

Securities

Plug Power Overstated Chance of Hydrogen Plants Loan, Suit Says

Feb. 3, 2026, 2:07 PM PST

Plug Power Inc. misrepresented the likelihood of receiving a US government loan for its envisioned hydrogen production segment, surprising investors when it pivoted to less lucrative projects, an investor alleges.

Department of Energy loan disbursements depended on certain conditions, including technical reports and financial models, and could be used only to build the network of hydrogen facilities, Joseph Ortolani says. Plug Power and its executives represented the loan as secure before announcing it had “suspended activities” under the loan program, Ortolani says in his proposed class action filed Monday in the US District Court for the Northern District of New York.

Plug Power and top executives “overstated the likelihood that funds attributed to the DOE Loan would ultimately become available to Plug Power, and/or that Plug Power would ultimately construct the hydrogen production facilities necessary to receive those funds,” he says.

In October and November, the stock price dropped three times in response to revelations about the hydrogen plant initiative, he says. Those included an 18% drop over two trading sessions to close at \$2.25 per share on Nov. 14, he says.

Plug Power has been embroiled in other investor litigation and a Securities and Exchange Commission matter in recent years, fending off one proposed class action over delivery cost classification and one over growth, and settling with the SEC for \$1.25 million over its financial reporting.

The new proposed class of those who acquired Plug Power stock between Jan. 17, 2025 and Nov. 13, 2025 contains hundreds or thousands of members, Ortolani’s complaint estimates.

Ortolani seeks damages on his securities fraud claims.

Plug Power didn’t immediately respond to an emailed request for comment.

Pomerantz LLP represents Ortolani.

The case is Ortolani v. Plug Power Inc. , N.D.N.Y., No. 1:26-cv-00165, complaint 2/2/26 .

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Securities

Manage Newsletters

Generac Beats Investor Lawsuit Over Generator Inventory, Demand

Feb. 4, 2026, 9:23 AM PST

Generac Holdings Inc. and two top executives defeated shareholder allegations the company misrepresented selling through its excess generator inventory while consumer demand slowed in 2023.

The investor leading the case didn't adequately plead the level of intent or recklessness to defraud them about inventory normalization or macroeconomic factors, Judge Pamela Pepper said, dismissing the proposed class action Tuesday.

The dismissal notches a win for Generac and the executives against recent investor lawsuits, which have been tied to issues of declining pandemic home standby generator demand and the company's venture into solar energy products that involved an alleged safety issue.

Inventory grew oversaturated as Generac pushed to produce generators for pandemic demand while homeowners grew frustrated with wait times and desire for its products fell, the suit Pepper dismissed Tuesday said. Then in May 2023, Generac said sales and inventory levels would improve in the second half of the year.

But on Aug. 2, 2023, Generac and executives revealed second quarter 2023 residential product sales for that year were lower than expectations due to softened demand, delaying its ability to cut through excess inventory. Generac's share price fell more than 24% to close at \$115.95 that day.

None of the former employees' serving as confidential witnesses said they saw CEO Aaron Jagdfeld or chief financial officer York Ragen receive information that contradicted their statements about clearing inventory, the US District Court for the Eastern District of Wisconsin judge said.

"At most," one of the witnesses speculated what would've been discussed with the duo during meetings this person didn't attend, Pepper said. Despite this witness' claim that the CEO must have known about excess inventory by the end of 2022, "this is at best deductive reasoning and at worst speculation; it does not confirm that Jagdfeld or Ragen had actual knowledge."

It's just as likely any alleged misstatements from May 2023 came from management mistakes rooted in faulty information delivered up the chain of command, Pepper said. Allegations of Jagdfeld nor Ragen's control over Generac, profit motivation, or importance of generator inventory weren't sufficient to boost an inference of intent or recklessness.

Given Pepper determined investor Christopher Walling failed to allege an adequate inference of intent or recklessness, a required pleading for securities fraud claims, she declined to evaluate whether alleged misstatements were false or misleading.

Levi & Korsinsky LLP is lead counsel for the proposed class, which sought to cover those who acquired Generac stock from May 3, 2023, through Aug. 1, 2023. Mayer Brown LLP represents Generac and the executives. Neither of these law firms nor Generac immediately responded to emails seeking comment.

The case is Walling v. Generac Holdings Inc. , E.D. Wis., No. 24-cv-240, dismissed 2/3/26 .

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Securities

Manage Newsletters

Micron Defeats Investors' Semiconductor Chip Demand Lawsuit (1)

Feb. 4, 2026, 7:11 AM PST; Updated: Feb. 4, 2026, 8:09 AM PST

Summary by Bloomberg AI

AI Generated



- Micron Technology Inc. and two top executives beat shareholder allegations the chipmaker knowingly overstated demand prospects while its CEO planned to sell off nearly half of his shares.
- Judge B. Lynn Winmill said investors failed to sufficiently allege Micron or leaders acted with deliberate recklessness to defraud before releasing quarterly financial guidance short of analyst expectations.
- Winmill dismissed the suit, stating a reasonable person viewing the facts would see a business navigating a complex market environment, not a scheme to defraud investors.

Micron Technology Inc. and two top executives beat shareholder allegations the chipmaker knowingly overstated demand prospects while its CEO planned to sell off nearly half of his shares.

Investors leading the case failed to sufficiently allege Micron or leaders acted with deliberate recklessness to defraud before releasing quarterly financial guidance short of analyst expectations, Judge B. Lynn Winmill said, dismissing the suit Tuesday. CEO Sanjay Mehrotra's stock sales weren't so unusual, given he sold less than half of his holdings and half of his sales occurred at a price after that of the alleged December 2024 stock drop, the US District Court for the District of Idaho judge said.

"In other words, if Mr. Mehrotra was trying to capitalize on lies that he told investors, he did a very poor job of it," Winmill said. Mehrotra adopted a 10b5-1 plan in 2023 to liquidate about 44% of his Micron holdings from Aug. 14, 2023, to June 18, 2024, resulting in proceeds of almost \$77.5 million, he said.

Neither a former employee providing confidential testimony nor a business analysis boosted an inference the company or executives knowingly hid a coming downturn in NAND flash memory chip sales or acted recklessly, he said. "A reasonable person viewing these facts holistically would see a business successfully navigating, albeit with some hiccups, a complex and turbulent market environment—not a scheme to defraud investors."

On Dec. 18, 2024, Micron reported an underwhelming first quarter of 2025 revenue on NAND sales and disappointing second quarter of 2025 guidance, citing weakness in consumer-oriented markets, the proposed class action said. Share prices fell more than 16% the next day, closing at \$87.09 on Dec. 19.

But a disappointment on NAND sales wasn't enough to render Micron's broad statements about an overall improving market deceptive, Winmill said, adding "a small downturn in the sale of a single product during a single quarter is not enough to render the challenged statements materially false or misleading."

Nor did that outlook contradict Micron's previous statements about a market recovery, Winmill said. "The growth was merely less than expected by analysts outside of the company. In other words, Micron's investors would still be getting richer, but not as much richer as these analysts had led them to believe."

Continued Growth

Winmill said that even after the December 2024 guidance, Micron's stock remained more than 50% higher than at the class period's start, "and quarterly revenue continued to grow."

Most of the challenged statements were non-actionable corporate puffery or forward-looking anyway, he said.

The investors have 30 days to file an amended complaint.

Pomerantz LLP and the Rosen Law Firm PA are co-lead counsel for the proposed investor class, which targets those who acquired Micron stock from March 29, 2023, through Dec. 18, 2024. Attorneys didn't immediately respond to an email seeking comment.

Wilson Sonsini Goodrich & Rosati PC and Holland & Hart LLP represent Micron, Mehrotra, and Chief Financial Officer Mark Murphy. Micron said it doesn't comment on legal matters.

The case is In re: Micron Tech. Inc. Sec. Litig. , D. Idaho, No. 1:25-cv-00191, 2/3/26 .

(Updates to include Micron declining to comment in the 12th paragraph.)

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Litigation

US Court Won't Revive Shareholder Suit Over Credit Suisse's Collapse

Two shareholders argued that a lower court judge incorrectly found that their case belonged in Switzerland, even though they lack the legal or financial resources to bring a case there. But the Second Circuit found that none of those issues made Switzerland an inappropriate alternative forum.

February 03, 2026 at 08:00 PM By **Alyssa Aquino**



Credit Suisse in Zurich, Switzerland. Photo: Lucia/Adobe Stock

The U.S. Court of Appeals for the Second Circuit wouldn't revive a shareholder suit seeking to hold Credit Suisse accountable for its collapse, saying the case belonged in Switzerland, not in the United States.

A three-judge panel on Tuesday found that U.S. District Judge Colleen McMahon, who sits in the Manhattan federal court, hadn't abused her discretion when she dismissed the lawsuit for forum non conveniens grounds.

Two Bottini & Bottini-represented shareholders argued that they lacked the legal or financial resources to bring a case in Switzerland. But the Second Circuit agreed with McMahon—and a

slate of Credit Suisse subsidiaries and officers represented by Cahill Gordon & Reindel, Brown Rudnick, Ballard Spahr and Willkie Farr & Gallagher—that none of those issues made Switzerland an inappropriate alternative forum.

“[Those] factors are more properly considered to affect convenience, balance of interests, or even the ‘tactical advantage’ of one forum over another,” [the circuit said](#).

The panelists cited a few court cases in their order, including the 1993 decision, *Blanco v. Banco Industrial de Venezuela*, in which the circuit stated that “some inconvenience or the unavailability of beneficial litigation procedures similar to those available in the federal district courts does not render an alternative forum inadequate.”

The panel was composed of Circuit Judges Guido Calabresi, Reena Raggi and Eunice Lee.

Counsel for the shareholders and Credit Suisse didn’t immediately respond to requests for comment.

The case is one of many to hit the U.S. courts after a series of corruption scandals, civil litigation and poor management drove Credit Suisse to the brink of total failure in 2023. The bank was later purchased by UBS Group AG in a Swiss government-brokered deal.

Bottini & Bottini brought claims against the bank’s U.S. subsidiaries, dozens of current and former directors, and its auditor, KPMG, under the Racketeer Influenced and Corrupt Organizations Act and Swiss law. KPMG was represented by Latham & Watkins.

In a 92-page decision that was highly critical of the case, McMahon said the Swiss law claims should be litigated in Switzerland, where the bank was incorporated and whose laws governed its internal corporate affairs. She further noted that the Swiss law claims were “strikingly similar” to an earlier case that Bottini & Bottini filed in state court on behalf of another Credit Suisse shareholder. That earlier suit was dismissed by a state court judge for forum non conveniens grounds. The federal case is “a patent and blatant effort to circumvent that ruling,” McMahon said.

The shareholders appealed the dismissal of the Swiss law claims, arguing that McMahon had wrongly “brand[ed]” them as forum shoppers. New York is where Credit Suisse stock was traded and where the bank was investigated, sued, convicted and fined, the shareholders said.

They also took issue with the judge’s finding that Switzerland was an adequate alternative forum, pointing out that the Swiss courts lack a right to a jury trial. They further stressed that based on the damages sought, Swiss law would require them to post potentially \$500 million in bond just to bring a case in Switzerland.

“New York is the only place where Plaintiffs can have their day in court,” they said.

Securities

Insight

Delaware Can't Regulate Corporate Governance With a Calculator

Feb. 4, 2026, 1:30 AM PST

Delaware became the world's corporate capital with a simple yet powerful idea: Corporate law develops, evolves, and works best when expert judges exercise their judgment and discretion on a case-by-case basis, rather than a system tied to predetermined formulas and rigid rules.

That's why a quiet proposal now under consideration in Delaware's capital city of Dover deserves careful attention. State lawmakers are weighing whether to apply a so-called "lodestar cap" when awarding attorneys' fees in contingent stockholder litigation.

Adopting a rule tied to lodestar would mean that courts pay contingency lawyers based primarily on their hours worked times the hourly rate they would charge if working on a non-contingency basis, rather than awarding fees based on the value the case at issue creates.

In today's (and especially tomorrow's) legal economy, adopting a lodestar cap would not only reflect poor policy, doing so would make the Delaware legislature anachronistic.

Delaware Senate Concurrent Resolution 17 seeks to prevent "windfall" fees. That concern isn't frivolous. But the solution being discussed relies on an assumption that no longer holds—that hours worked are a reliable measure of productive effort or contribution and value creation, for the affected stockholders and the broader Delaware law ecosystem alike.

In today's increasingly AI-driven legal economy, hours worked represents an input insufficiently correlated with the matter being measured, which is value created through legal skill and ingenuity. Maybe hours were a good proxy for legal value in the past. Not anymore.

Beyond Billable Hours

Anyone who works with lawyers today knows that lesson. AI has reshaped legal practice at a speed few anticipated. Tasks that once took teams of associates and partners weeks can now be done in days or hours. Research, document review, even early drafting have been compressed dramatically, and technological improvements are only accelerating.

Corporate clients see it clearly. They're pushing for fixed fees, value-based billing, and efficiency. Defense firms are adapting in real time, altering their compensation terms to veer away from the billable hour alone.

If Delaware adopts the suggested lodestar cap, plaintiffs' lawyers who work smarter and invest in technology to operate efficiently would receive lower total compensation than lawyers who rack up hours and achieve the same final result inefficiently.

With a lodestar cap, a better outcome achieved with fewer hours could result in a lower fee. That's not discipline or improved incentives. It's distortion and dislocation of objectives.

Doctrinally Evolving Ecosystem

Stockholder litigation isn't a sideshow in the Delaware corporate governance law and practice ecosystem. In many respects, it is its backbone.

Delaware doesn't have (and doesn't want) a government regulatory body policing fiduciary misconduct. There's no Securities and Exchange Commission for conflicts of interest or boardroom failures.

And while investors sometimes use market powers to influence governance practices, most practices are borne in the creative minds of corporate transactional lawyers and bankers and then approved (or rejected) through the courts.

Private stockholder lawsuits do the work of regulators by surfacing problematic practices, forcing accountability, and providing the judiciary with the opportunity to produce the case law that makes Delaware corporate law evolve while remaining predictable and credible.

If the Delaware legislature made those cases stop making economic sense, the cases that test governance practices won't be brought. If they aren't brought, the law won't just stagnate—it will erode.

We've seen what happens when scrutiny comes too late. From WorldCom and Enron to Theranos and FTX, corporate disasters tend to grow in the absence of timely stockholder challenge to poor governance practices. Delaware's sustained success requires that smart challenges remain viable.

Wrong Question Asked

Right now, the discussion about attorneys' fees focuses on whether a handful of attorneys' fee awards look high in hindsight (or relative to awards in the very different world of securities litigation). That's the wrong question on which to focus.

The harder— but correct—question is what incentives Delaware is setting for the future. Tying compensation to hours assumes that time is still a meaningful proxy for value in legal services. In an AI-driven legal economy, billable hours are becoming less and less relevant.

Delaware's courts are trusted around the world because the Court of Chancery judges exhibit unparalleled sophistication and exercise exceptional judgment about business risk, conflicts, transactional complexity and structure, behavioral deterrence, and inherent fairness.

The judges don't rely on rigid formulas and they never should. That flexibility is what allows the corporate system to evolve intelligently without breaking. Replacing that judgment with a calculator would lock Delaware into an outdated model at precisely the moment the legal profession is evolving away from the billable hour.

Delaware's advantage has never been about math. It's judicial wisdom. State lawmakers must embrace and trust their judges.

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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Write for Us: Author Guidelines

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Final 2025 Nevada and Texas Reincorporation Lists

 [businesslawprofessors.com/2026/02/final-2025-nevada-and-texas-reincorporation-lists](https://www.businesslawprofessors.com/2026/02/final-2025-nevada-and-texas-reincorporation-lists)

Benjamin P. Edwards

February 4, 2026



To close the books on 2025 and prepare for a [PLI panel](#) tomorrow, I went back and updated my charts for 2025. If you want to see the latest for 2026, we've started a [more comprehensive list](#) aiming to track all activity, not just moves to Nevada or Texas.

Rough Totals

Overall, my count has 28 announced attempts for Nevada of some kind or another and 8 for Texas. These numbers are a bit imprecise as Eightco shows up on both lists and Liberty Live was a split off to Nevada.

Success v. Failure

Companies looking to shift jurisdictions mostly succeeded. My count has six or seven failed votes for Nevada, one withdrawal for Texas, and whatever we want to classify Solidion as.

I say six or seven failed votes for Nevada because I'm not sure exactly how to count [Twin Vee PowerCats](#) now. On December 8, 2025, Twin Vee said that "stockholders . . . approved the reincorporation of Twin Vee from the State of Delaware to the State of Nevada by conversion (the 'Nevada Reincorporation Proposal')." But as of [January 2026](#), it's still a Delaware corporation. The vote totals on the reincorporation proposal were 437,309 in favor with 661,214 broker non-votes, 88,498 votes against, and 2,496 abstentions. By my count, most of the votes cast were in favor, but a majority of the *outstanding* votes did not vote in favor as required by Delaware law. This contrasts with [Taoweave](#), which explained that "The Company's redomestication to Nevada by conversion was not approved, as the proposal did not satisfy the statutory approval requirement under Delaware law requiring the affirmative vote of a majority of the Company's outstanding shares entitled to vote, notwithstanding that a majority of the votes cast were in favor of the proposal."

My final lists and notes for 2025 are below.

2025 Nevada Domicile Shifts

	Firm	Result	Notes
1.	Fidelity National Financial	Pass	
2.	MSG Sports	Pass	
3.	MSG Entertainment	Pass	
4.	Jade Biosciences	Pass	Jade merged with Aerovate.
5.	BAIYU Holdings	Pass	Action by Written Consent
6.	Roblox	Pass	
7.	Sphere Entertainment	Pass	
8.	AMC Networks	Pass	
9.	Universal Logistics Holdings, Inc.	Pass	Action by Written Consent
10.	Revelation Biosciences	Fail	97% of votes cast were for moving. There "were 1,089,301 broker non-votes regarding this proposal"
11.	Eightco Holdings	Fail	Votes were 608,460 in favor and 39,040 against with 763,342 broker non-votes.
12.	DropBox	Pass	Action by Written Consent
13.	Forward Industries	Fail	This is New York to Nevada. Votes were 427,661 for and 96,862 against with 214,063 Broker Non-Votes. Did not receive an

affirmative vote of the majority of the outstanding shares of common stock.

14.	Nuburu	Fail	87% of the votes cast were in favor of the proposal. 11% against 1.6% Abstained. There were 12,250,658 Broker Non-Votes.
15.	Xoma Royalty	Pass	
16.	Tempus AI	Pass	
17.	Affirm	Pass	
18.	Liberty Live	Pass	This is a split off from a Delaware entity to Nevada
19.	Netcapital	Fail	This was a proposed move from Utah to Nevada. It failed with 541,055 votes in favor and 1,456,325 votes against.
20.	Algorhythm Holdings	Pass	622,658 For 35,133 Against 30,708 Abstain 505,992 Broker-Non-Votes
21.	Capstone Holding Corp	Pass	4,967,536 For 13,840 Against 466,715 Broker Non 3,990 Abstain
22.	Taoweave (F/K/A Oblong, Inc.)	Fail	"The Company's redomestication to Nevada by conversion was not approved, as the proposal did not satisfy the statutory approval requirement under Delaware law requiring the affirmative vote of a majority of the Company's outstanding shares entitled to vote, notwithstanding that a majority of the votes cast were in favor of the proposal;"
23.	HWH International Inc.	Pass	Action by written consent

24.	Twin Vee PowerCats	Pass?	8-K states that "stockholders . . . approved the reincorporation of Twin Vee from the State of Delaware to the State of Nevada by conversion (the "Nevada Reincorporation Proposal"). There were 437,309 votes in favor, 88,498 votes against, 2,496 abstentions, and 661,214 broker-non votes I understand Delaware law to require a majority of the outstanding, not a majority of the votes cast, so the statement that it passed in the 8-K puzzles me.
25.	Digital Brands Group, Inc.	Pass	Action by written consent
26.	Brilliant Earth Group	Pass	Action by written consent
27.	NextNRG	Pass	95,755,366 Votes For 926,685 Votes Against 782 Abstain 524,756 Broker Non-Votes
28.	ClassOver Holdings	Pass	163,914,209 votes in favor. No votes against, abstention, or broker non-votes

2025 Texas Domicile Shifts

	Firm	Result	Notes
1.	Zion Oil and Gas	Pass	
2.	Mercado Libre	Withdrawn	
3.	Dillard's	Pass	12,791,756 votes for and 1,477,174 votes against
4.	United States Antimony	Pass	Shift from Montana to Texas . 20,626,385 votes in favor. 11,816,235 against.

