

"A state can dictate what sort of content is in a proxy statement," she said.

That carveout "contemplates" states having the power to require the inclusion of certain data from companies. Also, it's clear Congress had no intention of broadly preempting all disclosure laws a state might pass, Gaumond said.

Calabretta questioned whether the laws could apply to businesses other than those that offer securities. Gaumond noted they're tailored to affect only businesses that meet an annual revenue threshold.

Exxon has argued California law is preempted by the National Securities Markets Improvement Act of 1996. The state pushed back on that in its motion to dismiss, arguing Congress had no intention to usurp a state's ability to require disclosure of important financial information.

The act preempts a state's power over regulating the registration or qualification of securities, California argued. Its laws don't regulate issues like that.

"Moreover, if Congress had wanted to preempt state laws establishing additional, separate financial reporting requirements for issuers, Congress knew how to do so," the state said in its motion.

Calabretta appeared to agree.

“That’s not what the state is trying to do here,” he said.

He noted he has no background in securities litigation, as the Eastern District of California isn’t a “hotbed” of such legal disputes. However, he said Exxon’s suit is also about interpreting the law.

“I do that a lot,” he quipped.

Categories / Courts, Environment

Michigan sues oil companies, saying they colluded to restrain EV competition

reuters.com/sustainability/boards-policy-regulation/michigan-sues-oil-companies-saying-they-colluded-restrain-ev-competition-2026-01-23

David Shepardson, Mike Scarcella January 23, 2026

Item 1 of 2 Michigan Attorney General Dana Nessel addresses the Michigan Democratic Party People's Town Hall in Warren, Michigan, U.S., March 29, 2025. REUTERS /Rebecca Cook

[1/2]Michigan Attorney General Dana Nessel addresses the Michigan Democratic Party People's Town Hall in Warren, Michigan, U.S., March 29, 2025. REUTERS /Rebecca Cook Purchase Licensing Rights, opens new tab

- Bp Plc
- Chevron Corp
- Exxon Mobil Corp

WASHINGTON, Jan 23 (Reuters) - Michigan Attorney General Dana Nessel on Friday filed an antitrust lawsuit against four major oil companies, asserting they have colluded for decades to forestall competition from renewable energy, including electric vehicles.

The suit filed in U.S. District Court in western Michigan names BP (BP.L) , opens new tab, Chevron (CVX.N) , opens new tab, Exxon (XOM.N) , opens new tab, Shell (SHEL.L) , opens new tab and the American Petroleum Institute. The suit said the companies acted "as a cartel, agreeing to reduce the production and distribution of electricity from renewable sources and to restrain the emergence of electric vehicles and renewable primary energy technologies in the United States." Sign up here.

A lawyer for Chevron in a statement called Michigan's lawsuit “baseless as demonstrated by multiple related court dismissals" in other venues, including New York, Pennsylvania and Delaware. "This lawsuit also ignores the fact that Michigan is highly dependent on oil and gas to support the state’s automakers and workers,” attorney Theodore Boutrous Jr. said.

Shell declined to comment. Representatives from BP, Exxon and the American Petroleum Institute did not immediately respond to requests for comment.

The suit said the companies "abandoned renewable energy projects, used patent litigation to hinder rivals, suppressed information concerning the hidden costs of fossil fuels and viability of alternatives... and used trade associations to coordinate market-wide efforts to divert capital expenditures away from renewable energy—all to further one of the most successful antitrust conspiracies in United States history."

The suit noted that in the 1970s, Exxon developed the first hybrid gas-electric vehicle technologies and in 1978 Exxon publicly showed an electric motor integrated into a hybrid gas-electric propulsion system, installed in a Chrysler Cordoba and in 1979, Exxon partnered with Toyota to develop a hybrid gas-electric vehicle using a Toyota Cressida chassis.

"But Exxon never marketed that innovative hybrid engine technology and consistently has deferred meaningful investment in its lithium-ion and graphite-based battery technologies for EVs," the lawsuit said, adding Exxon's internal research in 1979 "predicted that renewable energy would increasingly become a competitive threat to fossil fuels."

The suit also said Chevron took steps to delay a critical EV and battery technology known as nickel-metal hydride rechargeable batteries by acquiring patents to restrict their use in automobiles.

The Trump administration has taken a series of actions to make it easier for automakers to avoid building EVs and make it more expensive for consumers to buy EVs after the Biden administration had adopted rules that would have required automakers to build a rising number of EVs.

Reporting by David Shepardson and Mike Scarcella in Washington; Editing by Aurora Ellis

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

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Commentary | **Artificial Intelligence**

The Hidden AI Risk in Legal Discovery

The real AI risk in eDiscovery isn't hallucinations—it's bias hiding in the prompt.

January 22, 2026 at 03:09 PM By **Raj Chandrasekar**

The legal sector's focus on artificial intelligence (AI) risks has largely centered on high-profile issues: hallucinations, fabricated citations, and confidently incorrect statements making their way into court filings. While these concerns are valid, they are not the most pressing risk in the overall context of legal eDiscovery.

Unlike open-ended generative AI tools that synthesize information from across the internet, AI in eDiscovery operates within a closed universe of documents. Its role is to search, classify, and summarize existing materials—not to create documents for court filing or statement of facts. This distinction is critical, as it shifts the locus of risk from fabrication to something more insidious: **prompt-induced bias**.

Modern AI models are acutely sensitive to the way queries are phrased. They are engineered to be helpful and, by default, to align with the perceived intent of the user. Subtle differences in wording, implicit assumptions, or leading language in prompts can significantly influence which documents are retrieved, how they are categorized or summarized, and the confidence with which results are presented. In tasks such as relevance review, privilege assessment, and guided AI workflows, this bias can materially affect outcomes and potentially cause key documents to be overlooked or irrelevant materials to be surfaced.

The danger is not that biased prompts yield obviously incorrect results. Rather, they produce outputs that appear reasonable and defensible, even when the underlying question has skewed the process. While hallucinations can often be detected through cross verification and corrected, prompt bias is far more difficult to identify and, therefore, more dangerous.

This risk is exacerbated by the pressures of tight deadlines and high-volume review. Under time constraints, there is less opportunity to scrutinize prompt construction or validate whether AI outputs truly align with the issues at hand. Compounding this, both prompt and AI-generated outputs are now subject to discovery. While courts remain cautious about the admissibility of AI-generated evidence, the ultimate responsibility for accuracy and defensibility rests with counsel, not the technology. Rushed workflows and insufficient oversight can undermine the integrity of the discovery process.

To address this, **robust procedural guardrails are essential**. At Consilio, we treat prompt bias as a core workflow risk. User queries are not sent directly to the AI model; instead, an intermediary validation step assesses each prompt for potential bias or leading language that could distort results. If bias is detected, the system alerts the user and suggests a more neutral alternative, allowing for prompt refinement before proceeding. This proactive approach significantly reduces the risk that a poorly constructed prompt will quietly shape the outcome.

Additionally, inputs are screened for inappropriate or irrelevant content, unless specifically required by the matter. When generative AI capabilities are employed, they are strictly limited to the defined document corpus, with safeguards to prevent reliance on external or unverified sources. These controls help mitigate both bias and hallucination risks.

For teams concerned about hallucinations, the best practice is to pose highly specific questions that elicit precise answers, rather than broad or open-ended queries. All generative outputs should be independently validated before reliance. Leveraging larger, more current language models can further reduce risk, but every fact and citation must be verified—ideally by cross-checking with a secondary model. Ultimately, AI should augment, not replace, human judgment; final review and decision-making must remain with legal professionals.

While hallucinations will always warrant attention, **prompt bias is poised to become the defining risk as AI becomes embedded in discovery workflows**. Firms that cannot demonstrate disciplined prompting and defensible controls will face challenges not only in explaining what their AI found, but also in justifying what it missed and why.

Raj Chandrasekar *is the Chief Technology & Innovation Officer at Consilio.*

To read more insights, thought leadership from Consilio, click here.

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Decades-long clash leads to $256 million verdict against human rights lawyer

reuters.com/legal/government/decadeslong-clash-leads-256-million-verdict-against-human-rights-lawyer-2026-01-22

David Thomas, Sara Merken, Mike Scarcella January 22, 2026

Commuters walk to work in Cape Town, South Africa May 14, 2024. REUTERS/Nic Bothma Purchase Licensing Rights, opens new tab

- Attorney Terry Collingsworth to appeal verdict in long-running Drummond case
- Another firm gives billable credit for AI training
- Hagens Berman faces DOJ referral in thalidomide litigation
- Lobbying fees surged in 2025

WASHINGTON, Jan 22 (Reuters) - (Billable Hours is Reuters' weekly report on lawyers and money. Please send tips or suggestions to D.Thomas@thomsonreuters.com , opens new tab.)

After decades of suing major corporations over alleged human rights violations overseas, Washington, D.C.-based lawyer Terry Collingsworth is facing a $256 million judgment in a case brought by one of his oldest adversaries.

On January 15, a federal jury in Alabama sided with coal producer Drummond [RIC:RIC:DRMND.UL] and found Collingsworth and his firm liable for defamation and racketeering. The verdict capped a 24-year legal fight with Drummond, which accused Collingsworth of filing "fraudulent" lawsuits and orchestrating a scheme to pay witnesses to deliver false testimony linking Drummond to a Colombian paramilitary group responsible for killing hundreds of civilians.

Jurors awarded , opens new tab Drummond $68 million in damages, an amount the company said will be automatically tripled under the federal Racketeer Influenced and Corrupt Organizations Act. They also awarded , opens new tab $52 million in compensatory and punitive damages over allegedly defamatory statements Collingsworth made in letters to Dutch officials and Drummond's Japanese business partners.

Collingsworth said in an email that he would appeal and declined to comment further. In a video message posted on his firm's website before the verdict, he characterized Drummond's case as "frivolous" and retaliatory.

Trey Wells of Starnes Davis Florie, who represented Drummond, said in a statement that the coal company has faced “malicious accusations and narratives for decades.”

“This verdict is further proof that Drummond has had no connection whatsoever with illegal organizations,” he said.

The clash began when Collingsworth brought a landmark Alien Tort Statute case in federal court in Alabama in 2002, alleging Drummond was liable for the 2001 murders of three union leaders at one of its Colombian mines. A federal jury sided with the company in 2007, and Drummond first brought a defamation claim against Collingsworth in 2011.

Collingsworth has pursued similar corporate accountability claims against other multinational companies since the 1990s. He was among the lawyers behind a 22-year lawsuit against ExxonMobil, alleging that security personnel guarding the company’s Indonesian natural gas operations committed murder and torture. Exxon reached a confidential settlement with 11 Indonesian villagers in 2023, days before trial.

In July 2024, a U.S. appeals court rejected a proposed class action brought by Collingsworth on behalf of Malian citizens who sought to hold Hershey, Nestlé and other chocolate companies liable for child labor on cocoa farms in Ivory Coast. Another case attempting to hold Alphabet, Apple, Dell Technologies, Microsoft and Tesla liable for allegedly supporting child labor in Congolese cobalt mining was dismissed by an appeals court the same year.

AI CREDIT HOURS SPREAD FOR JUNIOR LAWYERS

Another U.S. law firm is allowing junior lawyers to receive billable hours credit for time spent on artificial intelligence education and training initiatives, as firms navigate how to best equip their teams in the AI era.

Washington, D.C.-based Holtzman Vogel, which has more than 60 lawyers, said this week that it will allow first-through-third-year associates to dedicate up to 100 of their targeted annual billable hours on gaining AI skills.

Law firms use annual billable hour targets to set performance expectations and allocate bonuses to associates and other salaried attorneys. A handful of firms have previously offered billable credit for innovation-related projects, but few have publicly announced programs specifically creating a category of AI credit. Ropes & Gray, a 1,500-lawyer firm, in November began allowing its first-year

associates to devote up to 20% of their annual billing requirements – nearly 400 hours – to experimenting with AI.
Holtzman Vogel managing partner Jill Vogel said clients are asking their lawyers if they are using AI, wanting counsel who are technologically savvy. Partners at the firm also want junior lawyers to use AI for legal work and other tasks while also understanding the potential pitfalls.

"I need them to understand that I prioritize this equally with some of the other billable work that they would do, because this is critical," Vogel said.

The firm, which does political, regulatory and litigation work, has a billable hour target of 1,800 hours, she said.

HAGENS BERMAN CAN'T SHAKE DOJ REFERRAL

– Plaintiffs law firm Hagens Berman failed to persuade a U.S. appeals court to stop a judge's referral of the law firm to the U.S. Justice Department for alleged litigation misconduct in cases it brought over alleged injuries from the drug thalidomide.

The Philadelphia-based 3rd U.S. Circuit Court of Appeals ruled without comment on January 20, denying a petition from the firm and its managing partner Steve Berman contesting a December order by U.S. District Judge Paul Diamond in Philadelphia. Berman and a lawyer for the firm did not immediately respond to requests for comment. The U.S. attorney's office in Philadelphia declined to comment.

Diamond said in his order , opens new tab that a court-appointed official uncovered a decade of alleged wrongdoing in the thalidomide litigation by the firm. Diamond said the lawyers were found to have conducted "grossly inadequate" investigations into the strength of product liability claims against drugmakers.
Berman and his firm have denied any wrongdoing. Their outside counsel said last month that "there is no basis for sanctions, much less a criminal referral (which was not suggested or recommended by the discovery master)."

LOBBYING FEES SOAR UNDER TRUMP 2.0

– Several U.S. law and lobbying firms reported record-breaking federal lobbying revenues this week for 2025, buoyed by President Donald Trump's "big, beautiful" tax-and-spend legislation, a six-week federal government shutdown and executive actions on trade, healthcare and other policies.

It was an especially big year for Florida-founded lobbying firm Ballard Partners. The firm, which previously employed U.S. Attorney General Pam Bondi, said on Wednesday that it grew its lobbying revenue by 300% in 2025 to $88.3 million. The previous single-year record for an individual firm was $67.8 million, according to nonprofit research group OpenSecrets.

Read more:

Georgia, Trump defendants clash over fee law in election interference case
Are law firms headed for a downturn? Billing rates may hold the key
Is Big Law's 'pyramid' due for an AI makeover?
Reporting by Mike Scarcella

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- X

Sara Merken
Thomson Reuters

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

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News | Cryptocurrency

New York Federal Judge Rejects Mango Labs' Bid to Escape SEC Settlement Penalties

A federal judge in Manhattan refused to undo a Securities and Exchange Commission settlement with Mango Labs, finding that evolving crypto enforcement policies do not alter binding final judgments.

January 22, 2026 at 06:15 PM By Michael A. Mora

Jennifer Louise Rochon testifies before the Senate Judiciary Committee during her confirmation hearing to be U.S. District Judge for the Southern District of New York, on Tuesday, February 1, 2022. Photo: Diego M. Radzinschi/ALM

A federal judge in New York refused to relieve Mango Labs LLC of penalties imposed under a prior settlement with the U.S. Securities and Exchange Commission, requiring the crypto firm to pay fines and comply with trading bans tied to its decentralized finance project.

U.S. District Judge Jennifer L. Rochon of the Southern District of New York entered the 14-page ruling Wednesday, finding that Mango Labs' motion for relief was timely because it was filed within one year of the final judgment, but that the crypto firm failed to show a significant change either in factual conditions or in law that rendered the consented final judgment inequitable.

“Once you’ve taken a bite, you don’t get to rewind the decision because the weather changes,” said James T. Brown of Brown LLC, an expert not involved in the matter. “The court’s ruling underscores that consent judgments with the SEC are final, and shifts in enforcement posture do not amount to changed law or extraordinary circumstances under Rule 60(b).”