	Corporation		35,888,464 broker non-votes.
5.	Exodus Movement, Inc.	Pass	Action by written consent.
6.	Coinbase	Pass	Action by Written Consent
7.	Solidion Technology	Unclear	A preliminary proxy dated Jan. 8, 2025, announced a proposal to shift to Texas. The most recent 10-Q identifies company as a Delaware entity. I was not able to locate an 8-k with results of the vote.
8.	Eightco Holdings	Pass	120,299,516 For 3,604,902 Against 97,385 Abstain

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New Ruling Could Pit Insurers Against Each Other

"That's going to be frightening for primary carriers," attorney G. Jeffrey Vernis of Vernis & Bowling in North Palm Beach, who specializes in insurance litigation, said.

February 03, 2026 at 04:51 PM By  **Emily Cousins**



Nevada Supreme Court in Carson City, NV. (Photo: Jason Doiy/ALM)

An emerging trend in court decisions could affect settlement negotiations in the insurance sector.

In the latest instance, the Nevada Supreme Court ruled for the first time that excess insurers can sue primary carriers that reject reasonable settlements.

While the Nevada court encouraged fair settlement practices, insurance lawyers say the decision could put excess and primary insurers in an adversarial position, rather than a united front against policyholders.

The underlying case began on May 27, 2017 after an individual was shot and killed inside of the Shelter Island Apartments in Las Vegas. James River Insurance Co., the insured's primary carrier,

defended Alhambra Place against the coadministrators of the decedent. The plaintiffs offered two settlements in 2021: \$990,000 and \$975,000. Both were rejected.

In 2022, the settlement demand increased to \$5 million, and the parties agreed to the amount three months later. James River contributed its policy limit of \$1 million and North River Insurance Co., the insured's excess carrier, contributed \$4 million out of its \$10 million policy limit.

Attorneys Abraham G. Smith and Lauren D. Wigginton of Holland & Hart and Jeffrey V. Commisso and Benjamin D. Brooks of Sheppard, Mullin, Richter & Hampton, counsel for James River, did not respond to a request for comment.

North River then sued James River in California federal court for equitable subrogation in 2023. The federal court dismissed the case, concluding the underlying lawsuit settled within the policy limits, and there were no damages North River could bring on behalf of its insured.

On appeal to the U.S. Court of Appeals for the Ninth Circuit, the appellate court concluded the Nevada Supreme Court needed to determine whether an excess insurer can sue for equitable subrogation against a primary insurer where the underlying lawsuit settled within the policy limits.

The Nevada high court pointed to several sister courts like California, Texas, Hawaii, Missouri and Oregon, which allow for this cause of action.

"We conclude that equitable subrogation allows the excess insurer to stand in the shoes of the insured and assert all claims against the primary insurer that the insured itself could have asserted," the court held. "Thus, if the insured could have sued the primary insurer for failure to can too."

Counsel for North River, Anton Metlitsky, of O'Melveny & Myers and J. Colby Williams of Campbell & Williams did not respond to a request for comment.

G. Jeffrey Vernis of Vernis & Bowling in North Palm Beach, who often represents insurance companies, said in most states, this is the norm, but as Nevada takes this on for the first time, a divide might be created between primary and excess insurers.

"It's going to put pressure on primary insurers to seriously consider settlement demands within their primary coverage, because if ... it ultimately settles for an amount above policy policy limits and the excess carrier has to pay, the excess carrier can now sue the primary carrier for making them pay that amount," Vernis said. "That's going to be frightening for primary carriers."

While the adversarial nature that could come about gives Vernis pause, he said this could also lead to a more mindful and diligent approach by primary carriers during settlement talks. But "this

does place carriers adverse to each other, and that's not a great position in evaluating resolving and defending claims ... It's not ideal in today's litigious environment," he said.

Ultimately, Vernis said it's best when primary and excess carriers work together in a partnership when facing claims. When insurers are against each other, Vernis said, "it's harder to protect and defend insured against plaintiffs' tactics.

Read the complaint:

Page printed from: <https://www.law.com/2026/02/03/new-ruling-could-pit-insurers-against-each-other/print/>

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Jury Deliberations Begin, With Plaintiffs Seeking \$144M in Uber Sex Assault Trial

In closing arguments on Tuesday, Alexandra Walsh, a lawyer for plaintiff Jaylynn Dean, who alleged that she was raped by an Uber driver in 2023, told jurors: "24 minutes changed the trajectory of her life."

February 03, 2026 at 06:04 PM By  **Amanda Bronstad**

What You Need to Know

- Deborah Chang, of Athea Trial Lawyers, asked jurors for \$24 million in compensatory damages and \$120.2 million in punitive damages against Uber.
- Uber attorney Kim Bueno, of Kirkland & Ellis, told jurors in her closing argument Tuesday that the actions of the driver were not foreseeable.
- The bellwether trial is the first in federal court as part of the sexual assault multidistrict litigation against Uber.



Alexandra Walsh. Courtesy photo

A Phoenix jury began deliberations today in a high-profile trial involving the alleged rape of an Uber passenger by one of its drivers.

The federal jury, in the District of Arizona, heard evidence during the trial about plaintiff Jaylynn Dean, who claimed her Uber driver raped her on Nov. 15, 2023, while she was on a trip in Tempe, Arizona. And in closing arguments Tuesday, Dean's lawyers asked nine jurors to award \$24 million in compensatory damages and \$120.2 million in punitive damages against Uber.

"What is happening in this courtroom will have an impact that will reverberate far beyond this courtroom," Dean's lawyer, Alexandra Walsh, of Anapol Weiss in Washington D.C., said.

Uber failed to warn Dean about the risks of sexual assault when it sent the driver, Hassan Turay, to pick her up just past midnight, after she had been drinking, Walsh told jurors. Instead, Uber advertised that its platform is safe for women, she said, and provides ineffective safety features, rather than less defective designs such as dash cams and an option to request a woman driver, which it didn't provide until last year.

"Uber knows that its business is dangerous for women," Walsh said. "We know it's a dangerous world. Women know it's a dangerous world. We know about the risk of sexual assault. They made us believe this was a place that was safe from that."

Deborah Chang, of Athea Trial Lawyers in Los Angeles, specified the requested damage amounts, which she based on the anticipated 61 years of life expectancy for Dean, now 21, and evidence at trial that Uber receives a daily report of rape while making \$120.2 million each day in 2024. For Dean, she said, the 2023 incident, which happened when she was 19 years old and celebrating her new career as a flight attendant, upended her life. Now, Dean lives with her parents in Oklahoma, suffers from depression and panic attacks, and can't sleep at night alone.

"Twenty-four minutes changed the trajectory of her life," she said of Dean. "She has changed since being raped by her Uber driver. It has forever changed her."

Closing for Uber, Kirkland & Ellis partner Kim Bueno, in Austin, told jurors that Turay, the driver, was a U.S. citizen who passed multiple background checks, was aware of Uber's rules on sexual misconduct and received 5-star ratings from riders.

"The evidence is clear that what happened with Mr. Turay was not foreseeable," Bueno told jurors.

And, although she questioned reports of Dean's state of intoxication and whether she was the one who ordered the Uber ride, Bueno told jurors that Uber took her rape allegations seriously and immediately halted Turay's account.

“That’s important because it demonstrates that Uber does believe survivors, Uber does take these calls seriously,” she said. “That’s our policy, and that’s what we did.”

Still, she said, there was no evidence of Dean’s medical costs, job loss or other economic damages. And, as for non-economic damages, Bueno brought up many of the issues Dean had prior to the 2023 incident, including previous sexual assault and her mother’s addiction problems.

“This is devastating what happened to this woman,” she said of those prior problems, “and it’s been minimized.”

‘This Driver, This Rider and This Trip’

The trial, which began on Jan. 13, is the [first federal bellwether trial](#) in the sexual assault multidistrict litigation in the Northern District of California.

Uber unsuccessfully [moved to postpone the trial](#), citing a “misleading” ad campaign, sponsored by the Consumer Attorneys of California, that could taint the jury pool. The campaign, called “Every 8 Minutes,” states that [Uber receives a complaint of sexual assault](#) or misconduct every eight minutes—a claim largely based on an article in the New York Times.

Uber also filed motions for mistrial, which U.S. District Judge Charles Breyer denied. One motion accused plaintiffs’ lawyers of [“cynical theatrics” and “sandbagging”](#) during the trial. On Monday, Uber brought another mistrial motion after plaintiff’s lawyers showed the jury an “inflammatory” news report on CNN, but Breyer denied it.

On Sept. 30, in the first sexual assault trial in the nation against Uber, jurors in San Francisco Superior Court concluded that Uber was negligent in failing to provide safe rides to women but not liable for the plaintiff’s sexual assault by one of the drivers.

In her closing on Tuesday, Bueno made a point of parsing the negligence claims.

“You can’t just determine that Uber is negligent; you have to determine that that negligence caused Ms. Dean’s injuries,” she said. “This evidence to prove the cause of these claims must, must, focus on this driver, this rider and this trip.”

But Walsh pointed out that Turay, according to evidence at trial, believed he and Dean had consensual sex, only later admitted that she was not in her right “state of mind” to consent.

“Make no mistake,” Walsh told jurors. “What is being suggested in this courtroom is that Ms. Dean is making this up, that she’s not telling the truth.”

Plaintiff seeks \$144M as Uber denies liability for alleged assault

DJ [dailyjournal.com/articles/389632-plaintiff-seeks-144m-as-uber-denies-liability-for-alleged-assault](https://www.dailyjournal.com/articles/389632-plaintiff-seeks-144m-as-uber-denies-liability-for-alleged-assault)

Trial wrapped up Tuesday in the first bellwether case of the massive multidistrict litigation against Uber over allegations of sexual assault against its drivers, with plaintiffs urging the jury to find Uber liable for the alleged rape of a passenger and award the plaintiff \$144 million.

The defense, meanwhile, argued that Uber's actions didn't cause the alleged sexual assault and that the alleged perpetrator, an Uber driver who says the act was consensual, was a contractor, not an agent of the company.

Uber should be found liable, plaintiffs' attorney Alex Walsh of Anapol Weiss argued, because it didn't take reasonable steps to prevent sexual assault on its platform.

The plaintiff, represented by Walsh, Debbie Chang of Chang Klein and Sarah London of Girard Sharp, argued Uber was negligent for not implementing two safety features -- a setting allowing women to request a woman driver and dashboard cameras during rides.

"They have designed, created and they control an ecosystem that they know is dangerous for women," Walsh said at the trial, which took place in Phoenix, near the site of the alleged rape, instead of in U.S. District Judge Charles R. Breyer's usual San Francisco courtroom. *In re: Uber Technologies, Inc., Passenger Sexual Assault Litigation*, 3:23-md-03084 (N.D. Cal., filed Oct. 4, 2023).

Kim Bueno of Kirkland & Ellis LLP, representing Uber, argued that Uber can't be found negligent since the events weren't foreseeable. Rather than focus on Uber's policies as a whole, the jury needed to consider whether Uber could have expected the driver in this case, Hassan Turay, to rape a passenger, Bueno said.

The company conducted several background checks on Turay, all of which he passed, and he'd driven around 10,000 passengers through the rideshare app, the majority of whom gave positive feedback about him, Bueno said.

"There was nothing in his record to suggest that he was going to break the rules and have sex with a passenger," Bueno said.

Even if plaintiffs could prove that the alleged rape was foreseeable, they'd still need to prove that the two features they allege were defective caused the assault. The plaintiff, Jaylynn Dean, had Uber's competitor Lyft downloaded on her phone at the time of the incident, which lets users request a female driver. Since she still chose to take Uber, the lack of a gender-matching feature can't be the cause of the incident, Bueno said.

"She could have chosen Lyft if it was so important for her to get a female," Bueno said.

A dashboard camera, meanwhile, wouldn't have prevented the incident since a driver could easily bypass it by ending the ride in the Uber app.

The defense also questioned Dean's account of the incident and argued Turay, who claims the encounter was consensual, wasn't an agent of Uber since the company considers its drivers independent contractors. Even if he was, as plaintiffs argue, an apparent agent of the company, his actions occurred outside the scope of his agency.

Walsh argued that Turay was in effect an agent of Uber because to Dean, he was simply an Uber driver.

"[It's] request and ride with Uber, not request and ride with some driver who signed up through the app," Walsh said.

The company sells its customers on an idea that they can trust the Uber name, so they must be accountable when a driver harms a passenger, Walsh said.

While the company internally acknowledged how common sexual assaults were, it continued to advertise that its platform was safe, the plaintiff's attorneys allege. It not only failed to tell Dean there were risks, it publicly told riders its platform was safe, Walsh said, pointing to the company's annual safety reports that didn't acknowledge increased risk of rape for women getting in an Uber alone at night, especially after drinking.

The safety reports were "the biggest anti-warnings of all," Walsh said.

Chang, who stepped in for Walsh to argue for damages, asked the jury to award \$24 million in compensatory damages.

"Anything less than compensating her for life-changing harm is not justice," Chang said.

She additionally suggested jurors award \$120 million in punitive damages, saying the company will only change if its wallet takes a significant hit.

"There is only one way to get Uber's attention," Chang said.

Punitive damages are necessary to completely change how the company operates when it comes to sexual violence, Chang said. Currently, they "lure vulnerable women into a false sense of security ... but they always choose profit over protection prevention and safety."

Bueno urged the jury not to fall into the trap of awarding damages because they feel bad for Dean and know Uber has deep pockets. Instead, she said they should listen to the law and find in favor of Uber.

"Despite our human nature to want to help people, that is what the evidence shows," Bueno said.

#389632

Daniel Schrager

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Home brokerage Keller Williams to settle homebuyer class action for \$20 million

 [reuters.com/legal/government/home-brokerage-keller-williams-settle-homebuyer-class-action-20-million-2026-02-03](https://www.reuters.com/legal/government/home-brokerage-keller-williams-settle-homebuyer-class-action-20-million-2026-02-03)

Mike Scarcella

February 3, 2026

Newly built single-family homes are shown in San Diego, California, U.S., March 11, 2025. REUTERS/Mike Blake/ File Photo [Purchase Licensing Rights, opens new tab](#)

WASHINGTON, Feb 3 (Reuters) - U.S. real estate brokerage Keller Williams has agreed to pay \$20 million to resolve a nationwide homebuyer class action accusing the company of conspiring to fix commissions and inflate home prices, marking the first settlement in the case.

The [preliminary settlement, opens new tab](#) with Keller Williams was disclosed on Monday in the federal court in Chicago, and requires a judge's approval. Texas-based Keller Williams, which markets itself as the largest real estate franchise by agent count, said it would cooperate with the buyers as they pursue related claims against brokerages Anywhere Real Estate, RE/MAX, and industry trade group National Association of Realtors.

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The homebuyer plaintiffs contend that sellers are inflating home prices to offset the cost of commissions they must pay to the buyers' agents under industry rules and practices implemented by the defendants. U.S. home sellers often pay commissions of upwards of 5% to 6% of the cost of a house. Part of that commission is paid to the broker for the buyer.

Keller Williams chief executive officer and president Chris Czarnecki in a statement on Monday said "we are the first defendant to resolve this litigation with the goal of eliminating uncertainty for our franchisees and agents." He said the accord will allow Keller Williams to focus on its mission.

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Lead attorneys for the homebuyers did not immediately respond to a request for comment. Keller Williams denied any wrongdoing in agreeing to settle.

The National Association of Realtors in a statement said the settlement does not directly affect its position in the litigation, and that it will "pursue all potential resolutions, both non-litigation and litigation, to reach a result that is in the best interest of our members, the industry and consumers."

RE/MAX and Anywhere did not immediately respond to requests for comment. They too have denied participating in the alleged price-fixing conspiracy according to their court filings.

Lawyers for the homebuyers said in their request for approval that settling would provide a "substantial benefit" to class members, especially given the risk of continued litigation.

Keller Williams will cooperate with the plaintiffs through deposition testimony, trial testimony and documents, the filing said. The plaintiffs' lawyers said they will seek up to about 33% of the settlement, or \$6.7 million, for legal fees.

The National Association of Realtors and some major brokerages have been hit with separate antitrust lawsuits by home sellers claiming damages in connection with commission fees. Many of those cases have resulted in settlements totaling hundreds of millions of dollars.

The case is Mya Batton et al v. National Association of Realtors et al, U.S. District Court for the Northern District of Illinois, No. 1:21-cv-00430.

For plaintiffs: Vincent Briganti of Lowey Dannenberg, and George Zelcs of Korein Tillery

For Keller Williams: Boris Bershteyn of Skadden Arps, and David Kully of Holland & Knight

Read more:

[CoStar asks US Supreme Court to hear real estate antitrust case](#)
[US Supreme Court declines to revive antitrust lawsuit against Zillow](#)
[National realtors group defeats Utah brokerage's antitrust lawsuit](#)
[Realtor association hit with new antitrust lawsuit over 'pocket listings'](#)
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Woman seeks \$1 billion for health effects of processed foods | Florida Record

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Michael Carroll, Chris Dickerson

February 4, 2026

Sarah Gallo, the Consumer Brands Association's senior vice president, said the safety of American food products is based on sound science.

Courtesy photo

A young Florida woman is suing multiple food manufacturers, including Kraft Heinz Co. and General Mills, for \$1 billion in damages as a result of health conditions she says she suffered as a result of eating "ultra-processed foods" marketed by the companies.

The federal lawsuit on behalf of Davina Muthusami, who was born in 2006, was filed Jan. 16 in the Middle District of Florida. The complaint defines ultra-processed foods (UPF) as "former foods that have been fractioned into substances, chemically modified, combined with additives, and then reassembled using industrial techniques such as molding, extrusion and pressurization."

The lawsuit blames the manufacturing and marketing activities of the 11 food manufacturers named as defendants in the case for the plaintiff's development of Type 2 diabetes, "as well as other severe and personal injuries which are permanent and lasting in nature, physical pain and mental anguish, including diminished enjoyment of life, as well as the need for lifelong medical treatment. ..."

The foods mentioned in the complaint as posing health risks to children and others include processed macaroni products, Cheetos, Oreo cookies, Doritos, cereals such as Rice Krispies and soft drinks. Other defendants include Nestle USA and the Coca-Cola Co.

The complaint alleges that expansion of UPF took place in the 1980s after tobacco companies purchased major U.S. food companies and used the same tactics that increased the addictiveness of cigarettes in the marketing and production of UPF.

"In the 1980s, two major tobacco companies ... took over the American food environment," the lawsuit states. "Phillip Morris bought major U.S. food companies, including General Foods and Kraft. RJ Reynolds purchased Nabisco, Del Monte, Kentucky Fried Chicken and others."

UPF producers adapted the same brain research on sensory perceptions and physiological psychology that led to more addictive tobacco products, according to the complaint.

But the Consumer Brands Association, whose members include food companies, argues that the manufacturers provide a wide variety of food and beverages, combined with nutritional information so that consumers can make informed choices.

"There is currently no agreed-upon scientific definition of ultra-processed foods," Sarah Gallo, the association's senior vice president, said in a statement emailed to the Record publications. "Companies adhere to the rigorous evidence-based safety standards and nutrition policy established by the (U.S. Food and Drug Administration) to deliver safe, affordable and convenient products that consumers depend on every day."

The Robert King Law Firm, which tracks UPF litigation, has also acknowledged that settling on a general definition of UPF has not been easy.