Michael Burshteyn, a partner at Greenberg Traurig in San Francisco who is the lead attorney for Mango Labs, did not respond to a request for comment.

The litigation arises out of the SEC’s enforcement action against the operators of Mango Markets, a crypto asset trading platform. Mango Markets was developed and operated by Mango Labs and Blockworks Foundation and Mango DAO is the governing body of Mango Markets. In addition to facilitating crypto asset trading, Mango Markets offered its own token, MNGO.

The SEC filed an enforcement action on Sept. 27, 2024, alleging that defendants were violating securities laws and that Mango Labs and Mango DAO engaged in the offer and sale of unregistered securities. The SEC obtained settlements from Mango Labs and the two other defendants and agreed to the entry of final judgments and to consents to those judgments.

Under the final judgment, Mango Labs agreed to a permanent injunction barring it from violating Sec. 15(a) of the Exchange Act and a civil penalty exceeding $111,000, as well as six undertakings, including from soliciting any trading platform to allow trading in MNGO and from offering or selling, directly or indirectly, MNGO unless the offering is properly registered. It also agreed to waive its rights to a jury trial and appeal of the final judgment.

However, on June 28, 2025, Mango Labs moved for relief from the final judgment pursuant to Rule 60(b), arguing that there has been a recent shift in the SEC’s crypto enforcement policy under President Trump, including voluntary dismissals of several pending enforcement actions. Mango Labs asked the Court to set aside the final judgment and dismiss the case with prejudice.

However, the Court found that the SEC’s enforcement policy change was not a significant change in factual conditions or the law that renders the final judgment inequitable. Statements by individual SEC commissioners repudiating prior enforcement strategies also do not constitute a change in the law because they do not create rules of decision or bind the court.

In addition, under Rule 60(b)(6), even if there was a change in decision law, the court found that such a change does not constitute an extraordinary circumstance. The court also found that the changed factual circumstances of the SEC’s new enforcement approach, including its voluntary dismissals of several crypto enforcement actions, do not constitute Rule 60(b)(5) or (6) relief.

The Court also found that Rule 60(b)(5) relief was not separately warranted because of the final judgment’s prospective restrictions on MNGO and the no-admit, no-deny restriction prospective restrictions were not inequitable just because Mango Labs may “regret its decision to settle.”

“Mango Labs claims that there was no meaningful bargain over the consented-to Final Judgment because the SEC ‘presented [it] with a Hobson’s choice—settle or ‘bet the farm.’ The Court disagrees,” the opinion said. The court noted that while Mango Labs waived certain rights, including the right to trial and to publicly deny the allegations, the crypto firm eliminated the expense of further litigation and the risk of an adverse judgment.

Citing state appellate case law, the court added: “While the enforcement landscape may have changed, Mango Labs ‘cannot in hindsight seek extraordinary relief’ simply 'because [its] assessment of the consequences was incorrect.'”

Securities

Mango Labs Must Follow Consent Judgment Despite SEC Crypto Shift

Jan. 22, 2026, 8:26 AM PST

Mango Labs LLC, which previously settled Biden-era SEC charges accusing the company of selling unregistered securities and acting as a broker when it operated a decentralized finance project, must pay the penalty and adhere to trading prohibition terms after a federal judge in New York denied its bid for relief.

The Securities and Exchange Commission's crypto enforcement shift during President Donald Trump's second term hasn't rendered the final judgment inequitable or created an extraordinary circumstance, Judge Jennifer L. Rochon in the US District Court for the Southern District of New York said in a Wednesday opinion.

The SEC in a marked shift dropped nearly all holdover cryptocurrency enforcement actions from the previous administration last year, but Mango's settlement came in 2024, before the new dynamic took hold.

Mango Labs, alongside Mango DAO and Blockworks Foundation, ran the Mango Markets "DeFi" platform. A trader accused of exploiting Mango Markets rules to steal $110 million from the exchange was convicted in 2024 in the first US trial involving criminal charges tied to cryptocurrency manipulation.

Mango Labos and the other entities settled the SEC's charges last year, agreeing to pay nearly $700,000 in combined civil penalties. Mango Labs had also agreed to stop soliciting platforms to allow trading in its MNGO token.

Mango Labs sought relief from the consent judgment in June 2025, arguing that the SEC's enforcement shift on digital assets and voluntary dismissals of pending cases warranted reconsideration of the settlement. Mango DAO and Blockworks Foundation didn't seek the same relief.

The SEC has filed fewer crypto-related enforcement actions under Chairman Paul Atkins, pulling back on suits targeting unregistered securities offerings that predominated during ex-Chair Gary Gensler's administration and carving out areas of its own jurisdiction while a digital asset market structure bill works its way through Congress.

Greenberg Traurig LLP and The Crypto Lawyers represent Mango Labs.

The case is SEC v. Mango Labs LLC , S.D.N.Y., No. 1:24-cv-07334, 1/21/26 .

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To contact the editor responsible for this story: Michael Smallberg at msmallberg@bloombergindustry.com

Securities

SEC Sues Lottery.com, Executives for Securities Fraud Scheme

Jan. 22, 2026, 5:11 PM PST

Former executives of Lottery.com Inc. and the special purpose acquisition company that took it public were sued by the Securities and Exchange Commission Thursday for falsely inflating revenues to investors.

The SEC's lawsuit filed in Manhattan federal court comes months after two Lottery.com executives pleaded guilty to securities fraud charges over their role in the scheme, which involved taking the company public through a merger with a so-called SPAC, reporting fake revenues about Lottery.com, and dumping their shares before the stock price tanked.

The Thursday complaint detailed the executives' involvement in a fraudulent $30 million financing deal and an overpriced acquisition of a Mexican gaming company that were both allegedly designed to inflate the company's revenues.

The complaint names Lottery.com's former CEO Tony DiMatteo, former Chief Revenue Officer Matthew Clemenson, and former Chief Financial Officers Ryan Dickinson, as well as Vadim Komissarov, the former CEO of the SPAC Trident Acquisitions Corp., as defendants.

It's been a stunning fall for Lottery.com, which made its Nasdaq debut at the height of the SPAC merger craze, when the cash-rich blank check companies hunted for promising private startups to acquire and take public.

Lottery.com had billed itself as the Uber or DoorDash of lottery tickets, promising to bring the old-school paper lottery ticket system into the digital age. But cracks showed almost immediately, and by 2022, the company couldn't made payroll most of its top executive left. Bloomberg Tax chronicled the company's near collapse in 2024.

The case is Securities and Exchange Commission v. DiMatteo , S.D.N.Y., No. 1:26-cv-00603, 1/22/26 .

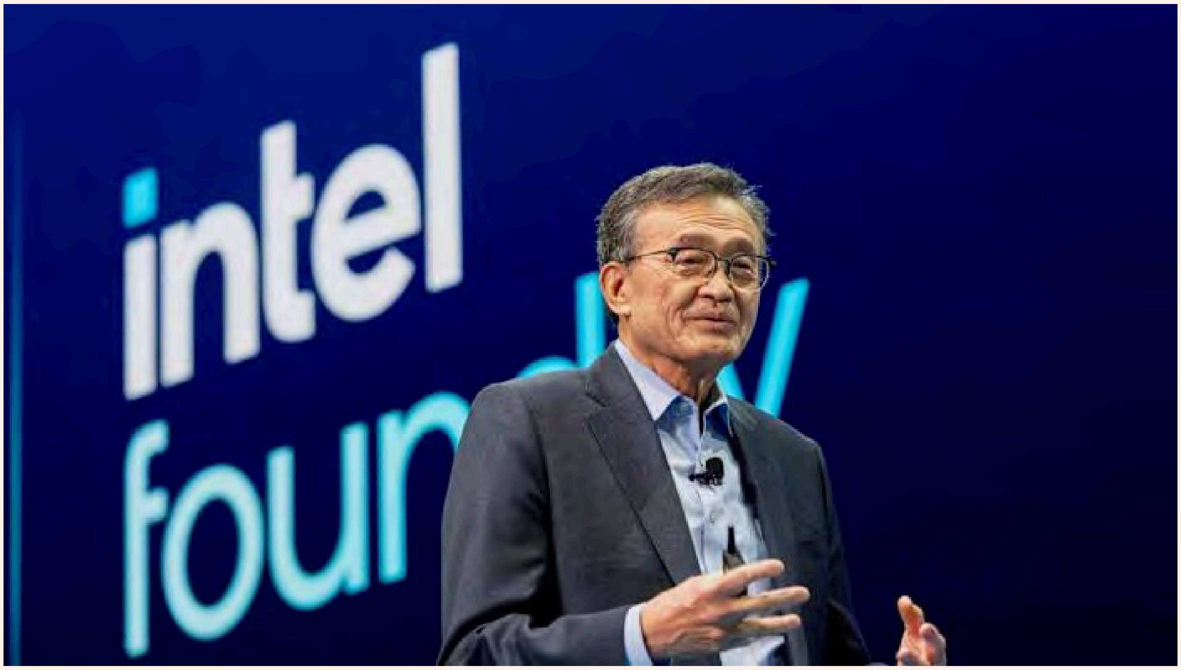
— With assistance from Nicola M. White.

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

Intel Corp

Intel shares drop 17% as supply issues limit growth

Manufacturing setbacks undermine company's efforts to become US champion in advanced chipmaking



Intel chief executive Lip-Bu Tan says the company is 'working aggressively to grow supply to meet strong customer demand' © Laure Andrillon/Reuters

Michael Acton in San Francisco

Published YESTERDAY | Updated 07:13

Intel shares fell 17 per cent on Friday following a downbeat revenue outlook linked to supply constraints and issues in the launch of a new manufacturing technology that is critical to its turnaround.

The US chipmaker on Thursday said it expected between $11.7bn and $12.7bn in revenue for the quarter ending in March, undershooting Wall Street expectations of $12.6bn.

Intel acknowledged that a surge in demand late last year, particularly for chips used in data centres, had wrongfooted the company. It has also struggled to build up its new manufacturing process for high-end chips, known as 18A, which is a crucial stepping stone to reviving its manufacturing division.

Chief executive Lip-Bu Tan said he was "disappointed that we are not able to fully meet the demand in our markets".

He said the company was "working aggressively to grow supply to meet strong customer demand" and he hailed the launch of its new personal computer chip built on 18A as an "important milestone".

The share price drop came despite the company reporting revenue of $13.7bn in the quarter to the end of December, slightly ahead of Wall Street expectations of $13.4bn compiled by Visible Alpha.

The stock had rallied almost 50 per cent this year ahead of Thursday's earnings report thanks to backing from US President Donald Trump and optimism around the new Panther Lake PC chip.

But Intel faces intense pressure to turn around its manufacturing business after pouring billions of dollars into an attempt to regain its position as the only US company capable of manufacturing the world's most advanced chips, including those used for AI.

The chipmaker is trying to raise the "yield" from the 18A manufacturing process — the percentage of functional chips that roll off production lines.

Tan conceded that "while yields are in line with our internal plans, they are still below what I want them to be".

The rollout of 18A has pushed up costs for the company in the short term, although Intel said the costs should fall as it started to manufacture chips on a larger scale.

Tan, who took over last year, has warned that the company could scrap its next-generation manufacturing technology, known as 14A, unless it is confident it can secure major customers such as Apple and Qualcomm.

On Thursday's call with analysts, the Intel chief struck an upbeat tone, mentioning that a couple of "big customers" were in the process of testing 14A.

Tan told analysts he believed clients for 14A would "begin to make firm supply decisions starting in the second half of this year . . . extending into the first half of 2027".

Intel's efforts to provide a US alternative to Taiwan Semiconductor Manufacturing Company (TSMC) as a manufacturer of the advanced chips at the heart of the AI race have earned it backing from the White House.

Trump celebrated the launch of the US-made Panther Lake chip earlier this month and said the government had made "tens of billions of dollars" from the 10 per cent stake it agreed to take in Intel in August.

Following the US taking a stake, Intel also secured $2bn from SoftBank and a $5bn investment from Nvidia, which Intel said closed during the quarter.

Intel's chipmaking business, known as the foundry, had $4.5bn in revenue, slightly above the $4.2bn expected.

The group reported a net loss attributable to shareholders of $591mn for the December quarter — worse than consensus estimates.

Intel also suffered from capacity constraints at TSMC, which the US group still relies on to make some of its chips.

Shortages of memory chips are biting across the industry as AI data centre builders gobble up the limited supply from a handful of key players — Micron, Samsung and SK Hynix.

Intel's product division, which includes its PC and traditional non-AI data centre chip business — and represents the bulk of its revenue — reported $12.9bn in revenue for the quarter, ahead of the $12.7bn analysts had forecast. It continues to face tough competition in its PC chip design business from the likes of AMD and Qualcomm.

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Sullivan & Cromwell Claims Largest Share of FTX's Nearly $1 Billion Fee Payout

The report shows that since the plan became effective Jan. 3, 2025, the estate has transferred $8.61 billion in cash, securities and other property to creditors, paying administrative, secured and priority claims in full and distributing about 68% of allowed general unsecured claims.

January 22, 2026 at 02:58 PM By Michael A. Mora

Sullivan & Cromwell LLP firm signage. Courtesy Photo

The bankruptcy estate of collapsed cryptocurrency exchange FTX has paid lawyers and restructuring advisers nearly $1 billion in fees and expenses, underscoring the scale and costs of dismantling one of the digital asset industry's most notorious failures.

According to the post-confirmation report filed Wednesday in the U.S. Bankruptcy Court for the District of Delaware, lead counsel Sullivan & Cromwell received about $232 million in attorney fees and costs over the course of the case.

Other firms also collected significant sums. Quinn Emanuel Urquhart & Sullivan, retained as special litigation counsel, received about $48 million, while Delaware-based local counsel Landis Rath & Cobb was paid roughly $12 million, according to the filing.

Among financial professionals, Alvarez & Marsal North America earned the largest cumulative payout, collecting approximately $284.19 million in fees and costs.

The report provided a snapshot of a bankruptcy that has become one of the most expensive and closely watched corporate restructurings in recent memory, reflecting both FTX's global footprint and the challenges of recovering assets tied to a now-defunct crypto empire. The fees and costs are expected to increase over the next couple of years as the bankruptcy process continues.

Since the plan became effective on Jan. 3, 2025, the estate has transferred approximately $8.61 billion to creditors and claimants. Those transfers include cash disbursements, noncash securities and other property distributed under the confirmed plan, the filing said.

The document also detailed how different classes of claims have fared so far. Ninety-seven percent of the $195.01 million administrative allowed claims were paid, 110% of the $250 million secured allowed claims were paid, 100% of the $200.04 million in priority allowed claims were paid, and 68% of the $10.98 billion general unsecured allowed claims were paid.

Securities

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UK Groups Warn Axing Audit Reform Risks More Corporate Collapses

Jan. 23, 2026, 8:26 AM PST

The cancellation of long-promised UK audit reform raises the odds of more company collapses without adequate warning, leading shareholder and business bodies told the country's business minister Friday.

The groups' letter to Secretary of State for Business and Trade Peter Kyle responds to the government's announcement earlier this week that it won't pass audit reforms promised since the 2018 implosion of Carillion plc because the changes would be too expensive for companies to implement.

The business and investor leaders pointed to several additional corporate downfalls since Carillion that were "linked to weaknesses in audit and governance," including those of Bulb Energy, constructor ISG, Patisserie Valerie, travel agent Thomas Cook, and retailer Wilko.