"Defining ultra-processed foods has been challenging because these foods encompass categories (like breads, yogurts and cereals) that can contain whole foods, minimally processed foods and ultra-processed foods," the law firm [said in a post](#).

In a document filed in the Middle District of Florida, plaintiff attorney Chloe Makowsky said the Mathusami case is related to other cases that have been filed around the nation. These include lawsuits filed in the Eastern District of Pennsylvania and the Eastern District of Louisiana, as well as a civil lawsuit filed in San Francisco Superior Court by City Attorney David Chiu Kraft.

Judge Selects Keller Rohrback and Susman Godfrey Attorneys to Lead Consolidated AI Copyright Action Against Apple

William Dreher of Keller Rohrback and Rohit Nath of Susman Godfrey will serve as interim colead counsel in the proposed class action against Apple for allegedly training its AI products on copyrighted works that were downloaded from pirate libraries.

February 03, 2026 at 03:33 PM By **Michelle Morgante**



Will Dreher, with Keller Rohrback, left, and Rohit Nath, with Susman Godfrey, right. Courtesy photos

Attorneys from Keller Rohrback and Susman Godfrey have been selected to lead a proposed class action against Apple for allegedly using pirated books to train its artificial intelligence models.

Judge Yvonne Gonzalez Rogers of the U.S. District Court for the Northern District of California announced William Dreher, a partner with Keller Rohrback in Seattle, and Rohit Nath, a partner with Susman Godfrey in Los Angeles, will serve as interim colead counsel.

The proposed class action consolidated complaints filed against the technology giant in September and October by three sets of authors: [Grady Hendrix and Jennifer Roberson](#); [Susana](#)

[Martinez-Conde and Stephen Macknik](#); and [Tasha Alexander](#).

The suits contend Apple used copyrighted works downloaded from pirate libraries to train its Apple Intelligence set of generative AI programs and technologies.

Dreher and Nath jointly requested to be chosen as interim colead counsel in a Nov. 21 motion also signed by Matthew Butterick of Butterick Law in Los Angeles.

Others vying for the selection were Christopher Young of the Joseph Saveri Law Firm, which represented the Martinez-Conde plaintiffs, and Karin Swope of Cotchett Pitre & McCarthy in Seattle and Anne K. Davis of Bleichmar Font & Auld in Oakland, California, who filed a joint motion and represented Alexander.

Apple Inc. is represented by counsel from Latham & Watkins in San Francisco and Washington, D.C.

In their motion, Dreher and Nath noted that Keller Rohrbach represented plaintiffs Hendrix and Roberson in the first of the cases against Apple to be filed. It also said Susman Godfrey “has been at the forefront of AI copyright litigation nationwide,” including as lead counsel in the *OpenAI/Microsoft MDL* and as colead counsel in a class action against AI firm Anthropic.

The court held a comprehensive hearing on the applications on Jan. 27. After considering the parties’ briefings and arguments, Gonzalez Rogers said Friday that a leadership structure consisting of two interim coleads “best fits the needs of this action.”

“The court has carefully considered all applications, the responses, and presentations to the court during the hearing, including the court’s assessment of actual availability to diligently and efficiently advance this case given other commitments and the sources of litigation funding,” she wrote. Counsel for the defendant did not indicate any concerns about the attorneys seeking the appointment, she said.

Dreher declined to comment on the decision. Nath did not immediately respond to a request for comment.

Each attorney will serve as interim counsel for a one-year period ending at the close of January 2027. The appointments are for Dreher and Nath specifically, the judge wrote, and cannot be substituted by other attorneys, even from within their respective firms.

Dreher is a member of Keller Rohrbach’s Complex Litigation Group. In his declaration to the court, Dreher said he has recovered more than \$94.9 billion for the firm’s clients and has experience representing both plaintiffs and “sophisticated defendants like Apple Inc.”

Dreher previously litigated energy and commercial litigation cases, regulatory matters and appeals with Jenner & Block in Washington. He also spent more than five years prosecuting criminal cases with the U.S. Attorney's Office for the Western District of Washington and, for three years, was detailed part-time to the U.S. Attorney's Office for the District of Columbia to investigate and prosecute felony and conspiracy charges arising out of the Jan. 6, 2021 riot at the U.S. Capitol building, leading one of its first jury trials.

Nath has extensive experience litigating class actions, according to his declaration. As part of a Susman Godfrey team, he served as colead counsel in *AXA Equitable Life Insurance COI Litigation* in New York, reaching a \$307.5 million settlement.

In the class action captioned *Bartz v. Anthropic*, Nath argued in opposition to Anthropic's motion for summary judgment and in the *OpenAI* litigation, he argued motions to compel that were "critical in security key evidence for the plaintiffs' and class's claims," he said.

Nath said he joined Susman Godfrey after clerking for Judge Alex Kozinski on the U.S. Court of Appeals for the Ninth Circuit and serving as editor-in-chief of the University of Chicago Law Review.

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Nvidia Hit With Third Class Action for Allegedly Mining YouTube Content to Train AI Models

Nvidia Corp. has been hit with a third putative class action complaint in California federal court accusing the artificial intelligence computing giant of illegally data-scraping YouTube videos without content creators' permission to train its Cosmos and Omniverse AI products.

February 04, 2026 at 09:59 AM By  **Kat Black**

What You Need to Know

- Nvidia faces a class action complaint accusing it of illegally downloading and copying "millions" of YouTube videos to train its AI products.
- Nvidia was previously the target of two other class action complaints alleging unlawful YouTube video scraping, one of which was voluntarily dismissed.
- Two of the suits against Nvidia allege violation of the Digital Millennium Copyright Act.



Nvidia headquarters in Santa Clara, California. Credit: MichaelVi/Adobe Stock

Nvidia Corp. has been hit with a third putative class action complaint in California federal court accusing the artificial intelligence computing giant of illegally data-scraping YouTube videos without content creators' permission to train its Cosmos and Omniverse AI products.

The proposed suit, captioned [*Youngblood v. Nvidia*](#), is the second to allege violation of the Digital Millennium Copyright Act—specifically, [17 U.S.C. § 1201](#), which "prohibits the circumvention of technological measures employed by or on behalf of copyright owners to protect access to their works."

The complaint, filed on Jan. 29 in the U.S. District Court for the Northern District of California, is backed by Milberg, Kopelowitz Ostrow and Carella, Byrne, Cecchi, Brody & Agnello. Counsel has not yet appeared for Nvidia, which declined to comment on the litigation. Plaintiffs' counsel did not immediately respond to requests for comment.

This action was surfaced by [Law.com Radar](#).

According to the Jan. 29 complaint, Nvidia illegally used circumvention tools to unlawfully bypass YouTube's technical controls—which are designed to block "bulk extraction" of audiovisual content by "automated systems"—to download "millions" of YouTube videos.

These tools, it said, consisted of "20 to 30 virtual machines hosted by Amazon Web Services," which allegedly can download "80 years worth" of videos per day.

The videos, it alleged, are subsequently copied, diced into timestamped "clips" and compiled into datasets for use in AI model training. In order to extract various clips from the same video, it said, Nvidia may duplicate the video several times—resulting, it said, in multiple copyright violations per video.

Though users are allowed to stream videos within the confines of the video-sharing platform, YouTube's Terms of Service, it said, also explicitly forbids extracting the underlying audiovisual content for external use "except through expressly permitted product features or licensed APIs."

"Streaming a video through YouTube and downloading a permanent copy offer materially different value propositions—free viewing supported by advertisements versus possession of a lasting digital copy," the complaint said.

"Scraping or bulk downloading is therefore not simply copying material that YouTube provides to the public; it is an act of unauthorized access to audiovisual data files that YouTube affirmatively withholds from public download."

Nvidia, founded in 1993 and based in Santa Clara, California, debuted Nvidia Cosmos—a platform that, according to its [website](#), was "built to advance the development of physical AI systems such

as autonomous vehicles (AVs) and robots"—at the annual CES tech trade show in Las Vegas on Jan. 6, 2026. Nvidia launched its [Omniverse](#) 3D world generator—which allows developers to "build generative AI-enabled tools, applications and services for industrial digitization"—in April 2021.

In February 2024, the complaint said, a "principal scientist" at Nvidia unveiled in internal communications on the Slack messaging platform an "initiative to aggregate a huge curated video dataset for the purposes of generative [modeling]." The three video datasets used as training material in the initiative, it said, contained hundreds of millions of clips.

The complaint contended that though the majority of YouTube videos are not registered with the U.S. Copyright Office, they are "nevertheless copyrighted if they are original creations—" and that the DMCA circumvention provision applies in this case since it does not "hinge on copyright registration."

Nvidia has previously faced two other class action complaints in the Northern District of California — [Millette v. Nvidia](#), filed in Aug. 2024, and [Ted Entertainment v. Nvidia](#), filed in Nov. 2025—that contend it fed datasets composed of millions of copyrighted videos illegally mined from the YouTube platform to its generative artificial intelligence models. The *Millette* complaint, which alleged unjust enrichment or restitution and violation of California's Unfair Competition Law, was voluntarily dismissed in March 2025. The *Ted Entertainment Inc.* complaint, which is still ongoing, has also asserted a circumvention claim under the DMCA.

On Jan. 6, Law.com Radar detected a [surge](#) of copyright lawsuits filed against tech firms in December in California federal courts, including two complaints targeting Big Tech defendants Meta Platforms Inc. and TikTok parent ByteDance for allegedly using stolen YouTube content to train their "Make-a-Video" and "MagicVideo" AI-generated video platforms, respectively. Google parent Alphabet and ChatGPT maker OpenAI have also battled [similar allegations](#).

The case has been assigned to District Judge Nathanel M. Cousins. Plaintiffs are seeking injunctive relief, statutory damages and other damages under 17 U.S.C. § 1203.

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

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Judge fines lawyers \$12,000 over AI-generated submissions in patent case

 [reuters.com/legal/litigation/judge-fines-lawyers-12000-over-ai-generated-submissions-patent-case-2026-02-03](https://www.reuters.com/legal/litigation/judge-fines-lawyers-12000-over-ai-generated-submissions-patent-case-2026-02-03)

Sara Merken

February 3, 2026

Figurines with computers and smartphones are seen in front of the words "Artificial Intelligence AI" in this illustration taken, February 19, 2024.

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

Feb 3 (Reuters) - A Kansas federal judge has fined lawyers representing a patent holding company a combined \$12,000 for filing documents with non-existent quotations and case citations that were generated by artificial intelligence, in the latest instance of lawyers facing sanctions for submitting "hallucinated" material in court.

U.S. District Judge Julie Robinson in Kansas City in a Monday [order](#)  [, opens new tab](#) said that although only one lawyer used AI and included the inaccurate information in court filings, the others who signed the documents were also responsible for failing to vet them. The sanctioned attorneys represent Lexos Media IP in a patent infringement case against internet retailer Overstock.com. Sign up [here](#).

"A reasonably competent attorney filing documents in court should be aware of the pronounced, well-publicized risks of using unverified generative AI for legal research and the ethical obligations associated with signing a court filing without checking it for accuracy," Robinson wrote.

Judges across the country have [issued](#) warnings, fines and other sanctions against lawyers and self-represented litigants in a growing number of cases for not vetting AI-generated case citations and other material in court filings. The technology can generate fictional details known as hallucinations.

"The sheer amount of case law that has erupted over the last few years due to attorneys' reliance on unverified generative AI research, often generating hallucinated legal authority, is staggering," Robinson said in her decision.

The judge in December ordered five lawyers representing Lexos to explain why they should not be sanctioned for "defects" in several documents, including nonexistent quotations and citations and misrepresented information.

Robinson imposed a \$5,000 fine on lawyer Sandeep Seth, who told the court he had used ChatGPT without verifying its output while under personal pressures. The judge also directed Seth to provide state disciplinary authorities a copy of the ruling and certify what his firm will do to prevent a similar situation.

"This has been an embarrassing lesson," Seth said in an email. "Firms should not use AI as a tool in any capacity without strict policies in place in order to avoid errors."

Kenneth Kula and Christopher Joe of Buether Joe & Counselors were each fined \$3,000 for failing to review the documents that they signed, and local counsel David Cooper of Fisher, Patterson, Sayler & Smith was fined \$1,000 for not checking the citations. They did not immediately respond to requests for comment.

A lawyer at Fish & Richardson who represents Overstock.com in the case did not immediately respond to a request for comment on Tuesday.

The case is Lexos Media IP LLC v. Overstock.Com Inc, U.S. District Court for the District of Kansas, No. 2:22-CV-02324

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

- X

Sanctions and State Bar discipline loom

DJ [dailyjournal.com/articles/389600](https://www.dailyjournal.com/articles/389600)

This is not a nightmare of the sleeping kind. The rude awakening that comes from a court asking why you cited cases in a brief that don't exist or don't say what you claim they say can come with a double whammy--monetary sanctions and a referral to the State Bar.

Indications are that the State Bar views these cases as involving a form of misrepresentation that could potentially support a finding of moral turpitude based upon gross negligence. The consequences can be severe: a 30-day or longer suspension with a requirement to notify all clients, opposing counsel and the court, reputational embarrassment and potential career consequences.

The use of artificial intelligence by lawyers is rapidly expanding. While it is reshaping practice, it has so far not reshaped professional duties. They include the duties of professional and technological competence; candor and honesty; supervision of subordinates; and maintenance of client confidentiality.

The possibility of hallucinations (fake citations or misstatements of holdings) from generative AI is always present. It does not matter if the AI was "trained" on curated or vetted case law and data. Do not assume that because you used a well-known legal vendor's AI, such as Westlaw or Lexis, that the product it produces is infallibly accurate and not susceptible to hallucination. Lawyers have already found this out the hard way. Verification remains essential. Sales representatives hawking their AI wares as not vulnerable to hallucination because they have been properly "trained" are, in the author's opinion, making dubious claims. That opinion is shared by a distinguished group of Stanford and Yale law school professors, led by Varun Magesh, who, in March 2025, published an analysis that found that, while hallucinations are reduced relative to general-purpose chatbots, the AI research tools made by LexisNexis and Thomson Reuters each hallucinated more than 17% of the time.

The problem is worldwide. Damien Charotin, a senior research fellow at HEC Paris who teaches legal data analysis, maintains a website tracking legal decisions in cases where generative AI produced hallucinated content. As of mid-January, 806 cases had been identified worldwide of which at least 48 are from California. By my tally, 430 cases involved *pro se* litigants, but another 312 cases involved

lawyers. There were 611 cases involving fabricated content while 222 involved false quotations. Misrepresented holdings were involved in 336 of the cases. Many cases involved two or more of these problems simultaneously.

The data compiled by Charotin reflects, so far, at least 186 cases involving monetary sanctions and 70 cases which have been referred to regulating authorities, such as the State Bar.

Offering fabricated citations and erroneous statements of the law to the court is one sure-fire way to attract monetary sanctions and the attention of the State Bar. In *Noland v. Land of the Free, L.P.* (2025) 114 Cal.App.5th 425, 446, the court observed that the problem of AI hallucinations has been discussed extensively in case law and the popular press for several years. *Noland* recites a series of earlier reported cases where the misuse of AI-generated authorities constituted sanctionable conduct. *Id.* at 444.

Noland involved an appeal where "nearly all of the legal quotations in plaintiff's opening brief, and many of the quotations in plaintiff's reply brief, are fabricated. That is, the quotes plaintiff attributes to published cases do not appear in those cases or anywhere else. Further, many of the cases plaintiff cites do not discuss the topics for which they are cited, and a few of the cases do not exist at all." *Id.* at 430-31. The attorney was sanctioned \$10,000 and referred to the State Bar. *Id.* at 449. Even without a court referral, sanctions of more than \$1,000 in this situation would trigger mandatory self-reporting to the State Bar by the attorney under Cal. Bus. & Prof. Code §6068(o)(3).

Speaking for the court in *Noland*, Judge Lee Edmon remarked that "We ... publish this opinion as a warning. Simply stated, no brief, pleading, motion, or any other paper filed in any court should contain any citations--whether provided by generative AI or any other source--that the attorney responsible for submitting the pleading has not personally read and verified." 114 Cal.App.5th at 431.

In another recent case from December 2025, the Hagens Berman law firm and one of its attorneys were sanctioned \$10,000, ordered to file certifications with all subsequent briefs, and report the sanctions to the State Bar, by a federal district court. The attorney relied on ChatGPT to draft substantial portions of briefs. The accuracy of the information was not checked. When errors were discovered, the attorneys sought to withdraw the briefs, but the request was denied. The court

noted that the duties imposed by F.R.C.P. Rule 11 require that attorneys read and confirm the existence and validity of legal authorities which they cite. *See N.Z. v Fenix Int'l. Ltd.* U.S.D.C. Case No. 7:24-cv-06655-FSW-SSC (Dec. 12, 2025).

The California Legislature has joined the fray, proposing California Senate Bill 574. The bill offers a grab-bag of prohibitions: It obligates counsel to sanitize AI output of hallucinations, forbids the entry of confidential data into "public" AI systems, and prohibit arbitrators from using AI without disclosure.

The legislative counsel's digest states that the bill would prohibit a brief or other paper filed in court from containing any citations that the attorney responsible for submitting the pleading has not personally read and verified, including any citation provided by generative artificial intelligence. But the digest also acknowledges that existing law already requires an attorney to certify that the legal contentions asserted in a paper they sign are warranted. So far, California courts have had no difficulty applying existing law to the misuse of AI.

Some experts believe the confidentiality provision in SB 574 is ambiguous and based on misconceptions regarding how uploaded data is used by most large language models. Rule 1.6 of the Rules of Professional Conduct (RPC) requires attorneys to protect client confidential information. Legal ethics commentators have issued numerous warnings that uploading confidential information into AI could jeopardize client confidentiality, but these warnings are largely overblown. Most large language models require the user to affirmatively agree that their data may be used for model training. An attorney using any AI model needs to confirm that any data uploaded by the attorney is not shared, disclosed or utilized to train the model and that the data is as safe as the data stored by lawyers on any number of cloud platforms such as OneDrive, Google Drive, AWS, DropBox and others.

The principles expressed in *Noland* and other AI cases are not new. Lawyers were expected to read and cite check the cases they cited in their briefs when the latest thing in technology was an IBM Correcting Selectric. In years past, smart associates were dispatched to the library to read the authorities cited by the opposing party. There was much gold to be mined in the opposing party's mischaracterization of a holding, or from the language the opposing party omitted from the cited decision, not to mention the occasional overruled case.

When it comes to fake citations in briefs, courts will focus on outcomes, not excuses. The court in *Noland* was unimpressed by the suggestion that actual case law supported the legal arguments made or principles described in hallucinated case citations. 114 Cal.App.5th at 446-447.

Perhaps the most significant takeaway from the AI hallucination cases is that verification of legal authority is non-delegable. That principle aligns squarely with California's Rules of Professional Conduct. RPC Rule 1.1 requires competence and Rule 3.3 addresses candor toward the tribunal and prohibits false or misleading statements of law. RPC Rules 5.1 and 5.3 require attorneys to properly supervise legal personnel. Aside from the ethics rules, C.C.P. Section 128.7 and F.R.C.P. Rule 11 require attorneys to certify that their legal contentions are warranted by existing law or a good-faith argument for its modification. *See Nolan, supra* 114 Cal.App.5th at 445, *citing Benjamin v. Costco Wholesale Corp.* (E.D.N.Y. 2025) 779 F.Supp.3d 341, 343 ["an attorney who submits fake cases clearly has not read those nonexistent cases, which is a violation of [FRCP Rule 11 and CCP § 128.7]."

AI does not alter these obligations. Because AI can generate fabricated citations that appear facially legitimate, attorneys must verify not only conclusions but each underlying authority. Attorneys must take reasonable steps to ensure that lawyers and non-lawyers under their supervision are not cribbing off AI and verify the results.

For partners and managing attorneys, this creates heightened exposure. A law firm that permits AI use without establishing verification protocols, confidentiality safeguards and review standards risks systemic violations rather than isolated mistakes. In high-volume practices, a single flawed AI workflow could generate dozens of defective filings before detection.