"This month marks eight years since the collapse of construction giant Carillion, the very event that sparked calls for reform," the letter said. "Yet, despite multiple independent reviews, a comprehensive White Paper and repeated public consultations, not a single piece of legislation has been passed."

The letter was signed by leaders including Jonathan Geldart, director-general of the Institute of Directors, and Charles Henderson, chairman of the UK Shareholders' Association. It was coordinated by the Chartered Institute of Internal Auditors.

Among the measures the government dropped were efforts to set up a new, more powerful, regulator to replace the Financial Reporting Council and broadening the definition of public interest entities, or companies of national importance subject to tougher regulation.

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Tesla drops Autopilot in pivot to FSD subscription model in US, Canada

reuters.com/business/autos-transportation/tesla-drops-autopilot-feature-us-canada-2026-01-23

Reuters January 23, 2026

Item 1 of 2 A Tesla Model 3 vehicle drives on autopilot along the 405 highway in Westminster, California, U.S., March 16, 2022. REUTERS/Mike Blake

[1/2]A Tesla Model 3 vehicle drives on autopilot along the 405 highway in Westminster, California, U.S., March 16, 2022. REUTERS/Mike Blake Purchase Licensing Rights , opens new tab

(TSLA.O) , opens new tab on Thursday discontinued its basic driver-assistance system, Autopilot, in Canada and the U.S., in an attempt to push customers toward a more advanced version of the technology branded as Full Self-Driving (Supervised).

The company had last week said it would stop offering FSD as a one-time $8,000 purchase from February 14, meaning customers will only be able to access the software through a monthly subscription priced at $99.

Tesla's online vehicle configuration pages showed that new cars come only with Traffic Aware Cruise Control, a feature that maintains a set speed and follows traffic at a safe distance.

Autosteer, which previously worked with cruise control to keep vehicles centered in a lane and navigate curves, is no longer listed as a standard feature.

California's Department of Motor Vehicles had placed Tesla on a high-stakes 60-day deadline to overhaul its marketing or face a mandatory 30-day suspension of its retail sales license.

One condition was that Tesla stops using the "Autopilot" name, which regulators argued misled consumers into believing the system was capable of autonomous driving.

The department declined to comment and Tesla did not immediately respond to a request for comment on the reason for the change.

For a long time, Autopilot has been the core selling point for Tesla vehicles, even as the company warned drivers that the system required active supervision and did not make cars fully autonomous.

CEO Elon Musk said on Thursday the subscription price for FSD would rise over time as the software's capabilities improve. The subscription is expected to be a key profit driver for the company when it is more capable and accessible in most parts of the world.

CFO Vaibhav Taneja had said in October that only 12% of all Tesla customers had paid for the FSD software.

Reporting by Akash Sriram in Bengaluru; Editing by Tasim Zahid and Arun Koyyur

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Securities

Ex-Goldman Banker Leissner Seeks Pardon in 1MDB Fraud Case (2)

Jan. 22, 2026, 2:36 PM PST

Tim Leissner, the former Goldman Sachs Group Inc. banker who admitted his role in one of the largest financial frauds in history, is seeking a presidential pardon before he surrenders to a federal prison.

Leissner filed his pardon application to the US Justice Department last year, according to a notice on the DOJ website. It was submitted between Sept. 3 and Nov. 18, according to archived copies posted on lawyeroyer.com.

Leissner, Goldman's former Southeast Asia chairman, pleaded guilty in 2018 to engaging in a scheme to embezzle $4.5 billion from Malaysian fund 1MDB. He cooperated with prosecutors and became the US government's star witness against a former Goldman colleague at a 2022 trial in Brooklyn, New York.

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, and Theranos Inc. founder **Elizabeth Holmes**, who is serving an 11-year sentence for defrauding investors in her blood-testing startup.

Last week, President Donald 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.

At his May sentencing, Leissner and prosecutors argued he should be spared prison because his cooperation resulted in the conviction of a former colleague and billions of dollars in global fines against Goldman. But a federal judge ordered him jailed for two years, calling his conduct "brazen and audacious."

US District Judge Margo Brodie, who presided over the case, cited a letter Goldman Sachs sent her that said he never took responsibility for his actions and "serial lies." Brodie said a prison term was warranted, because without him, the massive fraud may never have happened.

Goldman paid more than $5 billion to settle global probes related to 1MDB, including $2.9 billion in one of the largest penalties in history for a violation of US anti-bribery laws.

Goldman also sued Leissner, saying in a letter to the court it is trying to recoup at least $20.7 million it paid Leissner while he was working on 1MDB transactions. The bank won an award for that amount from a Financial Industry Regulatory Authority panel in 2022, which was upheld by a federal judge in Manhattan a year later.

"Mr. Leissner has still not repaid one penny," Goldman's General Counsel Kathryn Ruemmler said.

The German citizen is scheduled to surrender to a facility in Southern California early next month. Brodie ordered Leissner to begin serving his term on Nov. 17, but allowed him to remain free until Jan. 12. Earlier this month his lawyer, Henry Mazurek, said prison officials needed time to find a facility close to family in California and asked that he surrender Feb. 6.

Federal prosecutors in Brooklyn declined to comment. Mazurek didn't immediately return a voicemail and email seeking comment.

Jho Low

The 1MDB fraud toppled the Malaysian government and led to investigations in six countries. At the trial of Roger Ng, his former Goldman colleague, Leissner testified that he worked with Ng and Malaysian financier **Jho Low**, who was the alleged architect of the 1MDB fraud. Low, who was also charged by the US, remains a fugitive. Before he was charged Low denied wrongdoing.

Ng, who was convicted and sentenced to 10 years prison, was sent to Malaysia to face trial there in 2023 under an agreement with the US. In December, the Malaysian government announced it was seeking Leissner's extradition for crimes related to the 1MDB fraud.

At his sentencing in Brooklyn, Leissner begged to be spared prison.

"I know how terrible my crime was," he said. "In the process of telling the government and the world about 1MDB, I have had to publicly face the fact that I helped steal billions of dollars not just from individuals, but from an entire nation."

(Updates with Goldman's lawsuit against Leissner in ninth paragraph.)

--With assistance from **Todd Gillespie** and **Max Abelson**.

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News | Litigation

Prosecutors Will Not Retry Overturned Landmark NFT Insider Trading Conviction

The U.S. Attorney's Office for the Southern District of New York said it has entered into a deferred prosecution agreement with Nathaniel Chastain, a former senior manager at OpenSea.

January 22, 2026 at 04:29 PM By Emily Saul

Nathaniel Chastain, former product manager at OpenSea, arrives at federal court in New York, US, on Tuesday, Aug. 22, 2023. Photo: Yuki Iwamura/Bloomberg

Manhattan federal prosecutors on Wednesday said they will not retry the non-fungible token insider trading case reversed by an appellate court last year and have instead agreed to defer prosecution.

Nathaniel Chastain, a former senior manager at OpenSea, in 2023 became the first person believed to be convicted in an insider trading case involving digital assets.

But the U.S. Court of Appeals for the Second Circuit vacated his conviction last year, ruling jurors found Chastain guilty based on the misappropriation of confidential information that had no commercial value to OpenSea.

In a letter to U.S. District Court Judge Jesse Furman of the Southern District of New York, prosecutors said the parties have entered a deferred prosecution agreement, as Chastain has agreed not to contest forfeiture in the case and has already served the custodial portion of his sentence. Chastain in 2023 was sentenced to three months in prison and three years supervised release.

Under the agreement, Chastain must not break any state or federal laws for the next month and cannot recoup the 15.98 Ethereum, or approximately $69,000, he paid in forfeiture. Prosecutors said he is permitted to seek the return of a $50,000 fine and a $200 special assessment fee.

Furman on Thursday ordered the parties to appear in court for a conference on March 5.

Chastain's legal team with Greenberg Traurig did not immediately return a request for comment.