The growing body of AI hallucination cases reinforces a core truth: Technology does not change what lawyers are responsible for--it changes how easily those responsibilities can be violated. AI can be a powerful tool when used with judgment, skepticism and verification. When used carelessly, it creates cascading ethical, malpractice and reputational risks. The challenge for California lawyers is not whether to use AI, but how to integrate it into practice without undermining competence, candor, confidentiality and diligence.

Courts and regulators have drawn the line clearly. Attorneys who treat AI as an infallible authority do so at their peril. Those who treat it as a tool--subject to rigorous human oversight--can harness its benefits while honoring the duties that

define the profession.

James I. Ham *is an attorney at the Law Office of James I. Ham, whose practice focuses on professional responsibility, ethics and regulatory advice to lawyers and in-house counsel, and representation in State Bar investigations and proceedings.*

#389600

Brad Karp Bails On Speaking Event In Wake Of Epstein File Revelations

A abovethelaw.com/2026/02/brad-karp-bails-on-speaking-event-in-wake-of-epstein-file-revelations

Kathryn Rubino

February 3, 2026



(photo by Jamie Watts for Big Law Business)

There's a lot of recent talk about Paul, Weiss's chair Brad Karp — not much of it flattering right now. The Biglaw partner's relationship with the infamous sexual predator Jeffrey Epstein has been in the news, after the release of the latest tranche of government files related to the late Epstein. We've [known for a while](#) that Karp — and a lot of rank and file PW attorneys — would appear in the Epstein files. The firm represents Apollo Global Management and its CEO Leon Black, who worked extensively with Epstein. Black and Epstein had a fee dispute, and Paul, Weiss was involved in that negotiation.

But the recent doc drop [paints a cozier picture](#) of the relationship between Karp and Epstein than anticipated. The documents show Karp fawning over social engagements with Epstein; asking for favors on behalf of his son; gossiping about Biglaw leadership changes; and editing a defense of Epstein's plea agreement in a Florida sex abuse and trafficking case. This is something Karp [regrets](#), but perhaps now isn't the time for Karp to be out in front of a crowd.

[According to](#) Bloomberg Law, Karp is no longer appearing at an event today where he was slated to discuss "leadership in uncertain times."

Karp was a promoted speaker at the Wall Street Journal's Invest Live two-day conference in West Palm Beach, Florida. He was scheduled to discuss how he's guiding clients through geopolitical developments, artificial-intelligence transformation, and a rapidly evolving US political landscape, according to the Journal's original itinerary. The discussion has been replaced with the publication's reporting and outlook on the Federal Reserve.

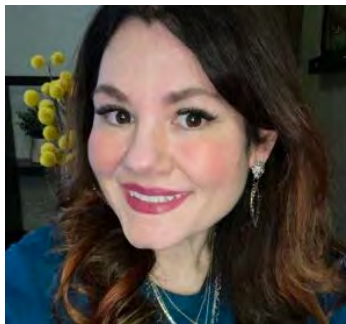
It was only a few months ago that [Karp was heckled at the New York Bar Foundation gala](#). That outburst took Karp — and Paul, Weiss — to task for [the deal struck](#) with the Trump administration. In the face of an unconstitutional executive order targeting the firm, [Paul, Weiss became the first firm](#) to seek out Trump's seal of approval with a [pro bono payola deal](#), that is, free legal services on behalf of conservative clients or causes in order to avoid Trumpian retribution.

Perhaps that uncomfortable experience taught Karp discretion is the better part of valor and he'll be keeping a low profile for the time being.

Earlier: [Brad Karp's Fawning Epstein Emails Drags Paul, Weiss Into The Fray](#)

[So What Does Brad Karp Think About The Latest Epstein File Revelations?](#)

[Jeffrey Epstein: Biglaw Career Counselor?](#)



Kathryn Rubino is a Senior Editor at Above the Law, host of [The Jabot podcast](#), and co-host of [Thinking Like A Lawyer](#). AtL tipsters are the best, so please connect with her. Feel free to email [her](#) with any tips, questions, or comments and follow her on Twitter [@Kathryn1](#) or Mastodon [@Kathryn1@mastodon.social](#).

Securities

Karp Cancels Speaking Event as More Epstein Connections Revealed

Feb. 3, 2026, 12:26 PM PST

Paul Weiss Chairman Brad Karp dropped out of a Tuesday event in which he was slated to discuss “leadership in uncertain times” as details emerge about his communications with disgraced financier Jeffrey Epstein.

Karp was a promoted speaker at the Wall Street Journal’s Invest Live two-day conference in West Palm Beach, Florida. He was scheduled to discuss how he’s guiding clients through geopolitical developments, artificial-intelligence transformation, and a rapidly evolving US political landscape, according to the Journal’s original itinerary. The discussion has been replaced with the publication’s reporting and outlook on the Federal Reserve.

Karp skipped the event as the latest tranche of Epstein-related documents released by the Justice Department show that the Paul Weiss leader had a more extensive relationship with Epstein than the firm has previously described. Karp reviewed a letter to the New York Times defending Epstein’s controversial 2008 plea agreement, disclosed “strictly confidential” information, and engaged with Epstein on behalf of Apollo Global Management’s Leon Black, the emails show.

Karp did not immediately respond to a request for comment. The Wall Street Journal declined to comment.

“Paul Weiss was retained by Leon Black, then the CEO of the firm’s longtime client Apollo, to negotiate a series of fee disputes with Jeffrey Epstein that spanned several years,” Paul Weiss said in a previous statement. “The firm was adverse to Epstein, and at no point did Paul Weiss or Brad Karp ever represent him.”

Karp has appeared in previous batches of what is colloquially known as the Epstein files. The latest dump, released Jan. 30, features a July 2016 email in which Karp asks Epstein for help getting his son a job working on a Woody Allen film production.

Karp also appears in a March 2019 email commenting on a draft of a letter by Epstein’s personal attorneys meant for the New York Times. US Solicitor General Kenneth Starr, who died in 2022, was among a group of attorney signatories defending the plea agreement in a Florida sex abuse and trafficking case.

Epstein's emails show that Karp reviewed the letter and sent it to four members of the newspaper's editorial team. It was published two days later.

The "draft looked strong," Karp wrote in an email to Epstein.

Another April 2018 interaction shows Karp apparently breaching the confidentiality of a stock sale to Epstein: "But please don't let him know that I shared it. It is supposed to be strictly confidential."

The email correspondence between Karp and Epstein largely spans from 2015 to 2019, after the sex offender pleaded guilty to state charges of solicitation of prostitution with a minor in 2008 and served a year in prison. Epstein died in a New York jail in August 2019 while facing federal charges of conspiracy and sex trafficking involving teenage girls.

The Justice Department's release of the largest batch of Epstein files yet is a result of intense public pressure and reveals Epstein's connections to some of the country's most prominent lawyers, investors, executives, political figures, academics, and media advisers following his first prison stint.

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Goldman Sachs' top lawyer accepted gifts from 'Uncle Jeffrey' Epstein, documents show

 [reuters.com/legal/litigation/goldman-sachs-top-lawyer-accepted-gifts-uncle-jeffrey-epstein-documents-show-2026-02-03](https://www.reuters.com/legal/litigation/goldman-sachs-top-lawyer-accepted-gifts-uncle-jeffrey-epstein-documents-show-2026-02-03)

Arasu Basil, Saeed Azhar

February 3, 2026

Goldman Sachs logo appears in this illustration taken December 1, 2025.

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

Feb 3 (Reuters) - Goldman Sachs' [\(GS.N\)](#), [opens new tab](#) top lawyer Kathryn Ruemmler accepted gifts from late sex offender Jeffrey Epstein and advised him on how to address press inquiries regarding his crimes, according to a Reuters review of emails among [millions of documents](#) the U.S. Department of Justice released last week.

Ruemmler, who was also White House counsel during the Obama administration, referred to Epstein in emails as "Uncle Jeffrey" and received gifts from him including wine and a handbag, the documents show.

Advertisement · Scroll to continue

Ruemmler had a large number of communications with Epstein from 2014 to 2019, even after the disgraced financier's 2008 guilty plea for procuring a person under the age of 18 for prostitution, the documents showed.

These communications included advising Epstein on how to respond to a media query in 2019 concerning the alleged special legal treatment he received because of his connections, the emails show.

"I was a defense attorney when I dealt with Jeffrey Epstein," Ruemmler said in a statement on Tuesday. "I got to know him as a lawyer and that was the foundation of my relationship with him.

"I had no knowledge of any ongoing criminal conduct on his part, and I did not know him as the monster he has been revealed to be," she continued. "These decade-old private emails you are selectively referencing and pruriently reporting on have nothing to do with my work at Goldman Sachs."

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Goldman spokesperson Tony Fratto said in an email that Epstein often offered unsolicited favors and gifts to many business contacts.

Goldman has backed Ruemmler in the past, with CEO David Solomon calling her "an excellent general counsel."

Fratto has said Goldman understood the nature of Ruemmler's prior job as a white-collar defense lawyer, and was satisfied after conducting its own diligence.

RUEMMLER RECEIVED GIFTS FROM EPSTEIN, DOCUMENTS SHOW

The newly released documents provided more details about Epstein's [ties to prominent people](#) in politics, finance and academia, both before and after his 2008 guilty plea.

Epstein was arrested on sex trafficking charges in July 2019. He died in his Manhattan jail cell the following month, in what New York City's chief medical examiner called a suicide.

In 2018, a third party, whose name the government redacted, emailed Ruemmler to say that Epstein wanted to buy a band for her Apple Watch.

"I love the Hermes one!" she responded. "If truly okay with him to do the Hermes, I would love the 40 mm, stainless Hermes with bleu indigo swift leather double tour."

In 2019, she thanked Epstein for more gifts.

"Am totally tricked out by Uncle Jeffrey today! Jeffrey boots, handbag, and watch!" Ruemmler wrote.

Bloomberg and the Financial Times earlier reported on the email exchanges.

In another set of emails from 2016, Epstein asked Ruemmler what Donald Trump, who later became U.S. president, should say when asked questions about him.

Ruemmler responded that Trump should say: "I knew Epstein professionally and always had positive dealings with him. I don't know anything about his personal legal issues other than what I have read in public reports, and therefore don't have any comment."

Reporting by Arasu Kannagi Basil in Bengaluru and Saeed Azhar in New York;
Additional reporting by Jonathan Stempel, Editing by Lananh Nguyen and Lisa Shumaker

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

DOJ Lawyer Asks To Be Held In Contempt So She Can Sleep

A abovethelaw.com/2026/02/doj-lawyer-asks-to-be-held-in-contempt-so-she-can-sleep

Joe Patrice

February 3, 2026



The situation in Minnesota continues to prove an abject nightmare. The Trump administration [continues to ignore](#) and [flagrantly undermine judges](#). If the administration put half as much effort into honoring its legal obligations as it places into attacking judges on social media, perhaps they wouldn't be staring down a massive staffing crisis — a crisis they're trying to resolve by [asking people on Elon Musk's pornification site to sign up as AUSAs](#).

Hey, they built ICE by indiscriminately recruiting people who failed even the barest of entry qualifications and then refusing to train them to follow the bare minimum of rules that bound federal law enforcement... maybe it will work for prosecutors!

In the meantime, let's see how it's going on the ground over at DOJ.



So, I guess they haven't seen a flood of new applications based on Chad Mizelle asking potential prosecutors to slide into his DMs.

It's early, but Julie Le now takes a commanding lead in the race for quote of the year. "The system sucks, this job sucks," she told Judge Blackwell. Given the multiple recorded incidents of DOJ attorneys lying to the courts, this is refreshing candor.

Personally, I like to think she delivered it like [Scarface quitting his job in Half-Baked](#).

In any normal setting, she would likely get her 24 hours of sleep starting roughly 5 minutes after getting back to the office and learning that she'd been fired. But these are not normal times, and the DOJ may need to hang on to the lawyer even if she's willing to go on the record as actively hating her job.

This is what "flooding the zone" looks like. Trump's braintrust long thought that bombarding the system with abuses would overwhelm the guardrails. What they're finding out is that the guardrails hold and the administration itself just ends up squished.

For her sake, hopefully she can cut ties with this Justice Department on her own terms sooner rather than later.

Earlier: [DOJ Begging For AUSAs On Twitter Like They're Putting Together A Kickball League](#)



[Joe Patrice](#) is a senior editor at Above the Law and co-host of [Thinking Like A Lawyer](#). Feel free to [email](#) any tips, questions, or comments. Follow him on [Twitter](#) or [Bluesky](#) if you're interested in law, politics, and a healthy dose of college sports news. Joe also serves as a [Managing Director at RPN Executive Search](#).



Ann M. Lipton @annmlipton.bsky.social · 5h

If only we had a procedure, that allowed litigants with similar complaints to have their cases heard all that the same time ... like, everyone classified a certain way.

But ... according to Scotus, nope.

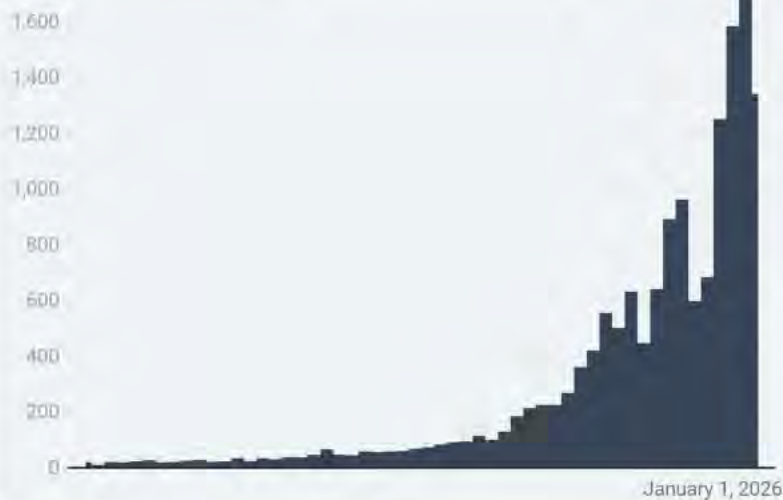
www.law360.com/securities/a...

Immigrant Habeas Cases Are Flooding Federal Courts

A shift in how the government interprets immigration law has led to thousands of immigrants' habeas petitions being filed in federal courts that normally see a few hundred per year.

Year over year (2020-26)

Week over week (2025-26)



5

14

41

...



Ann M. Lipton @annmlipton.bsky.social · 5h

AAAAAAAAAAAAAH

"Despite the funds appropriated for ICE operations, Congress did not provide any funds for [the U.S. Department of Justice] to defend those actions, and we are seeing the results of that daily," Prokosch said.

ALT



1



6



30



Gavin Johnson @gavinjohnson.bsky.social · 4h

Ah. This explains the poor lawyer begging to be found in contempt of court. Hahaha I want DHS to collapse it is a behemoth that should not exist.



1



Kid from the End of Nevada @dalydes.bsky.social · 4h

The Roberts court isn't real happy with words like "class" and "action" sitting too close together. Just a weird semiotic preference, I guess.



3



Eleanor Tyler @eleanortyler.bsky.social · 4h

And because they are not citizens, habeas/mandamus is ALL they can do. Stupid in the extreme.



1



Toe Beans @v-ron.bsky.social · 2h

Almost seems intentional. F 🤖 SCotUS



Box of Frogs @boxoffrogs.bsky.social · 5h

Wasn't a large part of the reason Congress could never come up with a bipartisan immigration bill due to Republicans refusing to fund the court

The Trump DOJ Has Utterly Collapsed and It Ain't Pretty

 talkingpointsmemo.com/morning-memo/the-trump-doj-has-collapsed-and-it-aint-pretty

David Kurtz

February 4, 2026

[Morning Memo](#)



WASHINGTON, DC - JANUARY 15: U.S. Deputy Attorney General Todd Blanche and U.S. Attorney Genera... MORE

A lot of things happened. Here are some of the things. This is TPM's Morning Memo.

The Destruction: DOJ Edition

One of the intended consequences of President Trump's politicization of the Justice Department is to leave behind a weakened, overwhelmed, decimated organization that simply can't do its job.

They're hollowing out the DOJ by purging nonpartisan career attorneys, making life intolerable for those who remain, and replacing them with loyalists sucks the capacity out of the organization. It can't handle as many cases, isn't capable of tackling ambitious ones, and the quality of the lawyering suffers in all cases.

This is all coming home to roost in a very visible way in Minnesota, where the lawless Operation Metro Surge has produced hundreds of habeas cases filed by wrongfully detained immigrants. The chief federal judge in Minnesota, speaking

for an overwhelmed judiciary, has already publicly castigated the Trump administration for not preparing for the flood of cases that its mass deportation operation in the state was bound to generate. (Chris Geidner [explains](#) the ins and outs of why we're seeing so many cases.)

Meanwhile, the Minnesota U.S. Attorney's Office has been crippled by mass resignations, including some of its most senior career attorneys. That has left the remaining DOJ attorneys in Minnesota inundated with more cases than they can keep up with. But I'm not sure that does justice to what's been happening. It's quite a bit worse than that.

The quality of lawyering has eroded to such a point that government lawyers have been unable to keep up with the court orders demanding that detainees be released. As a result, detainees have lingered in confinement even after courts have ordered their release.

Last week, as the Star Tribune [first reported](#), Ana Voss, a career DOJer who was the chief of the civil division in the Minnesota U.S. Attorney's Office, submitted an astonishing court filing in which she admitted that her office had not followed a judicial order to release a detainee because they hadn't seen the email.

"I did not timely read these orders," Voss reportedly said in the court filing. "I understand that is inexcusable."

But it doesn't appear to be a case of incompetence or willful disregard. As Voss explained in the filing: "It has become apparent to me that I am not able to effectively triage and review every order which is not an acceptable practice for me or the United States."

Voss is reported to have subsequently [resigned](#).

Numerous reports have suggested that mass resignations in the Minnesota U.S. Attorney's Office are not due solely to the failure to investigate the fatal shootings of Renée Good and Alex Pretti. My suspicion is that the hell-on-wheels inundation of immigration cases is another contributing factor.

More evidence of that emerged yesterday, when Julie Le, an attorney for the government, essentially melted down in court, as FOX9's Paul Blume [reported](#) :

"I wish you would just hold me in contempt of court so I can get 24 hours of sleep," Le said. "The system sucks, this job sucks, I am trying with every breath I have to get you what I need."

As Joyce Vance [notes](#), Le is not a regular assistant U.S. attorney but a “special” AUSA. She is [reported](#) to have been working as a DHS attorney before being detailed to the Minnesota U.S. Attorney’s Office to help with the flood of immigration cases. Le had been [assigned](#) more than 88 cases since December.

It’s easy to see this as attorneys getting what they deserve for participating in a corrupted system, but remember it’s the detainees who are languishing despite courts ordering their release. I’ve seen defiant DOJ political appointees in court telling judges to shove it. Le does not appear to be one of those kinds of attorneys:

“I am here to make sure the agency understands how important it is to comply with court orders,” said Le, who became visibly emotional during the court hearing.

Le was removed from the U.S. Attorney’s Office after her courtroom remarks, [NBC News reports](#).

When chief Judge Patrick J. Schiltz said last week that the Trump administration had violated 96 court orders in 78 cases since Jan. 1 in Minnesota alone, I first thought this was another Trump administration gambit to defy the judicial branch. And it may be, but it’s not as direct as the confrontations in the Alien Enemies Act and Abrego Garcia cases.

As Princeton’s Deborah Pearlstein [notes](#):

It seems increasingly clear the rampant noncompliance with court habeas orders happening in immigration cases now is not a problem of attorney ethics. It’s a symptom of structural, institutional collapse at the Department of Justice.

The Trump administration is tearing down U.S. Attorney’s offices and undermining Main Justice so that there simply aren’t the resources to even respond to the judicial branch. A burn it all down ethos. Catch me if you can.

Keep an Eye on This One ...