The Circuit's decision was seen as providing important clarity on the definition of "property" under the wire fraud statute and its application to digital assets.

Non-fungible tokens, or NFTs, are digital assets that reflect ownership of files, such as art or a video, that are recorded on a blockchain.

Prosecutors alleged that Chastain used confidential OpenSea information to buy NFTs and then sell them for a profit when the price jumped.

He made approximately $57,000 in the scheme, according to court filings.

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New Securities Class Actions Declined In 2025, Report Says

By **Katryna Perera**

Law360 (January 22, 2026, 8:15 PM EST) -- New securities class action filings fell overall last year, along with aggregate settlement values and attorney fees, but the emergence of tariff-related suits could present a new trend in filings in response to actions taken by the U.S. government, according to a recent National Economic Research Associates Inc. report.

The report, published Wednesday, found that securities class action filings decreased by 11% in 2025 from 2024. According to the report, 207 new federal securities class actions were filed last year, down from 232 in 2024.

Most of the decline in the filings came in the form of so-called Rule 10b-5-only, or securities fraud, claims. Also, the percentage of securities class actions alleging regulatory issues reached a five-year low, according to the report.

In terms of settlements, the aggregate recovery from settlements has declined for the third straight year, according to the report, with a $2.9 billion aggregate settlement value in 2025, a 25% decline from the inflation-adjusted 2024 total of $3.9 billion.

For the second year in a row, there were also no settlements of $1 billion or more, with the median settlement value at $17.3 million. However, NERA Director Edward Flores told Law360 on Thursday that the $17.3 million figure is the highest median value of the past decade.

"This was partially driven by an increase in the percentage of settlements between $20 [million] and $49.9 million," he told Law360.

Additionally, in 2025, aggregate plaintiffs' attorney fees and expenses totaled $797 million, a 25% decline from roughly $1 billion in 2024, according to the report.

Settlement Values Decline Again in 2025

The aggregate recovery from settlements in federal securities class actions fell to $2.9 billion in 2025, a drop of over 20% from the year prior. It was the third straight year of declines.

Nominal settlement value   Adjustment for inflation

$0 $1B $2B $3B $4B $5B $6B $7B $8B

Year	Nominal settlement value	Adjustment for inflation	Total
2025	$2.9B		$2.9B
2024	$3.8B		$3.9B
2023	$3.9B		$4.1B
2022	$4B		$4.4B
2021	$1.8B		$2.1B
2020	$3.1B	$800M	$3.9B
2019	$2.2B		$2.8B
2018	$5.4B	$1.5B	$6.9B
2017	$1.9B		$2.5B
2016	$6.6B	$2.3B	$8.9B

Despite the overall drop in securities class action filings, so-called event-driven and special class actions were on the rise in 2025, particularly in the cryptocurrency and artificial intelligence sectors.

The report states there were 14 crypto-related filings in 2025, nearly double the number in 2024, with eight suits involving unregistered securities and six being traditional shareholder suits.

Additionally, the increasing prevalence of AI is reflected in NERA's data, with 17 AI-related filings in 2025, after 16 similar suits seen in 2024.

"As companies increasingly discuss artificial intelligence in their U.S. Securities and Exchange Commission filings, earnings calls, and public disclosures, there has been a rise in AI-related securities class action cases, in which companies are alleged to have misrepresented the use or effectiveness of their AI capabilities or to have failed to disclose risks associated with adopting AI in their business," the report says.

Securities class actions in 2025 also reflected executive orders issued by the Trump administration regarding tariffs on foreign countries.

"In 2025, the Trump administration enacted a series of tariffs via executive orders ... [and] the effective U.S. tariff rate rose from 2.3% in December 2024 to 15.8% as of August 2025," the report says. "As the economic impact due to changes in U.S. trade policy begins to play out, securities class actions with U.S. tariff-related claims have started to appear."

According to the report, the first U.S. tariff-related case was filed in August 2025 against Dow Inc. over alleged misrepresentations regarding its ability to mitigate macroeconomic and tariff-related headwinds.

"Subsequent filings include suits against Tronox Holdings Plc, following a decline in sales of titanium oxide and zircon products associated in part to tariff-related uncertainties, and CarMax Inc., in which the company is alleged to have overstated its long-term growth prospects following an earlier short-term surge in demand due to anticipated tariffs," the report says.

In a statement to Law360 on Thursday, Flores, NERA's director, said that since the report was written, two more AI-related filings were filed in January 2026, and NERA looks forward to tracking those filings over the coming year.

"Tariff-related filings started to appear in the latter half of 2025, and this is potentially a new area in filings to keep an eye on going forwards, along with more generally, filings with geopolitical risk-related elements," Flores added.

The report also says that changes in global immigration and visa policies have led to the filing of a securities class action involving Flywire Corp., in which the company is alleged to have "understated the negative impact international student permit- and visa-related restrictions in Canada and Australia would have on the company's business."

--Editing by Kristen Becker.

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Hologic Faces Del. Class Suit Over $18.3B Sale Disclosures

By **Jeff Montgomery**

Law360 (January 22, 2026, 6:03 PM EST) -- Citing alleged failures to make news about litigation settlements public ahead of a proposed $18.3 billion company sale, a pension fund stockholder of women's health-focused tech company Hologic Inc. has sued for a Delaware Court of Chancery hold on the deal pending disclosures or damages awards.

The **suit**, filed Wednesday by Hologic stockholder Southfield, Michigan, Fire & Police Retirement System, seeks a preliminary injunction barring Hologic from moving ahead with a Feb. 5 vote on a $79-per-share take-private sale to Blackstone and TPG Capital Healthcare based on omissions regarding Hologic's potential product liabilities.

At issue are settlements reached between Hologic and patients who reported developing side effects from implanted devices used to mark sites for future radiation treatment, primarily for breast cancer.

Attorneys for the pension fund say in the complaint they became aware of the settlements after seeking books and records from the company in late 2025, while investigating the proposed merger and related liability claims believed at the time to be weighing down the company's stock price.

The document demands were described as focusing on potential derivative claims on behalf of stockholders regarding Hologic's "BioZorb" implants and "whether the proposed merger with Blackstone and TPG was entered into to avoid potential derivative liability," tied to the implants and a related product recall, the complaint said.

Reports of the BioZorb liability risks sent Hologic's share price down for a time in late 2024 from $80 per share to under $55.

In December, the complaint said, Hologic disclosed — in response to the stockholder investigation — "at least 175 lawsuits that had been hanging over" the company. The suits "presumably" depressed the company's stock price, according to the complaint, but were described in the same document as having been "resolved on very favorable terms."

"Yet these developments are not disclosed in the proxy," the complaint said, asserting that the company had effectively admitted in its response to Southfield's document demands that it had "concealed this information from Hologic's stockholders."

A footnote in the suit added that "very recent docket entries make it clear that the parties to the lawsuits have yet to disclose their settlement to the court, which, if true, is apparently a violation of the local rules of that court."

As a remedy, the complaint said, "defendants must disclose the material details of this settlement, including, but not limited to, the existence of the global settlement," and the fact that the settlement will be funded entirely by insurance.

Also required, according to Southfield's attorneys, are disclosures regarding "whether Blackstone and TPG were aware of this information; and the reasons why defendants decided to conceal this plainly material information from the company's stockholders."

Hologic and counsel for the stockholders did not immediately respond to a request for comment.

The company, headquartered in Massachusetts, is a global provider of medical technologies for diagnosis and treatment of women's health conditions.

Named in the suit is Hologic chairman, president and CEO Stephen P. MacMillan along with eight members of the company's board.

Under the sale agreement, Hologic stockholders currently would receive $76 per share in cash, plus an additional $3 in the form of a nontradable contingent value right payable upon achievement of certain global revenue goals for Hologic's Breast Health business in fiscal years 2026 and 2027.