U.S. District Judge Paul Magnuson of Minneapolis ordered the pretrial release of two immigrants accused of assaulting an ICE agent who shot one of the men in an incident last month. But the men did not make it out of the courthouse before they were re-detained, by ICE, the [Star Tribune](#) reports.

Attorneys for Alfredo Aljorna and Julio Sosa-Celis were quickly back in court, filing a habeas petition seeking their release from ICE custody. Last night, chief Judge Patrick J. Schiltz [ordered](#) the Trump administration not to remove the men from Minnesota and, if they already had, then to return them to Minnesota immediately.

Not to get overlooked: At the pretrial hearing, the mens' attorneys introduced into evidence photos of the shooting scene that suggest the ICE agent shot through a closed door and undermine the government's account what happened.

Quote of the Day

"In the last few weeks, our family took some consolation thinking that perhaps Nee's death would bring about change in our country. And it has not."—[Luke Ganger](#), brother of Renee Good

Judge Protects Anti-ICE Protesters

U.S. District Judge Michael Simon [issued](#) a [temporary restraining order](#) barring federal agents from using tear gas and other crowd-control weapons against peaceful protesters and journalists outside an ICE facility in Portland, Oregon.

In his order, Simon was harshly critical of the Trump administration:

- "the repeated shooting and teargassing of nonviolent protesters at the Portland ICE Building will likely keep recurring ... Defendants' violence is in no way isolated."
- "statements made by DHS officials and senior federal executives show that the culture of the agency and its employees is to celebrate violent responses over fair and diplomatic ones."
- "Rather than reprimanding DHS violence against protesters, senior officials have publicly condoned it."
- "There are clear instances of excessive force, including a use of force incident recorded by ICE's own cameras and deemed "inappropriate" and "not reasonable" by a Federal Protective Service ("FPS") Deputy Regional Director.

Yet, the agents involved were not put on leave and do not appear to have been held accountable in any way."

Villain-in-Chief: Stephen Miller

Whenever President Trump puts on a performative display of hyper-aggressive dominance, Stephen Miller can be found lurking in the background egging him on, the [WSJ documents](#).

Forget the Dog Whistles, Just Pure Racism

President Trump's call for nationalizing voting in America is fundamentally racist, and in case you missed the dog whistle from two days ago, he said it [loud and clear](#) yesterday:

Take a look at Detroit...take a look at Philadelphia, take a look at Atlanta. The federal government should not allow that. The federal government should get involved. These are agents of the federal government to count the vote. If they can't count the vote legally and honestly, then somebody else should take over.

Trump offered no evidence, just pure racist invective.

IMPORTANT

New reporting from TPM's [Josh Kovensky](#): In a dramatic departure from how DOJ historically used the federal material support for terrorism statute, it is upgrading what would have been routine prosecutions into terrorism cases when they involve people President Trump has cast as his political enemies.

Trump DOJ Watch: NJ Edition

The Trump administration's [reported top choice](#) to succeed Alina Habba as U.S. attorney in New Jersey is Trump DOJ official Jordan Fox, 30, five years out of law school with no experience as a prosecutor.

President Trump is persisting in seeking an interim U.S. attorney rather than a permanent one so that he doesn't have to submit to the Senate's blue-slip process, in which the state's two Democratic senators effectively have veto power over his selection. But that leaves the federal judges in the state to make the selection, so Fox is making calls to try to drum up their support.

Headline of the Day

TPM's Kate Riga [reports](#) from federal court in D.C. on Judge Richard Leon's deep skepticism about the legality of the Trump Pentagon's retribution crusade against Sen. Mark Kelly (D-AZ).

Our Strange Defeat

Felicia Kornbluh [revisits](#) the work of French historian Marc Bloch, executed by the Nazis in 1944, to grapple with the question of why mainstream institutions fell so easily to Trumpism.

Securities

FirstEnergy State Corruption Trial Opens in Ohio Courtroom

Feb. 3, 2026, 12:59 PM PST

The specter of a dead Ohio utilities regulator loomed large during opening statements Tuesday in a trial for two former FirstEnergy Corp. executives accused of state charges stemming from what prosecutors said was a \$4.3 million bribe.

The actions of Samuel C. Randazzo were front and center, as an assistant state attorney general told a state trial court jury in Akron, Ohio that the ex-official was paid off in 2019 by former FirstEnergy CEO Charles Jones and fellow former executive Michael Dowling for his influence once he became the chairman of the Public Utilities Commission of Ohio.

Randazzo, a former attorney at McNees Wallace & Nurick LLC who later became chairman of the Public Utilities Commission of Ohio, was charged along with the executives but died by suicide in 2024.

"That's what this is about," Principal Assistant Attorney General Matthew E. Meyer told the jury in front of a packed viewing gallery. He said Jones and Dowling repeatedly hit Randazzo up for favors after the payment.

"That's why it's simple. This game got rigged, and the game is not boring," he said.

Lawyers representing Jones and Dowling were quick to place at least some blame on Randazzo. Both insisted that the money wasn't a bribe, but rather the remaining money owed from a settlement reached a few years prior.

The executives had every reason to believe that the money would go to Randazzo's clients, but the attorneys said Randazzo instead stole the money and obfuscated his theft through a series of complex financial maneuvers.

"The conman was setting up his piggy back that he could steal from over the years," said Steven Grimes of Winston & Strawn LLP, who represents Dowling.

Bribery Scheme

The trial, which is expected to last about two months before Summit County Common Pleas Judge Susan Baker Ross, is the latest in nearly six years of court and administrative proceedings surrounding FirstEnergy and those it admitted it bribed. Jones and Dowling also face federal charges for allegations that overlap those in the state case.

The state case allegations focus on the relationship between Randazzo, Jones, and Dowling. While Randazzo worked with companies that bought large amounts of electricity from FirstEnergy, he also worked with a then-subsiidiary of the utility and received millions for consulting. Charges against Jones and Dowling include violating Ohio's racketeering statute, bribery, forgery, telecommunications fraud, and money laundering.

The allegations included Randazzo, in exchange for a bribe, authoring provisions of what became a \$1.3 billion legislative package, and scuttling a rate case that could've hurt the utility's bottom line, all of which was done to raise FirstEnergy's stock price and enrich the executives, prosecutors said.

"The excuses that you will hear for this conduct will be complicated, intentionally so, and you're going to hear a lot of excuses," Meyer said.

Grimes and Jones' attorney, Carole S. Rendon of Baker & Hostetler LLP, claimed prosecutors had omitted or misrepresented key evidence to make their case.

Text Messages

All three attorneys seized on text messages to make their points. Some of them made public, including ones that included an image of Mount Rushmore that had the faces of Jones, Dowling, and Randazzo superimposed on it.

Rendon, who said all the charges against her client must fall if the jury finds that the \$4.3 million payment wasn't a bribe, was quick to dismiss them as "juvenile" and "unprofessional" but said "they are not evidence of a bribe."

Eight people were charged in the myriad investigations, which became public after the FBI arrested then-Ohio House Speaker Larry Householder (R), former Ohio Republican Party Chairman Matthew Borges, and others in 2020 in a case that centered on the legislative package that bailed out two nuclear power plants that FirstEnergy owned at the time. Householder was found guilty of taking about \$60 million in bribes from FirstEnergy to further his political aims.

He's serving 20 years in federal prison and has a pending state court case, while Borges was sentenced to five years in federal prison. Two others pleaded guilty while another two, including Randazzo, died by suicide.

FirstEnergy paid hundreds of millions of dollars in settlements with state and federal prosecutors, regulators, and the Securities and Exchange Commission.

The government is also represented by the Summit County Prosecutor's Office. Jones is also represented by Vinson & Elkins LLP and Ohio Defense Firm Attorneys at Law. Dowling is also represented by Tucker Ellis.

The cases are Ohio v. Dowling, Ohio Ct. Com. Pl., No. CR-2024-02-0473-B, trial opening 2/3/26 and Ohio v. Jones, Ohio Ct. Com. Pl., No. CR-2024-02-0473-C, trial opening 2/3/26 .

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NewsRoom

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February 4, 2026

'They bought people.' Opening arguments begin in FirstEnergy corruption trial

Morgan Trau

Feb 04, 2026

Defendants Michael Dowling and Chuck Jones wait for the start of their trial in Summit County Court of Common Pleas Judge Susan Baker Ross's courtroom on Feb. 3, 2026. (Photo by Mike Cardew- Pool/Akron Beacon Journal)

During opening statements on Tuesday, tensions ran high as the state argued that utility giant FirstEnergy's former executives defrauded Ohioans by bribing a public official to help their struggling company. The defense is blaming a dead man for any wrongdoing.

In a packed courtroom in Summit County, jurors were told the next six weeks would unfold like a movie.

"It's about greed," Assistant Attorney General Matthew Meyer said. "It's about corporate greed, and it's about personal greed."

Former FirstEnergy CEO Chuck Jones and Vice President Michael Dowling allegedly paid former Public Utilities Commission of Ohio (PUCO) Chair Sam Randazzo \$4.3 million in bribes, along with \$61 million spent to create and pass Ohio House Bill 6. H.B. 6 was legislation to provide a billion-dollar bailout.

Back in 2019, former Ohio House Speaker Larry Householder took that \$61 million bribe in exchange for H.B. 6, all at the expense of the taxpayers.

Jones and Dowling face nearly a dozen state charges each, ranging from bribery to corrupt activity. In January 2025, a federal grand jury indicted them for racketeering.

In March 2023, a jury found that Householder and former GOP leader Matt Borges participated in the racketeering scheme that left four men guilty and one dead. Neil Clark, a lobbyist accused of bribery, died by suicide after pleading not guilty in 2021. Householder has been in prison for two years, while Borges is out after serving half of his five-year sentence.

“What does \$4,333,333 buy you from the man who’s about to become the most powerful regulator in the state of Ohio, the man in charge of an organization, a government organization, that can make or break your business?” Meyer asked the jury. “It turns out — a lot.”

The state argued that the men should be convicted of a slew of charges, including bribery, as they paid to play, paying off the top regulator so FirstEnergy could raise its prices.

“The reason they rigged the game is to juice the stock price,” he said.

Jones and Dowling were “smart” and methodical, Meyer added. They knew exactly what they were doing and understood the risks. Risking illegal behavior was warranted for the men because they were “obsessed” with the stock price, the state said.

More than 85% of Jones’ compensation came from the company’s stock price.

Although the pair originally attempted to lobby both Gov. Mike DeWine and then-Lt. Gov. Jon Husted for a different PUCO chair; they learned that the team favored Randazzo.

“Plan B was ‘Plan Bribe,’” Meyer said. “They bought people, and that’s what the evidence is going to show, when they needed something from a person — they bought the person.”

Randazzo’s price was \$4.3 million, he said.

“Mr. Jones and Mr. Dowling knew that that train was leaving the station, and the ticket they paid was \$4,333,333 to make sure that they had a seat on the train,” Meyer said. “An ‘I owe you’ — or an ‘I own you.’”

One of the benefits that FirstEnergy received was not having to file a new rate case before the PUCO, due to the 2024 numbers. Meyer explained that the company was seemingly over-earning through their current electricity rates, and the PUCO would likely have ordered it to lower the costs.

Dead man’s fault

The defense started with a slip-up.

“There was a bribe here,” Dowling’s attorney Steven Grimes said. “Pardon me, there was not a bribe here.”

Randazzo was the corrupt one, not the defendants, both Grimes and Jones’ attorney Carole Rendon said.

Randazzo, facing dozens of charges in federal and state court, became the second defendant in this scheme to kill himself. He committed suicide in 2024, after his joint arraignment with Jones and Dowling, and after pleading not guilty.

Former Public Utilities of Ohio Chair Sam Randazzo. (Photo by WEWS.)

Before Randazzo was the top regulator, he was a consultant for clients who worked with FirstEnergy and wanted to get a better deal from them (he was a consultant for FirstEnergy, as well). Randazzo ran the books for the Industrial Energy Users-Ohio, a legitimate trade group.

The defense said that FirstEnergy was simply paying Randazzo settlement funds owed to IEU-Ohio clients, but he stole that money from them.

“He put 30 cents of every dollar of that in his pocket and stole it from his clients every month, every year, for over a decade,” Grimes said.

While it is true that Randazzo was a “thief,” both sides agreed, Meyer argued that the former chair was able to access this money by FirstEnergy’s “magic” consulting agreement, as he called it.

The sham document “designed to confuse and conceal” allowed for money to flow from FirstEnergy to Randazzo’s shell companies since it was a relatively blank document that no one had signed, the prosecution said.

“What’s a settlement where nobody knows exactly what the terms are, and it’s secret, and it’s concealed?” Meyer said. “The evidence is going to show that that document, because it was ‘magic,’ was whatever they needed it to be in the instant, whatever they needed it to be when people were asking questions.”

That’s not true, the defense argued. The money was never intended for Randazzo, Grimes said, and the men never knew about the alleged bribe.

“If they didn’t intend to pay him money, then it’s not a bribe,” Grimes said. “Asking him for stuff, not a bribe. That’s lobbying.”

Grimes made it known that Dowling and Jones never wanted Randazzo to be the chair. In an attempt to make an argument that they were above board and not bribing Randazzo, the attorney mentioned an anecdote of Dowling reaching out to then-Lt Gov. Jon Husted and telling him they wanted another candidate to be the PUCO chair.

In 2024, WEWS records requests showed that Husted was allegedly very close with Jones and Dowling, and helped lead FirstEnergy's push for H.B. 6.

Rendon, in her opening, made it clear that the jury was to judge Jones and Dowling separately.

"Chuck Jones was not involved at all in the negotiations of that 2015 settlement agreement," Rendon said, referencing the "magic" document.

As the new CEO, Jones couldn't possibly be in all the meetings, finding out what the settlement was or authorizing it, she added.

"The state criticized how it was written, they criticized how it was executed, but he had no reason to question how that was done," Rendon said. "He never saw it, and the state does not claim that he did."

She added that some messages that will be shown in the trial were childish, but not evidence of bribery.

Meyer begged to differ.

"Chuck Jones texts Sam Randazzo, and he texts him, with a picture of the FirstEnergy stock price going up. And he says, 'My mother taught me to say, thank you,'" Meyer said.

Unfortunately for the prosecution, jurors will not be made aware that FirstEnergy, as a company, has already admitted to this bribery.

All the way to the top?

For years, WEWS has gone back and forth with Gov. DeWine about his alleged involvement in the scheme.

Not only were texts discovered linking DeWine and FirstEnergy, but also that the administration had been wrapped up with Randazzo.

DeWine defended his top advisor, Laurel Dawson, after a criminal indictment alleged she knew about millions going to Randazzo from FirstEnergy right before he was appointed to power by

the governor. She helped vet the former chair of the Public Utilities Commission, the supposed watchdog of utilities, after her family had already received a \$10,000 loan from him.

The governor's team insists she didn't know the millions was a bribe payment.

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In 2024, DeWine was asked why anyone should believe that he wasn't involved with the corruption scheme or didn't remember the conversations with executives.

He argued that his reputation should give people faith in him.

Now, DeWine is listed as a witness for the defense. WEWS asked him on Friday how he was preparing for the trial and if he was ready to testify.

"I have not been preparing for trial next week, but we'll see if they want me to testify," he responded.

Asked to elaborate, DeWine said he's "got a lot to do as governor."

"I'm pretty focused on that, as you can see, and so I'm going to stay focused on that," he said.

He was asked if he was prepared to defend Chuck Jones in court.

"I'm not prepared to defend anybody," the governor replied. "I'm prepared to — if they want me to testify and the court wants me to testify, I'll go ahead and testify and tell whatever I remember."

Follow WEWS statehouse reporter Morgan Trau on X and Facebook.

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---- Index References ----

Company: FIRSTENERGY CORP; INDUSTRIAL ENERGY SOLUTIONS

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February 4, 2026

Section: A

Prosecutors offer scathing opening in FirstEnergy trial Prosecutors told a jury during opening statements that former FirstEnergy CEO Chuck Jones a...

Adam Ferrise - aferrise@cleveland.com

Prosecutors offer scathing opening in FirstEnergy trial Prosecutors told a jury during opening statements that former FirstEnergy CEO Chuck Jones and lobbyist Michael Dowling were driven by greed.

Two former FirstEnergy executives' obsession with hiking stock prices and fattening their wallets led them to bribe a top state regulator who was supposed to protect customers, prosecutors said Tuesday during opening statements in a key bribery trial.

Former FirstEnergy CEO Chuck Jones and top lobbyist Michael Dowling pulled off what some officials have called the largest bribery scheme in Ohio history, in part by plying former Public Utilities of Ohio chairman Sam Randazzo with \$4.3 million, Assistant Ohio Attorney General Matthew Meyer said.

Randazzo's rulings while heading up the state's utility regulator gave a windfall to FirstEnergy - and to Jones and Dowling through soaring stocks, Meyer said.

"Ultimately it's about greed," Meyer said. "It's about corporate greed and about personal greed."

Defense attorneys shot back, saying FirstEnergy was legally obligated to make the payment under a 2015 settlement it negotiated with a group of businesses that Randazzo represented. They also

portrayed Randazzo as a thief and a "conman" who stole the money instead of giving it to his clients.

"None of that money was intended for Sam Randazzo," Jones' defense attorney Carole Rendon said. "And if he had not stolen that money, none of us would be here today."

The six hours of opening statements kicked off the high-profile trial that's expected to last about two months.

The trial marks the second of three criminal cases tied to the passage of HB 6 and its fallout. The first trial ended in the 2023 conviction of former Ohio House speaker Larry Householder, who is serving a 20-year prison sentence for accepting \$60 million in bribes from FirstEnergy. The company itself in 2021 admitted to bribing both Randazzo and Householder.

Jones and Dowling face 11 charges, including racketeering, bribery and conspiracy.

Randazzo, featured heavily in both sides' opening statements, was initially charged in the case alongside Jones and Dowling, but died by suicide in April 2024. His company pleaded guilty to charges in the case after his death and agreed to pay \$2.3 million in penalties and restitution.

The case revolves around the \$4.3 million payment made in December 2018, after Jones and Dowling met with then-Gov.-elect Mike DeWine and former Lt. Gov. Jon Husted. Both DeWine and Husted are listed as potential defense witnesses.

Meyer said Jones and Dowling left the meeting believing that DeWine and Husted were going to pass on their preferred candidate for PUCO chairman, Jason Rafeld, and would instead appoint Randazzo. Jones and Dowling then went to Randazzo's condo and hatched the plan to bribe Randazzo, Meyer said.

In the ensuing months, Randazzo pushed for HB 6, scuttled a PUCO review of FirstEnergy that would have showed they were charging too much for electricity and ensured that the company made inflated profits.

"The backup for this case was a bribe," Meyer said. "They bought people. That's what the evidence will show. When they needed something from a person, they bought the person."

Jones' and Dowling's attorneys said the payment wasn't a bribe at all. Instead, they said the payment was linked to a 2015 contract that Randazzo negotiated while representing a group of businesses who fought FirstEnergy for lower electricity rates.

After FirstEnergy had a better-than-expected year in 2018, the company looked for ways to wipe out payments they had to make in future years to free up its budget, according to the defense.

The meeting at Randazzo's condo was about that, not bribing him, both Rendon and Dowling's defense attorney Steven Grimes told the jury. Both said the payment was vetted by FirstEnergy attorneys and paid through normal channels.

Though Jones and Dowling knew Randazzo for years, and were even friends, defense attorneys said the duo lobbied against Randazzo being appointed PUCO chairman. Grimes said Jones and Dowling kept pushing DeWine and Husted to appoint Rafeld even after the payment to Randazzo.

"Ladies and gentlemen, this would be the first time in human history that someone paid a bribe at 9 a.m. and undermined the person they were bribing to make sure they couldn't help them two hours later," Grimes said.

---- Index References ----

Company: FIRSTENERGY CORP; RANDAZZO INC.; OHIO HOUSE APPRAISERS, INC

News Subject: (Burglary & Theft (1BU41); Corruption, Bribery & Embezzlement (1EM51); Crime (1CR87); Fraud (1FR30); Social Issues (1SO05))

Industry: (Electric Utilities (1EL82); Energy & Fuel (1EN13); Utilities (1UT12))

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February 4, 2026

Section: News

Attorneys at odds over 'critical' evidence in HB 6 case

Patrick Williams

February 4, 2026

Attorneys for both sides in an ongoing House Bill 6-related criminal trial are arguing over whether Summit County Common Pleas Judge Susan Baker Ross should bar certain "critical" evidence from being presented.

The evidence relates to internal emails at the Public Utilities Commission of Ohio (PUCO) — whose former chair two ex-FirstEnergy executives are accused of bribing — and testimony from a PUCO attorney examiner.

Sam Randazzo, former PUCO chair, was previously a defendant alongside former FirstEnergy CEO Chuck Jones and Michael Dowling, ex-senior vice president of the utility, in the state of Ohio's case pertaining to multiple criminal charges. Randazzo was removed as a defendant in the case after he died by suicide in 2024.

Defense attorneys for Jones and Dowling said they need access to the evidence so that their clients can defend themselves against it during the trial on state charges, which began last week in Summit County Common Pleas Court.

Principal Assistant Attorney General Matthew Meyer said the defense waited to argue about the evidence to give their clients an advantage.

"They wanted to sandbag the state at the eleventh hour and throw out a critical piece of (evidence)," Meyer said.

Defense attorneys for Jones and Dowling argued that the state was cherry-picking which evidence to present.

"The state's case is built around a handful of PUCO decisions issued while Sam Randazzo was its chair," counsel for both defendants argued in a court filing last week. "Those decisions were undoubtedly the subject of communications amongst PUCO commissioners, attorney examiners and staff. But the only communications the state wants the jury to learn about are a couple involving Randazzo regarding one PUCO decision."

Patrick Williams covers growth and development for the Akron Beacon Journal. He can be reached by email at pwilliams@gannett.com or on X @[@pwilliamsOH](https://twitter.com/pwilliamsOH).

---- Index References ----

Company: FIRSTENERGY CORP

News Subject: (Corruption, Bribery & Embezzlement (1EM51); Crime (1CR87); Criminal Law (1CR79); Fraud (1FR30); Government Litigation (1GO18); Judicial Cases & Rulings (1JU36); Legal (1LE33); Social Issues (1SO05))

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February 4, 2026

Section: News

Defense: Randazzo stole from his clients
Arguments begin in bribery trial of ex-FirstEnergy execs

Patrick Williams

February 4, 2026

"They bought people, and that's what the evidence is going
to show."

Matthew Meyer

Ohio assistant

attorney general

A defense attorney for a former First-Energy executive said all criminal charges against his client should be dropped because the regulator he is accused of bribing stole money "unbeknownst to everybody."

Steven Grimes, a lawyer for ex-First-Energy Senior Vice President Michael Dowling, said a payment the company made to ex-Public Utilities Commission of Ohio Chair Sam Randazzo was for a legal settlement agreement, not a bribe.

Grimes said that although Dowling and former FirstEnergy CEO Chuck Jones were friends with Randazzo, the former PUCO chair tricked his clients, his legal assistant of "a couple of decades" and others about money he stole from multiple clients in his work as an attorney. The court, including 12 now-sworn-in jurors and four alternates, will hear testimony from Randazzo's legal assistant, Debbie Ryan, Grimes said.

The attorney's statement was bookended by two other opening statements Feb. 3 in the trial of Dowling and Jones, who face multiple criminal charges, including bribery.

The \$4,333,333 that FirstEnergy paid to Randazzo tracked back to a December 2018 meeting that Jones and Dowling had with Randazzo, who was not yet PUCO chair.

But Grimes and Carole Rendon, an attorney for Jones, said the money was supposed to go to Randazzo's clients at a nonprofit energy trade group called Industrial Energy Users of Ohio.

FirstEnergy made the payment to Randazzo so he could provide it to members of Industrial Energy Users of Ohio, Rendon said. If Randazzo hadn't stolen the money, the ex-utility executives wouldn't be in court, she said.

To obtain a conviction on any of the criminal counts that prosecutors have levied against Jones, Rendon said, the state must show that he intentionally sought to corrupt Randazzo.

"That is the 'why' question that's at the heart of this case," she said.

In his opening statement, Ohio Assistant Attorney General Matthew Meyer said the savvy former First-Energy executives created a document in 2015 to disguise bribery. Meyer took a different approach than Rendon and Grimes in his opening statement by choosing not to immediately present evidence.

Judge Susan Baker Ross has filed a witness admonition order about topics that witnesses can't talk about and has yet to rule on whether evidence about internal PUCO communications can be referenced in testimony.

Prosecutors intend to call their first witness Feb. 4.

Grimes said that 2015 document was an actual settlement agreement drafted by other FirstEnergy employees. Further, Grimes said, Dowling didn't touch the document or even know about it when it was created.

"It has nothing to do with Mike," Grimes said.

A spokeswoman for FirstEnergy previously said the company could not discuss the ongoing trial.

Meyer said the prosecution will piece together multiple pieces of evidence pointing to alleged corruption, creating a "wall" of evidence.

Some of that evidence will take the form of texts and emails incriminating Jones and Dowling, he said.

"They bought people, and that's what the evidence is going to show," Meyer said.

On Feb. 3, Meyer also pushed back on a statement from Noah Munyer, a lawyer for Jones, during final jury selection Feb. 2. Munyer said in jury selection that the ongoing trial — expected to last roughly two months — will be boring.

Meyer added that the allegation that Jones and Dowling corrupted one of the most powerful government officials in the state — Randazzo — is "certainly nothing to laugh at."

Patrick Williams covers growth and development for the Akron Beacon Journal. He can be reached by email at pwilliams@gannett.com or on X @pwilliamsOH. Sign up for the Beacon Journal's business and consumer newsletter, "What's The Deal?"

"They bought people, and that's what the evidence is going to show."

Matthew Meyer

Ohio assistant

attorney general

---- Index References ----

Company: FIRSTENERGY CORP

News Subject: (Corruption, Bribery & Embezzlement (1EM51); Crime (1CR87); Criminal Law (1CR79); Fraud (1FR30); Government Litigation (1GO18); Legal (1LE33); Social Issues (1SO05))

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News from Bloomberg Terminal

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By Matt Levine

(Bloomberg Opinion) --

DAT activism

For a while, you could sell \$1 of Bitcoin for \$2 on the stock exchange. If you had a pot of \$100 million of Bitcoin, you could pop that into a public company, and the company's shares would be worth \$200 million. This was a hugely popular trade – the “digital asset treasury company” trade, or DAT – and lots of people with stashes of crypto did it. Good trade.

But then it collapsed. Now you can't sell \$1 of Bitcoin for \$2 on the stock exchange anymore. Strategy Inc., which pioneered the DAT strategy, is trading at about a 9% premium to net asset value, down from more than 100% at the peak, but many of the copycats are trading at significant discounts to NAV. These days, \$1 of crypto might trade at 80 cents on the stock exchange.

That is a sad conclusion to the story, if you are a promoter or early shareholder of a DAT. But if you don't know or care about the back story – if you come to this situation with fresh eyes – then “\$1 of crypto trades at 80 cents on the stock exchange” is great! That's a great trade too! You just have to *buy*. Selling \$1 of Bitcoin for \$2 was a good trade while it lasted, but it ended; *buying* \$1 of Bitcoin for 80 cents is the good trade now. Not investing advice!

Well, the trade isn't as simple as that. (Neither was the original DAT trade.¹) If there's a \$100 million pot of crypto trading at a \$80 million valuation, and you buy some stock, you don't actually get any of the underlying crypto. You get the stock. Of course, if you bought *all* of the stock for \$80 million, you would be the sole owner of the pot. You could crack it open, take out the crypto, and sell it on the open market for \$100 million. Good trade. But if you buy a little bit of stock, there's no guarantee that the price will converge to the net asset value. Maybe it will go down some more.²

Of course, there are plenty of companies whose stocks arguably trade at a discount to their intrinsic value. That's what activist investing is for: You buy some stock, you call up the board of directors, and you say "please realize the intrinsic value of this company so I can get paid." In general, with operating businesses, this can be a complicated and debatable process, but with *investment funds* it is more straightforward. There is a classic business of "closed-end fund activism"; Boaz Weinstein's Saba Capital Management is perhaps its best-known player. There's some closed-end investment fund, a pot of stocks or bonds or whatever whose shares trade on the stock exchange. The fund's shares trade at a discount to its net asset value, for various reasons. (The fund's price capitalizes the fund's fees, the fund's investors don't trust management, etc.) An activist buys a bunch of fund shares and pushes for a change in management. If the activist succeeds, the new management liquidates the fund – at net asset value – and hands the money back to investors. If you buy the fund at 80 cents on the dollar and liquidate at \$1, you make 20 cents.

A DAT is – well, I suppose I can't say "a DAT is just a closed-end fund for crypto," because that is somewhat controversial, and DATs will tell you that actually they are operating businesses and it's silly to confuse them with investment funds. But here in the second sentence of this paragraph I can tell you that obviously a DAT is just a closed-end fund for crypto, come on. So the obvious trade is:

1. Buy a stake in a DAT that trades at a discount to net asset value, and
2. Agitate for the DAT to liquidate its crypto and give the money back to shareholders.

In 2025, you could make money by popping crypto into a pot and selling it on the stock exchange; in 2026, you can make money by popping the crypto back out of the pots. Finance is great; it gets you coming and going.

Empery Digital Inc. is a very 2025 crypto treasury company. Less than a year ago, it was called Volcon Inc., and it was an "all-electric, off-road powersports vehicle company selling Volcon electric two-wheeled E-Bikes and motorcycles, utility terrain vehicles, or UTVs, also known as side-by-sides, and golf carts." Its market capitalization was a few million dollars. In July, it announced a pivot in which some investors agreed to put in \$500 million of cash and Bitcoin to form a crypto treasury company. That was an absolutely standard trade, back then: Volcon provided a public stock market listing, the investors provided the crypto, and the stock market provided a premium. The market cap peaked above \$700 million.

But then, of course, (1) the DAT premium collapsed and (2) the price of Bitcoin also came down; Empery managed to do its buying near the peak. Today it reports a cost basis of about \$117,517 per Bitcoin; Bitcoin is trading below \$75,000 this morning, oops. Empery has 4,081.39 Bitcoins, \$7 million of cash, \$105 million of debt and 36.93 million shares outstanding.³ At a \$75,000 Bitcoin price, that's a gross asset value of about \$313 million, and a net asset value (less debt) of about \$208 million, or \$5.64 per share. The stock closed yesterday at \$4.64 per share, about 82% of net asset value.

So one trade might be: Crack open the pot, sell the Bitcoin at 100% of net asset value and give the money to shareholders. And Empery is doing some of that. It announced on Monday:

While the Company's valuation continues to remain at a material discount to NAV, management will maximize share repurchases, funded by sales of bitcoin, incremental drawdowns on our debt facilities or a combination of the two based on the Company's leverage ratios and valuation relative to NAV. This process began on Friday and is expected to continue. Sales of bitcoin on any given day will be made in coordination with contemporaneous share repurchases, to the extent practicable, to effectively lock in the accretion as securities laws limit the number of shares that can be repurchased on any given day.

But there is also some activism. Last month, ATG Capital Opportunities Fund filed a Schedule 13D reporting a 5.6% ownership interest in Empery; by last week that stake was up to 10.4%, though ATG has not disclosed any particular activist plans. Just in case, though, yesterday Empery adopted a poison pill in response to ATG, to "reduce[] the likelihood that any person or group could gain control of the Company through open market or private accumulation of Empery Digital shares without appropriately compensating shareowners for such control."

Also yesterday a guy named Tice Brown filed his own 13D, along with a letter to the board of directors:

I personally own 9.0% of Empery Digital Inc. I intended to passively own this security and enjoy the convergence of its price to its underlying NAV. Due to recent interactions with its CEO Ryan Lane, and the outrageous entrenchment of management by a poison pill today, that intention has changed.

I am calling for the immediate resignation of Ryan Lane, the immediate replacement of the entirety of the Board of Directors of Empery Digital Inc, and the immediate sale of all Bitcoin with the proceeds immediately returned to shareholders. ...

This entity has one real asset, and it can be instantaneously liquidated and returned to shareholders with the push of a button. Shame on the Board for letting this foolishness continue.

Perhaps we can look forward to a wave of activism and proxy fights at discounted DATs. There are a lot of colorful characters in DATs, so the proxy fights might be fun. I suppose that if you run a digital asset treasury company in 2026, you might want to keep it going, hoping that the 2025 magic will come back and you'll trade at a premium again. But if you *start* investing in digital asset treasury companies in 2026, the discounts are the whole point.

Fast IPO

Here are two problems:

1. SpaceX would like to do an initial public offering, preferably in June, preferably a really big one. It would like to raise, say, \$50 billion at a \$1.5 trillion valuation, so it will need to sell as much stock as possible to as many people as possible.
2. A lot of people would like to invest in, approximately, "the stock market." They invest in broad market index funds because they want to own all of the companies passively, without thinking about it. You cannot achieve this goal perfectly: For instance, right now, it is very hard to own SpaceX, because it's a \$1.25 trillion company that does not trade publicly. But it would be nice to get as close as possible. For instance, when SpaceX *does* start trading publicly (in a few months), it would be nice if it was immediately plopped into your index fund.

The obvious solution to *both* of these problems is "index funds should buy, like, 20% of the SpaceX IPO." Then SpaceX will get more orders in its IPO, so it can sell more stock at a higher price. And then index funds will immediately give their investors what they want, which is exposure to the entire stock market, 2% of which might soon be SpaceX.⁴

The world mostly does not work that way, though: Newly IPO'ed companies are mostly not included in the big indexes immediately, so big index funds mostly don't buy them at IPO. Instead, the company sells stock to other, active investors, and then later the company is added to an index, and then some of the early investors turn around and sell their stock to the index funds. There is a slow diffusion from the company to the index funds.

For a big enough company, everyone can anticipate that diffusion, and so the company's IPO bankers can sort of think "well in a few months there'll be a lot of index demand, and we can tell our IPO buyers that, and that will increase demand for the IPO now." But there is some friction and imprecision there. It might be easier to just sell the stock directly, in the IPO, to the index funds. There are counterarguments. It might *not* be easier; the index funds might not be set up to buy in IPOs.⁵ The "seasoning" of the company after the IPO might serve some useful purpose in protecting the index investors from flash-in-the-pan companies. (We talked yesterday about the risk that index funds could be "the ultimate buyer of last resort – the final dumping place" for pump-and-dump scams.) But, you know. Probably a little easier, at least some of the time.

Bloomberg's Lu Wang reports:

The owner of the Nasdaq 100 Index is proposing to speed up the inclusion of newly listed, large-cap firms in the widely followed equity benchmark as a flurry of technology giants are slated to go public this year.

Dubbed as the "fast entry" rule, the planned revision would allow a new listing to join the Nasdaq 100 after the first 15 trading days, Nasdaq said in a statement. That's way shorter than the current waiting period of at least three months.

The move highlights pressure on index providers to adapt to a world where companies wait much longer to list, putting enormous amounts of market value in play as soon as they enter public hands. Among companies expected to make initial public offerings this year is SpaceX, whose potential \$1.3 trillion valuation would make it one of the biggest companies in the Nasdaq 100.

"There could be concern that passive funds will be missing out in a scenario where the new stock does rally even further and then requires higher turnover when adding it in," said Kaasha Saini, head of index strategy at Jefferies. "The proposed change would make the index more representative of the market in a timely way."

In the olden days, "companies that have been public at least three months" was a pretty good proxy for "all of the public companies." This June, it won't be.

Slow IPO

Elsewhere in big IPOs:

Federal Housing Director Bill Pulte signaled on Tuesday that the administration could back off plans to undertake an initial public offering of Fannie Mae and Freddie Mac but stressed that President Donald Trump will make the final decision.

"President Trump keeps options on the table – all options at all times," Pulte said on Fox Business when host Maria Bartiromo asked him about the potential for public offerings of the government-sponsored mortgage giants. "But the reality is, we don't have to do that."

We have talked about potential Fannie and Freddie IPOs a few times recently. One point I would make is that for more than a decade, people have gone around saying "the status quo can't last, eventually Fannie and Freddie have to get out of conservatorship and return to normal ownership," and I have gone around saying "no they don't, the status quo is fine, nothing needs to change," and I have been right every time so that's fun.

Another point I would make here is that the number of multiple-hundred-billion-dollar companies looking to go public in 2026 is unusually large, and it's possible that, what with SpaceX and OpenAI and Anthropic, nobody has time for a largest IPO ever from Fannie and Freddie. We've got an AI boom to worry about here! The mortgage companies can wait, again.

Prediction market losses

One general point that people sometimes make about prediction markets is:

1. The typical bettor at an online sportsbook loses money. You can just deduce this from first principles: The sportsbook enters into zero-sum bets with its customers, the sportsbook is a business, the sportsbook expects to make money, so the customers have to lose money. One could quibble: Perhaps this sportsbook is bad at its job and loses money, or perhaps the distribution of customer losses is weird and, like, 90% of customers make a little money while 10% lose a ton. But in rough expectation, yes, the customers have to lose money overall.
2. The typical trader of weird retail financial products – single-day stock options, contracts for difference, weird prop trading training programs, etc. – also probably loses money. On the same sort of reasoning: When you trade options or CFDs or whatever, you are facing a professional market maker who is probably paying to trade against your orders, so it must be lucrative to trade against your orders. The reasoning is fuzzier here: Financial investments are not as straightforwardly zero-sum as sports bets, and it's conceivable that the customers could mainly make money on long-term investments even while the market makers make a spread on their trades. But, you know. For short-term risky stuff, "the customers mostly lose money" is a good bet.
3. The typical bettor at a prediction market like Kalshi or Polymarket does *not* lose a lot of money, at least not on first principles. The prediction market absolutely offers zero-sum bets, so nobody is making money on long-term economic growth. But the prediction market, notionally, offers zero-sum bets *between customers*, so every customer who loses money is exactly offset by a customer who wins money, so the customers *overall* do fine.

You could quibble with that last point: Kalshi charges trading fees, so in fact the customers lose money on net, but Kalshi doesn't *want* them to lose in *quite* the same way that a sportsbook wants its customers to lose, because Kalshi isn't *quite* on the other side of the trade. Another quibble is that there probably *are* professional market makers on the prediction markets, and the market structure might evolve to "professional market makers systematically make money at the expense of retail gamblers," but I'm not sure we're there yet. There do seem to be a lot of customer-to-customer trades.

I don't think this is an especially great point in favor of prediction markets: The trading fees matter, churn matters, and in the long run "professionals systematically make money at the expense of retail" seems like a likely equilibrium. But it's something. Anyway Bloomberg's Denitsa Tsekova reports:

[An] analysis from Jordan Bender, an equity research analyst at Citizens, found that in their first three months, users on sites like Kalshi were losing more money than on established gambling sites like FanDuel and DraftKings, at least in proportion to the amount wagered. This cuts against Kalshi's claims that it offers a customer-friendly way to bet on real-world events. ...

Bender's analysis showed losses on prediction markets were particularly high among the weakest performers. The bottom quarter of users lost about 28 cents of every dollar they bet on prediction markets in the first three months of adoption, compared with about 11 cents per dollar on other online gambling sites. For the bottom decile, the losses in the first 90 days climbed to 44%.

Kalshi apparently “told Bloomberg the analysis wasn’t just wrong,” but was “part of an ‘extortion’ plot by the startup behind the data,” then changed its mind to say that actually it was just wrong. I suppose it depends on how you define a “typical customer.” Per the data in the article, the median Kalsihi bettor loses 7%, while the median sportsbook bettor loses 1%. (In, I think, their first 90 days on the platform.) I suppose if the fees are high enough and the median trader churns enough, you’ll end up with a typical loss of 7%.