According to the complaint, Hologic reported last year, in response to initial books and records demands, that the BioZorb settlement had been reached shortly before the merger announcement. Those details were said at the time to be confidential, with the amounts falling within insurance coverage limits.

The account added that the company asserted "The fact that a settlement has been reached, along with the other settlement and insurance-related information, is non-public" and confidential.

"Thus, Hologic, in its response to the 220 demand admits that defendants have concealed this information from Hologic's stockholders," the complaint said.

A footnote in the suit alleged that the facts involved "likely raise an inference" that those who were sued intentionally concealed material facts" – the settlements and liability risk reduction – to "frustrate" efforts to shop the company and limit the possibility of a better offer from a third party.

In that event, the footnote said, the plaintiff "reserves the right to seek post closing damages" resulting from alleged wrongdoing by those named in the suit.

The stockholders are represented by Carmella P. Keener of Cooch & Taylor PA and Carl L. Stine, Adam J. Blander and Terrence Zhang of Wolf Popper LLP.

Counsel information for Hologic Inc. and its named directors was not immediately available.

The case is Southfield Fire & Police Retirement System v. Hologic Inc. et al., case number 2026-0060, in the Court of Chancery of the State of Delaware.

--Editing by Linda Voorhis.

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Shareholder Says $2.3B Take-Private Deal Hid Blackstone Ties

By **Grace Dixon**

Law360 (January 22, 2026, 2:58 PM EST) -- Board members of Hawaii-based commercial real estate investment trust Alexander & Baldwin obscured their connections to Blackstone Real Estate in securities filings preceding a proposed $2.3 billion take-private deal, an investor claimed in an Illinois federal lawsuit.

Robert Matthews lodged a **challenge** to the proposed acquisition by Blackstone funds, Hawaii real estate investment company MW Group and San Francisco-headquartered real estate investment company DivcoWest on Wednesday. A proxy statement filed in December failed to mention board members Diana Laing's and Douglas Pasquale's involvement in major Blackstone deals at other companies, he claimed.

"By virtue of defendants Laing and Pasquale being board members for other companies involved in transactions valued at the hundreds of millions of dollars involving Blackstone, both Laing and Pasquale likely had intimate and detailed interactions with representatives from Blackstone," Matthew said. "Notwithsanding … the proxy statement is silent as to whether either Lang or Pasquale had substantial involvement in influencing negotiations and terms with Blackstone during the lead-up to the proposed transaction."

The **deal** unveiled in December would see shareholders receive $21.20 per share in cash as part of the deal, minus a $0.35 dividend. The joint venture between MW Group, DivcoWest and Blackstone would acquire Alexander & Baldwin's 4 million square feet of retail, industrial, office and ground lease assets in Hawaii, per the companies' statement at the time.

Nowhere in the proxy statement filed with the U.S. Securities and Exchange Commission did the companies note that board member Laing is also a board member of Host Hotels & Resorts Inc. The luxury hotel REIT acquired Turtle Bay Resort from Blackstone for $725 million in May 2024.

The companies also failed to mention that Pasquale is a board member for industrial REIT Terreno Realty Corp., the investor said. Terreno acquired a $364.5 million industrial portfolio from Blackstone in May 2024 and a $426.9 million industrial portfolio from it again in September, the suit noted.

Though the proxy statement said Blackstone solicited insight from a Hawaii-based partner when conducting due diligence, it doesn't clarify whether Laing and Pasquale aided with this work or had contact with the partner.

This oversight is concerning in light of the fact that the merger grants the investors the right to an injunction ordering Alexander & Baldwin's compliance with the terms of the deal, but does not grant Alexander & Baldwin the same rights in return. The proxy statement suggests that REIT executives sought to change this provision, to no avail, Matthews said.

The agreement only provides Alexander & Baldwin the right to a termination fee of 9% of the equity value of the deal under certain circumstances, per the proxy statement.

The $21.20 per share offered by the investors behind the take-private deal is a step down from the parties' initial nonbinding proposal submitted to Alexander & Baldwin in June, which would have seen shareholders receive between $21.75 and $22.25 per share, according to the complaint.

Simpson Thacher & Bartlett LLP, Carlsmith Ball LLP, Skadden Arps Slate Meagher & Flom LLP, Cades Schutte LLP and Gibson Dunn & Crutcher LLP advised the parties on the take-private deal.

Counsel for the shareholder and a representative for Alexander & Baldwin did not respond to requests for comment Thursday.

Robert Matthews is represented by John D. Blythin and Guri Ademi of Ademi LLP.

Counsel information for Alexander & Baldwin was not immediately available.

The case is Robert Matthews v. Alexander & Baldwin et al., case number 1:26-cv-00689, in the U.S. District Court for the Northern District of Illinois.

--Additional reporting by Georgia Kromrei. Editing by Haylee Pearl.

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Dayforce Investors Seek Records In $12.3B Thoma Bravo Deal

By **Jarek Rutz**

Law360 (January 22, 2026, 3:44 PM EST) -- Several stockholders of Dayforce Inc. have asked the Delaware Chancery Court to compel the global human resource software company to hand over internal books and records, arguing the board's handling of a $12.3 billion take-private sale to Thoma Bravo LP warrants closer scrutiny under Delaware law.

In a lawsuit filed Thursday, stockholders Roger Smith, George Assad, and the City of Pontiac Police and Fire Retirement System say they have a proper statutory purpose under Section 220 of the Delaware General Corporation Law to investigate potential fiduciary breaches tied to Dayforce's August 2025 agreement to sell for $70 per share in cash.

The plaintiffs contend the company has produced too little to satisfy that purpose, despite acknowledging their demands and turning over 51 documents. They say the limited production prevents them from assessing whether directors and senior executives fulfilled their duty to maximize stockholder value in a sale that followed months of private negotiations and ended without a market check.

According to the plaintiffs, the board relied on a valuation analysis asserting the $70 offer "represented approximately the present value of the company achieving its publicly stated goal of $1 billion in free cash flow by 2031," a conclusion the plaintiffs say must be tested against the underlying materials.

Dayforce, a Minneapolis-based provider of cloud-based human capital management and payroll software, agreed on Aug. 20, 2025, to be acquired by affiliates of Chicago-based private equity firm Thoma Bravo for $70 per share, valuing the company at about $12.3 billion. The process began in August 2024 with preliminary talks between CEO David Ossip and Thoma Bravo managing partner Orlando Bravo and stretched nearly a year before signing. During that time, according to the plaintiffs, the board did not run a broad auction, retained a financial adviser only weeks before signing, and declined to include a go-shop provision. Stockholders approved the merger on Nov. 12, 2025.

The legal thrust of the complaint centers on Delaware's Section 220, which grants stockholders a qualified right to inspect corporate books and records when they state a proper purpose and seek documents that are necessary and essential to that purpose. The plaintiffs argue that investigating potential wrongdoing in connection with a major merger is a well-recognized proper purpose and that their targeted demands meet the statute's form and manner requirements.

They say Dayforce's refusal to provide additional materials after a deficiency letter sent Nov. 24, 2025, and follow-up communications through Dec. 24, 2025, amounts to an unlawful withholding of records the board itself relied on. The plaintiffs point to gaps between public disclosures and the board minutes produced so far, contending key discussions described in the merger proxy are missing from the minutes.

The plaintiffs also challenge the board's process as reflected in the existing record, arguing it accepted management's valuation framing and Thoma Bravo's negotiating posture without sufficient independent testing. The stockholders note that on Aug. 7, 2025, Thoma Bravo told advisers that $70 was its "best price," a statement the board allegedly treated as a ceiling rather than a starting point for further value exploration.

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

The plaintiffs are represented by Mark Richardson, Brendan Sullivan, Jiahui Wang and Ned Weinberger of Labaton Keller Sucharow LLP, Daniel Baker, Lindsay K. Faccenda and Kimberly A. Evans of Block & Leviton LLP and Jackson Warren, Jacob D. Jeifa, Peter B. Andrews, Andrew J. Peach and David Sborz of Andrews & Springer LLC.