Prediction market free food

On the other hand, some of those 7% losses get recycled back into ... free groceries? Here’s this:

Kalshi and Polymarket, which have been assailed by critics for encouraging financial risk taking by making betting more accessible, are now using the promise of free groceries to win over New Yorkers.

Kalshi, a platform that facilitates bets on real-world events, was giving out \$50 worth of free groceries to customers on Tuesday, as it increasingly pushes to expand its customer base.

As that event was kicking off, Kalshi’s biggest rival, Polymarket, announced that is planning to open up its own grocery on Feb. 12 that will be “New York’s first free grocery store,” the company said on social media.

Both promotional efforts come as the companies are fighting for attention – and customers’ bets – ahead of the Super Bowl this Sunday.

I don’t really understand this promotion but I am not the target audience for it. I once said, about the crypto boom that presaged the prediction-market boom, that Sam Bankman-Fried was “in the business of funneling money from people who are going to use it poorly on gambling to, like, animal charities and pandemic preparedness and Joe Biden.” Are prediction markets in the business of funneling money from sports gamblers to free groceries for New Yorkers? Sure, whatever!

Gesamtkunstwerke

We have talked a couple of times recently about the utility of an art history degree for a financial career, and I would say to you that without a broad liberal education and a wide range of cultural references, you won’t be able to write asset allocation white papers like “Portfolio Design as Gesamtkunstwerk: The Total Portfolio Approach.” Of course that is by Inigo Fraser Jenkins and Alla Harmsworth at AllianceBernstein. It is not mostly about Wagnerian opera, but it is a little bit about Wagnerian opera:

Fundamentally, and to put it in the language of a manifesto, TPA [the total portfolio approach] is about rejecting the primacy of the asset class. Indeed, it questions whether an asset class is even a “thing.” In its holistic nature, we would suggest that the TPA amounts to nothing less than a Gestamtkunstwerk for investing. It might sound presumptuous to apply the language of Parsifal to something as pedestrian and low brow as asset allocation, but the immersive nature of TPA (at least in its ideal form) and the necessity of arriving at a synthesis of investment approaches suggest to us that the analogy is apt. Just as Wagner tried to achieve the total work of art, using TPA to direct allocation is an attempt to get close to the total possibility of what investing can achieve.

We have talked about TPA recently, and I kind of think of it as “allocating your portfolio based on underlying risk factors rather than asset classes.” But I guess it’s a little like opera too.

Things happen

Anthropic Plans Employee Tender Offer at \$350 Billion Valuation. Tether retreats from \$20bn funding ambitions after investor pushback. Wall Street Broker Clear Street Seeks \$1.05 Billion in IPO. AI’s Lending Risk Getting Tougher to Compute. AI Threatens a Wall Street Cash Cow: Financial and Legal Data. Chinese trading firm Zhongcai nets \$500mn from silver rout. Goldman Defense of Lawyer’s Epstein Ties Provokes Unease at Bank. Anthropic Takes Aim at OpenAI’s ChatGPT in Super Bowl Ad Debut. Musk’s Boring Tunnel in Nashville Has Mayor Hoping No One Dies. *Minions* figure skating routine. Florida GOP governor candidate [and “Head of Macro” guy] created Tinder account ‘to meet young female voters where they are.’

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1. In particular, it was interesting to think about how you would ultimately monetize a DAT trade. You have \$100 million of crypto, you put it in a pot, you sell shares, the shares trade at a \$200 million valuation, fine, but it’s not like you can sell your entire stake for \$200 million. You need to keep the trade going for a while, grow the stash, etc., to make it all work.
2. Also, of course, you have price risk on the underlying crypto. I’m sort of assuming that \$1 of Bitcoin is worth \$1, but of course in reality it is volatile. One could do versions of this trade (the convergence trade and/or the activism trade) while hedging one’s crypto risk.
3. These numbers are all from its website today.
4. That is, Bloomberg tells me that the total market capitalization of the S&P 500 index is \$59 trillion; \$1.5 trillion is about 2.5% of that. This is imprecise in various ways, including (1) we’ll mostly be talking about the Nasdaq 100, not the S&P and (2) SpaceX’s *float*, which is relevant to index weighting, will be much less than \$1.5 trillion.
5. If you’re an index fund buying in an IPO, what is your price limit? Is it “market on close”?

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Securities

Manage Newsletters

Ex-Lottery.com SPAC CEO Pleads Guilty to Securities Fraud (1)

Feb. 3, 2026, 2:41 PM PST; Updated: Feb. 3, 2026, 4:11 PM PST

Summary by Bloomberg AI

AI Generated



- The former chief executive of Trident Acquisitions Corp., Vadim Komissarov, pleaded guilty to a charge of securities fraud tied to representations made to the SPAC's and then digital lotto company's investors.
- Komissarov is scheduled to be sentenced in June, and a securities fraud charge carries a maximum sentence of 20 years in prison.
- Prosecutors accused Komissarov and other executives of a scheme of taking Lottery.com public, reporting fake revenues, and selling off their shares before the market discovered it.

The former chief executive of the special purpose acquisition company that brought Lottery.com Inc. public pleaded guilty to a charge of securities fraud tied to representations made to the SPAC's and then digital lotto company's investors.

Former SPAC Trident Acquisitions Corp. CEO Vadim Komissarov changed his plea to guilty on the securities fraud count before Judge Alvin K. Hellerstein in the US District Court for the Southern District of New York Tuesday. He's scheduled to be sentenced in June, according to the court's docket. A securities fraud charge carries a maximum sentence of 20 years in prison.

Already, a pair of former Lottery.com executives pleaded guilty to securities fraud charges connected to a fraudulent scheme boosting the financial results of the company which billed itself as the lottery equivalent of Uber or Doordash.

Ryan Dickinson, the company's former chief financial officer, pleaded guilty to several counts—including securities fraud, making false Securities and Exchange Commission filings, and improperly influencing the conduct of audits. Former chief revenue officer Matthew Clemenson similarly pleaded guilty, minus the count for influencing the conduct of audits.

Prosecutors accused Komissarov and the other executives of a scheme between 2020 and 2022 of taking Lottery.com public, reporting fake revenues, and selling off their shares before the market discovered it.

Lottery.com, which is rebranding to Sports Entertainment Gaming Global Corp., went public in 2021 during the height of the SPAC merger craze only to reach the brink of collapse a couple of years later—a near implosion chronicled by Bloomberg Tax. Called AutoLotto before the blank-check merger, the company pitched itself as offering an app to buy lottery tickets by phone.

The official name change announced last month came as the SEC sued the company, these three executives, and former Lottery.com CEO Tony DiMatteo with similar civil charges.

Addressing the SEC's lawsuit, the company said last month that since the middle of 2022, it "has completely cleaned house, implemented substantial changes to its management team, governance framework, internal control environment and have become fully compliant with the SEC."

Komissarov is represented by Loeb & Loeb LLP. A firm spokesperson didn't immediately respond to an email seeking comment.

"He manufactured fraudulent revenue and then obstructed the SEC's investigation, including by lying under oath," US Attorney Jay Clayton said of Komissarov in a statement Tuesday. "Whether it be SPACs or any other capital raising vehicles, when executives fabricate revenue and mislead our markets, this Office and our partners will pursue them vigorously."

The case is USA v. Komissarov , S.D.N.Y., No. 1:25-cr-00061, 2/3/26 .

(Updates with more context about the litigation, starting in the second paragraph)

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Securities

Manage Newsletters

First Brands Founder James Pleads Not Guilty to Fraud (1)

Feb. 4, 2026, 9:18 AM PST

First Brands founder **Patrick James** and his brother Edward pleaded not guilty to fraud charges in New York stemming from the multibillion-dollar collapse of their auto-parts supply business.

The James brothers entered pleas Wednesday before a federal magistrate judge. Federal prosecutors allege the two former First Brands executives used fake and inflated invoices to persuade lenders to provide billions of dollars in financing to the company.

Both men were arrested in Ohio last week after they were [indicted](#) on charges including wire fraud, bank fraud, conspiracy to commit wire fraud and conspiracy to commit money laundering. Patrick James was also charged with managing a continuing financial crimes enterprise.



Edward James arrives at federal court in New York on Feb. 4.

Photographer: Adam Gray/Bloomberg

The brothers made an initial appearance in Cleveland federal court but didn't enter pleas to the charges. Patrick James, 61, is free on a \$50 million bond secured by properties in Ohio, a home in the Hamptons and \$5 million in cash. Edward James, 60, agreed to a \$25 million bond that requires him to post \$1 million in cash.

Another former First Brands executive, Peter Andrew Brumbergs , pleaded guilty last week to his role in the scheme and is cooperating with prosecutors.

In court papers, lawyers for Patrick James have pointed to macroeconomic factors like tariffs as contributing to the firm's financial troubles. Patrick James has also accused some lenders of engaging in "predatory" practices and charging his company onerous fees that tipped First Brands into Chapter 11.



Patrick James, center, arrives at federal court in New York on Feb. 4.

Photographer: Michael Nagle/Bloomberg

The indictment followed separate civil lawsuits brought against Patrick and Edward James by First Brands bankruptcy advisers. One lawsuit accuses Patrick James of misappropriating more than \$700 million between 2018 and last September, when the company filed Chapter 11. The money helped fund James and his family's "lavish lifestyle," according to the lawsuit.

Lawyers for Patrick James moved to dismiss the lawsuit, saying that the founder put at least \$600 million back into First Brands before it filed Chapter 11.

The case is US v. James, 26-cr-29, US District Court, Southern District of New York (Manhattan).

--With assistance from **Jonathan Randles**.

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Securities

Deep Dive

Nikola Bankruptcy Appeal Tests the Reach of Trump's Pardon Power

Feb. 4, 2026, 2:00 AM PST

Pushing boundaries has always been Trevor Milton's way. Defying the norms drove him in 2014 to start Nikola Corp., an electric-vehicle startup that aimed to be the Tesla of trucks.

He later became the public face of its collapse, sentenced to four years in prison after being convicted of defrauding investors. Then came President Donald Trump.

Now Milton is trying to use the "full and unconditional" pardon the president awarded him last spring to test new limits in court and, with it, the centuries-old concept of the separation of powers.

His lawyers doubled down in a Jan. 30 filing on their argument that Trump's pardon amounted to an unquestioned exoneration that materially changed Milton's "relationship with the law" and his standing in the bankruptcy.

Among other things, they are asking a Delaware federal judge to reverse a bankruptcy court ruling that found Milton's misconduct was enough to push his nearly \$70 million claim against Nikola to the back of the creditor line, effectively wiping out his chance of a payout in the Chapter 11 proceeding.

Since returning to office, Trump has issued an unprecedented number of pardons, even without counting more than 1,000 Jan. 6 defendants. Some recipients have sought to leverage the pardon for more than just removing a conviction, asking to be reimbursed for fees or fines related to their cases. Judges have mostly rejected those bids.

Milton's argument goes deeper, contending that the president's pardon power is "sweeping" and that his public statements that the former Nikola executive "did nothing wrong" amount to a finding of innocence by Trump. His lawyers cite a 19th-century Supreme Court decision related to a Confederate soldier, which concluded a presidential pardon "blots out the existence of guilt."

More recent rulings counter that argument, legal scholars say. But the Trump administration's subjugation of the justice system and its aggressive pushback on judges make Milton's appeal worth watching.

If a court were to adopt his argument, "it will totally transform the pardon power from one that's just restricted to eliminating criminal punishment to one that applies to civil judgments of all sorts," said Adam Winkler, a UCLA School of Law professor specializing in American constitutional law.

Neither Milton nor the law firm representing him in the Nikola case, DLA Piper LLP, responded to comment requests.

In a 50-page brief filed last month, the Nikola liquidation trustee and a committee representing unsecured creditors strongly urged Judge Gregory B. Williams to reject Milton's claim. A presidential pardon doesn't erase the underlying misconduct that led to the fraud charges against him, they argued.

"If pardons could dictate facts in civil proceedings such as bankruptcy, then pardons would necessarily extend to civil liability," the trustee and creditors' committee wrote.

Christopher Hampson, a University of Florida Levin College of Law professor, said the prospect that executives could wash away all evidence of their wrongdoing with a pardon can't be seen as an unsettled issue.

"It's completely foreseeable that there will be more situations where the founder or the head of a company commits fraud, sends the company into bankruptcy, and then receives a presidential pardon," he said. "That's why, for me, reinforcing the limits on the pardon power is incredibly important in this moment."

Subordination

Milton resigned as CEO in 2020 following accusations that Nikola had misled investors about its financial outlook. Two years later, he was convicted of securities and wire fraud in New York.

After Nikola filed for bankruptcy in 2025, Milton submitted a \$69.7 million claim, asserting the company owed him under separation and indemnification agreements that also obligated Nikola to reimburse legal fees.

Nikola initiated arbitration, alleging Milton breached his fiduciary duties as CEO. The company won an arbitration award of nearly \$100 million plus interest. When Milton filed his bankruptcy claim, he said it could be used as a "setoff" against the amount he owed his former company.

Both bankruptcy and non-bankruptcy law allow courts to subordinate a claim when a creditor has acted unfairly with respect to other creditors.

The doctrine, called equitable subordination, acts as a "release valve" when someone uses their position or status to mischaracterize matters in ways that don't match economic reality, said Bruce A. Markell, a former Nevada bankruptcy judge.

It's easier to apply to insiders like Milton.

"Equitable subordination is there to correct wrongs, but in my experience, most people don't commit wrongs, so there's not an opportunity to raise it all that often," Markell, also a professor at Northwestern Pritzker School of Law, said.

The Securities and Exchange Commission had issued a \$125 million penalty against Nikola for securities violations and intended to distribute some of it to investors who lost their money. It was settled through the bankruptcy process, with \$43 million of the penalty treated as a general unsecured claim, including a \$4 million cash payout, while \$40 million was subordinated.

But when Nikola moved to subordinate Milton's claim, he brought up his presidential pardon. Judge Thomas H. Horan dismissed Milton's bid to leverage it in the Delaware bankruptcy court, noting that pardon powers don't extend to innocence and that even if they did, the pardon was "unambiguous and clear" that there was no such finding.

That's the ruling Milton's now appealing.

His argument has stunned longtime observers of bankruptcy, an arena where pardons don't usually come into play.

"The fact that someone would even think this criminal pardon was something that you could base your civil appeal on strikes me as unusual because it's not a bankruptcy issue, it's a political issue," Markell said. "[That] someone is trying to say, as a matter of law, 'Trump likes this guy or Trump pardoned this guy, so find some reason to reverse,' to me is just antithetical to the whole notion of how the judiciary and the executive are supposed to work."

The Pardon

Milton is relying largely on Trump's response to reporters who asked him last March why he issued the pardon.

"They say the thing that he did wrong was he was one of the first people that supported a gentleman named Donald Trump," the president said. "He did nothing wrong."



Trump told reporters that Milton “did nothing wrong.”

AFP via Getty Images

Milton’s lawyers argue that a pardon bars applying *res judicata*— the principle that issues already decided can’t be re-litigated—to establish facts during Nikola’s bankruptcy plan confirmation hearing.

That argument “might gain some traction,” Hampson said, “but Milton’s arguments about the legal effect of the pardon power run contrary to the modern view of how a pardon works.”

In his appeal of Horan’s ruling, Milton contends that the court improperly excluded Trump’s “he did nothing wrong” statement as hearsay, and that “history shows” that an unconditional pardon is treated as innocence.

The response from the trustee and unsecured creditors, filed by lawyers at Morrison & Foerster LLP and Morris James LLP, noted that most of the pardons issued by Trump have used similarly unconditional language. Even if Milton were pardoned on the grounds of innocence, they wrote, that wouldn’t erase his civil liability.

They contend that Milton’s conviction and pardon actually reinforced the evidence of his misconduct, and that his argument misconstrued Trump’s remarks.

“Indeed, even in stating that Milton ‘did nothing wrong,’ the context suggests that the President only meant that Milton had done ‘nothing wrong’ by supporting the President politically,” their reply brief said.

Milton argued that the bankruptcy judge unfairly relied on a pardoned conviction and an arbitration award, which he's appealing, to lower the priority of his claim.

The bankruptcy court can rely upon the award, but it doesn't need a ruling to find the existence of inequitable conduct, said Lawrence Ponoroff, a Tulane University Law School professor. If the bankruptcy court found that Milton engaged in conduct that harmed other creditors or gave him an unfair advantage over them, ordering equitable subordination was within the court's discretion, he added.

Therefore, a reversal of the award, "which is unlikely and even more unlikely to be based on a determination that the conduct did not occur," he said, wouldn't automatically mean that the court's finding of inequitable conduct was clearly erroneous.

Trump Era

Milton's appeal echoes the Trump administration's broader attempts to redraw the law. Some of those efforts have succeeded.

Last year, the Supreme Court overwhelmingly sided with the Trump administration on issues including limitations on nationwide injunctions and executive orders that led to the mass firing of agency officials and the exclusion of transgender people from the military.

"What we have seen during the Trump era are continuous efforts to push the boundaries of the law, and to change the law in ways that help Donald Trump and Donald Trump's supporters," Winkler said.

Allowing pardons to impact civil proceedings like bankruptcy would undermine the distributional scheme that Congress put in place for ensuring the equitable distribution of assets, Ponoroff said.

At the same time, Trump has lately been confronting the limits of his forgiveness powers.

He had to issue a second pardon in November for Jan. 6 rioter Daniel Edwin Wilson when it became clear the first pardon didn't extend to illegal gun possession charges related to the search of Wilson's home by federal agents.

"I would argue that Trump having to issue a second pardon demonstrates the limits of the pardon power," Hampson said.

Next up for Milton and his lawyers is likely oral arguments before Williams, who was nominated by President Joe Biden, in the Delaware federal court. A loss could mean appealing to the US Court of Appeals for the Third Circuit or seeking review by the US Supreme Court.

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Securities

Musk Loses Attempt to Dismiss SEC Twitter Stake Lawsuit (1)

Feb. 3, 2026, 3:03 PM PST

A federal judge rejected Elon Musk's attempt to throw out a US Securities and Exchange Commission lawsuit alleging he waited too long to disclose his growing stake in Twitter.

Musk had accused the agency of selective enforcement and challenged the case as an affront to his constitutional free-speech rights, among other arguments.

"A straightforward application of the law reveals that none of these arguments warrant dismissal of this lawsuit," US District Judge Sparkle Sooknanan wrote in an order Tuesday in Washington.

The SEC sued Musk in January 2025, less than a week before President Donald Trump took office. The regulator claimed the billionaire in 2022 amassed shares in Twitter and failed to disclose on time how much his stockpile grew. He later purchased Twitter for \$44 billion, took it private and renamed it X.

By waiting too long to reveal his growing stake, Musk was able to buy up shares cheaply, ultimately costing Twitter shareholders more than \$150 million, the SEC said.

Musk's attorneys in August sought to dismiss the suit, calling it a "waste of this court's time and taxpayer resources." The SEC in response urged Sooknanan to find Musk liable without a trial, saying there is "absolutely no dispute" that he missed the disclosure deadline.

"The court does not doubt that Mr. Musk would prefer to avoid having to disclose information that might raise stock prices while he makes a play for corporate control," Sooknanan wrote. "But the balance Congress struck in Section 13(d) does not violate the First Amendment."

The case is Securities and Exchange Commission v. Musk, 25-cv-00105, US District Court, District of Columbia (Washington).

(Updates with additional details on SEC response in paragraph six. An earlier version corrected the Twitter purchase price in paragraph 4.)

Tesla UK sales plunge in January as Chinese rivals race ahead, New Automotive data shows

 [reuters.com/business/autos-transportation/tesla-uk-sales-plunge-january-chinese-rivals-race-ahead-new-automotive-data-2026-02-04](https://www.reuters.com/business/autos-transportation/tesla-uk-sales-plunge-january-chinese-rivals-race-ahead-new-automotive-data-2026-02-04)

Reuters

February 4, 2026

Tesla electric cars are exhibited at the Everything Electric, the Home Energy & Electric Vehicle Show, in London, Britain, April 16, 2025. REUTERS/Maja Smiejkowska [Purchase Licensing Rights, opens new tab](#)

[\(TSLA.O\)](#)  [, opens new tab](#) sold less than half the number of battery-electric vehicles recorded by Chinese rival BYD in the UK last month, data from New Automotive showed on Wednesday, pointing to mounting competitive pressures on the U.S. automaker.