Counsel information for Dayforce Inc. was not immediately available Thursday.

The case is City of Pontiac Police and Fire Retirement System et al. v. Dayforce Inc., case number 2026-0073, in the Delaware Chancery Court.

--Editing by Janice Carter Brown.

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AGs Target Investor Advocacy Group As 'Climate Cartel'

By **Carolina Bolado**

Law360 (January 22, 2026, 4:30 PM EST) -- A group of state attorneys general led by Florida Attorney General James Uthmeier issued a warning letter Wednesday to climate advocacy organization Ceres claiming concerns about violations of antitrust and consumer protection laws.

The attorneys general of Florida, Alaska, Georgia, Idaho, North Dakota and South Dakota sent a **warning letter** claiming Ceres has acted as a central coordinator for efforts to pressure financial institutions and corporations to steer capital away from fossil fuel and other high-carbon assets. The letter says Ceres does this by engaging with shareholders and stakeholders and pushing investor campaigns to replace directors, including an attempt to "refresh" the ExxonMobil board.

The letter says the organization helped launch Climate Action 100+ and is one of the five organizations coordinating the activities of the investor-led initiative that says it is working to get companies to cut emissions, strengthen climate-related financial disclosures, mitigate financial risk and maximize long-term value of assets.

But the attorneys general said they are concerned about coordinated action among market participants, which they say could be a violation of antitrust laws.

"Ceres — a ringleader of the 'climate cartel' — is open about its notorious goals to achieve net-zero carbon emissions," Uthmeier said in a statement. "The assault on American families and businesses through what Ceres calls a 'Global World War' to achieve net zero must stop. Failure to do so will result in a multi-state barrage of antitrust enforcement."

Ceres spokeswoman Sara Sciammacco responded that Ceres has "never violated U.S. antitrust or consumer protection laws."

"We lawfully educate and engage investors and companies on business financial issues consistent with long-standing market practices," Sciammacco said. "Investors and companies make decisions independently and based on what is in their own best interests."

The letter is the latest in Republican state enforcers' efforts to go after environmental movements based on antitrust concerns.

In October, Uthmeier led a group of attorneys general in **sending letters** raising concerns over efforts to coordinate recycling practices among consumer goods retailers and manufacturers. Uthmeier also **launched an investigation** in July into whether two greenhouse gas emission reduction groups violated state consumer protection or antitrust laws by allegedly coercing companies into disclosing proprietary information.

Texas, meanwhile, is **leading a coalition** of states that also includes Iowa, Nebraska and Montana, suing BlackRock Inc. and other asset managers, accusing them of using their interests in publicly held coal producers to reduce output and raise prices in the name of environmental stewardship.

--Additional reporting by Matthew Perlman. Editing by Leah Bennett.

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Smucker Pet Food Buyers Win Cert. In PFAS Disclosure Fight

By **Dorothy Atkins**

Law360 (January 22, 2026, 10:39 PM EST) -- A California federal judge certified Thursday a class of Golden State consumers who accuse The J.M. Smucker Co. of failing to disclose risks of so-called PFAS forever chemicals in certain pet food packaging, rejecting Smucker's arguments, among others, that PFAS exposure is too individualized for classwide resolution.

A judge certified a class of California consumers Thursday who claim certain Smucker's products misleadingly claim their pet food is healthy while failing to disclose risks posed by PFAS contaminants allegedly in their food packaging. (Court Documents)

In a 27-page order, U.S. District Judge William H. Orrick certified a class of California consumers who purchased any of Smucker's 9Lives, Kibbles 'n Bits and Meow Mix products between Nov. 4, 2018, and Dec. 31, 2022, in litigation over dog-food packaging containing toxic per- and polyfluoroalkyl substances.

The judge noted that the company acknowledges that it has sold millions of the disputed products, ranging in price from $2.99 to $23.99, in California, so numerosity for class certification has been satisfied.

He also rejected Smucker's numerous challenges to class certification, finding that Smucker's mostly attacked the merits of the claims, as opposed to class certification. He said Smucker's defenses mischaracterize the plaintiffs' theory of economic harm to wrongly suggest the class hasn't met reliance requirements for certification.

"Plaintiffs make clear that they are 'unable to rely on [Smucker's] advertising or labeling in the future' and 'will not purchase the product although [they] would like to,'" the order says. "[The Ninth Circuit ruling in] DZ Reservation held that this is enough to establish an 'actual' injury, and I see no reason to depart from this logic."

The lawsuit was initially filed in November 2022 by Robin Humphrey, who has since passed away and has been replaced by Sandra Jeruchim and Melissa Vargas as lead plaintiffs. The complaint alleges that J.M. Smucker and its parent, Post Consumer Brands LLC, failed to disclose that the pet food may contain titanium dioxide, and that the packaging contained the synthetic chemicals known as PFAS, even though PFAS has been found to materially influence animal health.

The consumers allege that despite the risk of PFAS contaminating pet food, the food packages misleadingly say the products are healthy and safe in violation of California's Unfair Competition Law, California's Consumers Legal Remedies Act and California's False Advertising Law.

After surviving a motion to dismiss, in July the consumers sought to certify a class of California consumers who purchased the products at issue.

During a **hearing** on the motion last month, Smucker's counsel argued, among other defenses, that the lead plaintiffs haven't shown PFAS migration occurred in their food products, and they testified that they didn't rely on the labels, and therefore they lack standing to pursue the claims.

However, class counsel argued that the plaintiffs can establish reliance on a classwide basis by simply proving that had the omitted information been disclosed, the consumers would have been aware of it and behaved differently.

In his ruling Thursday, Judge Orrick sided with the consumers, rejecting Smucker's standing challenges and finding that the company misread the complaint's alleged economic injury.

The judge agreed with the consumers' argument that under the Ninth Circuit's 2024 **ruling** in DZ Reservation v. Meta Platforms Inc. , the plaintiffs can satisfy the imminent injury requirement for Article III standing by showing that they can't rely on the product's advertising or labeling in the future, and so won't buy the products, even if they want to.

The judge also concluded that Smucker's argument that PFAS migration doesn't occur goes to the merits of the claims, as opposed to whether the dispute can be resolved on a classwide basis.

Smucker had additionally attacked multiple aspects of the plaintiffs' expert report on PFAS migration, including whether PFAS migration occurred in the specific Smucker's products at issue, whether certain animals aren't impacted by the PFAS amounts, and whether PFAS exposure on each class member's pet is too individualized for class certification.

But Judge Orrick concluded that "enough evidence" suggests that the allegations are plausible, even if the court isn't deciding the merits of the claims at this stage of the case. Judge Orrick also recalled that he dealt with a similar question of such "bioaccumulation" regarding the presence of arsenic, lead and bisphenol in dog food in his 2021 class certification ruling in Zeiger v. WellPet . In that case, the judge found that the class could be certified because the allegation was that any exposure could be harmful, according to the order.

"As in Zeiger, plaintiffs' migration theory, and [plaintiffs' expert's] opinion, does not require proving exposure to a specific amount of PFAS — rather, in plaintiffs' view, any prolonged exposure to PFAS is harmful to animals," the order says. "That is the common question they claim unites each putative class member."

Counsel for the parties and representatives for Smucker's didn't immediately respond to requests for comment Thursday.

A jury trial in San Francisco is set for Oct. 27, with deadlines for hearings on any motions for summary judgment set for this summer, according to the court docket.

Jeruchim and Vargas are represented by L. Timothy Fisher and Julia K. Venditti of Bursor & Fisher PA.

J.M. Smucker and its parent company are represented by Michael Ruttinger and Ethan W. Weber of Tucker Ellis LLP.

The case is Jeruchim et al. v. The J.M. Smucker Co. et al., case number 3:22-cv-06913, in the U.S. District Court for the Northern District of California.

--Editing by Bruce Goldman.