UK car sales of Tesla plunged more than 57% over the year earlier to 647 vehicles in January, the research group said. The decline was the steepest among major manufacturers, and far exceeded the 6.4% fall seen in the overall UK battery-electric car sales in the month.

The Elon Musk-led company has been losing ground in the UK as its ageing line up grapples with intense competition from Chinese brands such as BYD [\(002594.SZ\)](#)  [, opens new tab](#) and MG, with the CEO's backing of far-right figures also contributing to the brand's market share losses across [Europe](#). Tesla launched its cheaper Model Y and Model 3 variants to jump-start UK sales, but BYD pressed ahead, selling 1,326 battery-electric vehicles last month, up nearly 21% over the year earlier, New Automotive data showed.

U.S. peer Ford [\(F.N\)](#)  [, opens new tab](#) led UK's battery-electric vehicle market, more than doubling its sales in January to 2,271 units.

Overall, total UK car registrations across fuel types fell 4.6% to 133,571 vehicles in January, the data showed.

"British consumers are still moving towards cars with plugs, and away from those without," said Tanya Sinclair, CEO, Electric Vehicles UK.

Month-to-month battery-electric vehicle figures can be volatile, especially after an unusually strong December and as manufacturers manage their early year product mix and compliance pathways, Sinclair said.

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Securities

Phil Mickelson-Touted Sable Probed by SEC (Correct)

Feb. 3, 2026, 11:49 AM PST

Federal investigators have subpoenaed Texas-based oil driller Sable Offshore Corp. following a report from Hunterbrook Media that the company selectively disclosed information to investors, including pro golfer **Phil Mickelson**.

Sable said in a filing early Tuesday that it had received subpoenas on Dec. 2 from the United States Attorney's Office for the Southern District of New York and the SEC requesting documents related to a late-October Hunterbrook Media report. Sable, in the immediate aftermath of the report, formed a special committee to probe the allegations.

The company said in the filing it is providing documents and co-operating with the government's requests. Sable did not immediately respond to a request for comment.

The company is pursuing a contested plan to drill oil off the Californian coast and the probe was revealed in a filing announcing a \$250 million equity raise.

Shares were down as much as 13% on Tuesday.

In 2016, Mickelson, who has been a vocal supporter of the company on social media, agreed to repay trading profits in an unrelated insider trading investigation by the SEC.

Sable has been repeatedly stymied by local opposition to restarting a pipeline that would take the oil from a cluster of offshore rigs previously-owned by Exxon Mobil to onshore processing plants in California.

The company said it would need to spend \$475 million to complete a plan to load crude oil onto tanker ships in federal waters and send the oil overseas.

Read More: [Phil Mickelson-Touted Sable Struggles to Advance Oil Project](#)

(Corrects to clarify timeframe in paragraph six.)

To contact the reporter on this story:

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Securities

Michael Burry Warns of Cascading Effects From Bitcoin Plunge (3)

Feb. 4, 2026, 4:59 AM PST

Michael Burry, who rose to prominence for his wager against the US housing market ahead of the 2008 financial crisis, warned that Bitcoin's plunge could deepen into a self-reinforcing "death spiral," inflicting lasting damage on companies that have spent the past year stockpiling the token.

In a Substack post Monday, Burry argued that the original cryptocurrency, which has fallen 40% since peaking in October, has been exposed as a purely speculative asset, failing to take off as a debasement hedge similar to precious metals. Further losses, he said, could rapidly strain the balance sheets of major holders, force selling across the crypto ecosystem and trigger widespread value destruction.



Michael Burry

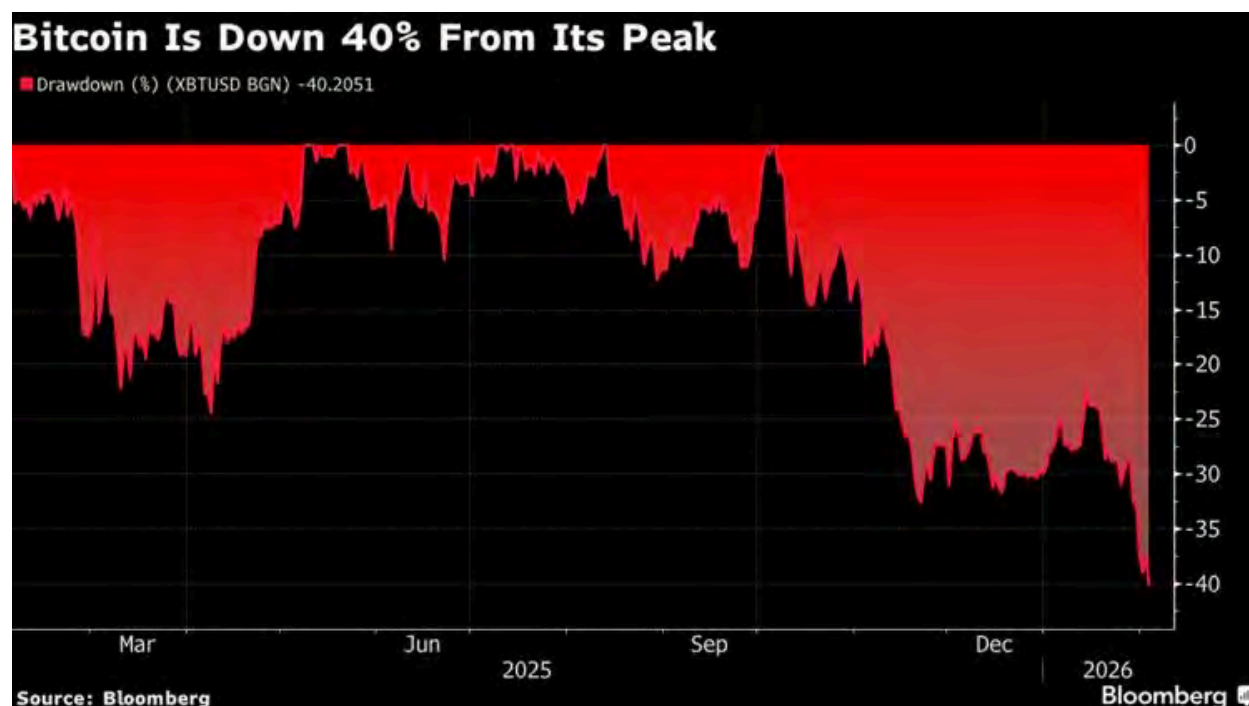
Photographer: Astrid Stawiarz/Getty Images

"Sickening scenarios have now come within reach," Burry wrote. Should Bitcoin fall another 10%, Strategy Inc., the world's largest corporate crypto treasury, would be billions in the red and "find capital markets essentially closed." Additional drops, he said, would push Bitcoin miners toward bankruptcy.

His comments come as Bitcoin tumbled below \$73,000 Tuesday to its lowest since President Donald Trump retook the White House a little more than a year ago. Analysts have offered a range of explanations for the slump, from fading inflows to deteriorating liquidity and a broader loss of macro appeal. A number of crypto-native traders are also cooling on the token economy, gravitating toward event betting as prediction markets take off.

Bitcoin has failed to respond to typical drivers like dollar weakness or geopolitical risk, unlike gold and silver which rallied to records as global tensions fueled fears about dollar debasement.

"There is no organic use case reason for Bitcoin to slow or stop its descent," Burry wrote.



The token's adoption by corporate treasuries and new crypto-linked spot exchange-traded funds is not enough to buoy its price indefinitely, or prevent devastating consequences if it falls dramatically, he said. Nearly 200 public companies hold Bitcoin, he noted.

While that's helped broaden demand, "there is nothing permanent about treasury assets," he wrote.

Treasury assets must be marked to market and included in financial reporting. If Bitcoin's price continues to fall, risk managers will start advising their companies to sell, Burry warned.

Read more: Lutnick, Pomp SPAC Deals Are Put to the Test by Crypto Crash

He added that the advent of spot ETFs has only inflamed Bitcoin's speculative nature, while also increasing the token's correlation with stock markets. Bitcoin's correlation with the S&P 500 has lately approached 0.50, he wrote. Theoretically, liquidations will kick in aggressively when loss positions start to grow.

Burry added that Bitcoin ETFs have been notching some of their biggest single-day outflows since late November, with three of them occurring in the last 10 days of January.

Read more: Bitcoin ETF Buyers Sit on Losses as Crypto Conviction Fades

Still, while Burry warns of fallout, crypto's footprint remains too small to trigger broad contagion. Bitcoin's \$1.5 trillion market value, limited household exposure, and narrow corporate uptake suggest any wealth effect is likely to stay contained.

By some measures, the digital-asset treasury bubble has already burst. Retail leverage has dried up, and past collapses — from Terra to FTX — failed to infect traditional markets. Bulls now point to regulatory clarity and cheap valuation as fuel for another snapback.

Strategy co-founder Michael Saylor has emphasized that there is no immediate financial stress. The firm faces no margin calls, and there is no expectation it will be forced to sell Bitcoin. Strategy also built a \$2.25 billion cash cushion through stock sales that will cover interest payments and distributions for more than two years. But without a rebound in Bitcoin or fresh investor demand for its equity, the firm's room to maneuver is shrinking.

Meanwhile, many crypto miners have been able to raise funding through open-market share sales while capitalizing on the enthusiasm for data center service providers amid the recent AI boom.

But as Bitcoin continues to drop below certain key levels, Burry sees it contaminating broader markets. He cited the fall in the cryptocurrency as partly to blame for the recent collapse in gold and silver as corporate treasurers and speculators needed to de-risk by selling profitable positions in tokenized gold and silver futures.

These tokenized metal futures are not backed by actual physical metals and can overwhelm trading in physical metals, causing "a collateral death spiral," he said.

"It looks like up to \$1 billion in precious metals were liquidated at month's very end as a result of falling crypto prices," Burry wrote. If Bitcoin were to fall to \$50,000, miners would go bankrupt, while "tokenized metals futures would collapse into a black hole with no buyer," he said.

(Adds details on Strategy's cash reserve.)

--With assistance from **Vildana Hajric** and **Dave Liedtka**.

Software Short Sellers Mint \$24 Billion Profit as Stocks Tumble

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Carmen Reinicke

February 4, 2026

Summary by Bloomberg AI

AI Generated



- A rout in software stocks has rattled investors, but provided a boon to those betting against the group.
- Worries that advancements in artificial intelligence technology will disrupt traditional software business models has sent shares of software and artificial intelligence-linked names down.
- Short interest is rising in stocks including Microsoft Corp., Oracle Corp., Broadcom Inc. and Amazon.com Inc., according to S3 Partners.

A brutal rout in software stocks has rattled investors across Wall Street, but it's provided a boon to those betting against the group.

Worries that advancements in the artificial intelligence technology will disrupt traditional software business models has sent shares of software and artificial intelligence-linked names down 20% this year. For short sellers betting against the group, that's meant \$24 billion in paper gains, according to data from S3 Partners LLC.

"This is a software-specific phenomenon; the broader Mag 7 is essentially unchanged," , S3's director of research wrote in a note to clients.



Investors have been punishing software stocks for months amid growing fears that AI would hurt the core businesses of companies in the sector. Those worries became especially pronounced this week when released a new productivity tool that sent software, financial services and even asset management stocks tumbling, weighing on the broader stock market.

Read More: [Software Stocks Slide Again as AI Threats Rattle Investors \(3\)](#).

Bears are increasing their positions in the group as the rout shows no signs of subsiding, betting on more pain ahead. Short interest is rising in stocks including , and ., according to S3 Partners.

Short interest in Microsoft has jumped by 20% this year, and it's gone up by 10% for Oracle, according to S3. Broadcom and Amazon have seen increases in short interest as well.

This marks a shift from the typical moves short sellers make at this point in a decline, especially in shares of Microsoft.

Historically, the software company "behaves like a reversal stock, with shorts covering on the way down," Gross said. "Now it is trading like a momentum-driven, distressed name, with shorts increasing into weakness."

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AI Robot Co.'s Microsoft Ties Were Overblown, Investor Says

By **Emilie Ruscoe**

Law360 (February 3, 2026, 8:19 PM EST) -- The developer of a purported artificial intelligence-powered bartender robot faces a proposed class action accusing it of misleading investors about Microsoft's involvement in its project, causing the company's share price to sink after the truth was revealed but not before the developer locked in a \$38.7 million private placement deal.

According to a **complaint** filed Monday in Nevada federal court, Richtech Robotics Inc. hyped up a connection to a Microsoft artificial intelligence program, only for a news report to reveal the Microsoft link was just a weeklong development sprint.

Richtech describes itself as a business "focused on developing advanced embodied AI systems that aims to improve the efficiency and productivity of U.S. businesses." One of its projects is known as the ADAM robot, an "AI-powered bartender, barista, & boba maker," according to Richtech's website.

Investor Luis Gonzalez Diez's proposed class period would begin on the morning of Jan. 27, when Richtech issued a press release stating it had worked with Microsoft's AI Co-Innovation Labs on a "[j]oint engineering effort" involving the ADAM robot, according to the complaint.

Richtech shares soared nearly 45% after the press release was issued, to close at \$5.51 on Jan. 27, Gonzalez Diez says. A day later, the company announced a \$38.7 million private placement agreement with an institutional investor that would see the company issue 8.5 million new shares. Richtech said it expected to close on Jan. 29, and has since announced that the transaction did close.

But Richtech's claim was misleading, Gonzalez Diez says, pointing to Microsoft's characterization of its co-innovation labs as "one-week long complimentary, personalized development sprints" available to engineering teams of Microsoft customer companies.

"There was no commercial collaboration or joint engineering effort between Richtech and Microsoft," the investor said, asserting that the Richtech announcement misrepresented that Richtech "had a collaborative and commercial relationship with Microsoft when it did not."

On Jan. 29, Richtech shares sank after Hunterbrook Media, a news publication tied to hedge fund Hunterbrook Capital, reported that Microsoft had described its work with Richtech as a "'standard' customer program with 'no commercial element,'" according to the complaint.

The Hunterbrook report further highlighted that the company's private placement fundraising, which purportedly diluted the ownership percentage of the company's existing shareholders, was announced after the company's Microsoft press release saw its market capitalization increase by \$370 million.

The Hunterbrook report cited in the complaint also alleged that Richtech had failed to file its public annual report by a January deadline, meaning it should have lost its eligibility to use the Form S-3 process for at-the-market offerings until it has 12 consecutive months of timely filings — in which case it couldn't use that fundraising program again until January 2027 at the earliest.

The complaint said Hunterbrook Media also cited the annual report the company eventually did file, which states that in 2025, Richtech made just over \$5 million, but had a net loss of over \$15.75

million, purportedly showing the company needed "substantial revenue to fund its operations."

Following publication of the Hunterbrook report, the investor claims, trading prices for Richtech's shares fell from more than \$5 to under \$3.60 over two trading days, though Gonzalez Diez's proposed class period would conclude at noon on Jan. 29.

Alongside Richtech, Gonzalez Diez's suit names Richtech CEO Wayne Huang and Chief Financial Officer Michael Huang.

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

Gonzalez Diez is represented by Phillip Kim and Laurence M. Rosen of the Rosen Law Firm PA and Patrick R. Leverty of Leverty & Associates Chtd.

Counsel information for the defendants wasn't immediately available Tuesday.

The case is Diez v. Richtech Robotics Inc et al., case number 2:26-cv-00231, in the U.S. District Court for the District of Nevada.

--Editing by Linda Voorhis.

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2nd Circ. Keeps Credit Suisse Collapse Suit Out Of US Courts

By **Brian Steele**

Law360 (February 3, 2026, 4:32 PM EST) -- The Second Circuit on Tuesday declined to revive a shareholder suit accusing Credit Suisse and related entities of misconduct leading up to the bank's collapse, holding that a New York judge was not wrong to find that the litigation is overwhelmingly tied to Switzerland.

A three-judge panel upheld a lower court's **decision** to dismiss the case under the doctrine of forum non conveniens, writing in a nonprecedential summary order that U.S. District Judge Colleen McMahon did not abuse her discretion when kicking the proposed class action out of the Southern District of New York in February 2024.

"Insofar as plaintiffs argue that Switzerland is presently not an adequate forum because litigating there would cause plaintiffs financial hardship and deprive them of the ability to bring a class-action suit and try their case to a jury, the district court correctly observed that such circumstances do not demonstrate the unavailability of the alternative forum," the panel's order said. "Rather, such factors are more properly considered to affect convenience, balance of interests, or even the 'tactical advantage' of one forum over another."

The panel found that the district court properly followed a three-step process for evaluating the defense's claim of forum non conveniens, pointing to its 2005 decision in **Norex Petroleum Ltd. v. Access Indus., Inc.** The analysis involves determining how much deference the plaintiff's forum choice deserves and then "whether the alternative forum proposed by the defendants is adequate to adjudicate the parties' dispute," followed by a balancing of public interests — such as the burden on the courts — with private interests like the availability of evidence and witnesses.

The lower court conducted that analysis "without giving dispositive weight to any one factor, and acted within its discretion in concluding that the interests of justice favor litigation in Switzerland," the panel held.

Shareholders Gregory Stevenson and Nicole Lawtone-Bowles sued in New York after state Supreme Court Justice Andrea Masley threw out similar claims from different plaintiffs, with the same attorneys, in a derivative case against the Swiss bank in April 2023. Judge McMahon ultimately called the suit "a patent and blatant effort to circumvent" Justice Masley's decision.

The defendants include four New York-based Credit Suisse subsidiaries that manage American operations, bank officials who are mostly Americans, auditor KPMG's U.S. arm and 11 people connected to it, including officers and employees. A defense appellate brief filed in January 2025 said the plaintiffs sued the wrong KPMG entity, since Credit Suisse "was audited solely by the legally independent Swiss member firm of KPMG AG."

The investors alleged that Credit Suisse and KPMG allowed a "common course of misconduct and civil conspiracy" for more than a decade, causing Credit Suisse to suffer over \$30 billion in losses, write-offs, penalties and fines. Banking giant UBS Group AG bought out Credit Suisse in March 2023 for \$3.2 billion.

Judge McMahon tossed two claims under the federal Racketeer Influenced and Corrupt Organizations Act and barred the plaintiffs from refiling them, writing that they were "deficient on a number of grounds," but said a breach of statutory duty claim under Swiss law could be heard in Switzerland.

The judgment officially entered in May 2024, after the defendants agreed to face the suit in a Swiss court and curb any statute of limitations defense.

The judge had given the plaintiffs permission to file one amended complaint in anticipation of defense arguments based on forum non conveniens, but she warned them that she would not allow a second amendment. The plaintiffs later complained to the Second Circuit that they were barred from filing a second amendment, but the panel said they never tried.

"Here, where the plaintiffs were given one opportunity to amend and did not seek another, and where they have not identified any additional facts or legal theories they might assert if given leave to amend, we conclude that the district court did not abuse its discretion in denying such leave," the opinion said.

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

U.S. Circuit Judges Guido Calabresi, Reena Raggi and Eunice C. Lee sat on the panel for the Second Circuit.

The shareholders are represented by Andrew Chan Wolinsky of Bathaee Dunne LLP, Francis A. Bottini Jr. and Michelle C. Lerach of Bottini & Bottini Inc., Byron S. Georgiou of Georgiou Consulting Inc. and Alfred G. Yates Jr. and Gerald L. Rutledge of the Law Office of Alfred G. Yates Jr. PC.

The defendants-appellees are represented by Herbert S. Washer, Jason M. Hall, Edward N. Moss, Tammy L. Roy, Nicholas N. Matuschak and Britney R. Foerter of Cahill Gordon & Reindel LLP, Jamie L. Wine, Jason C. Hegt, Corey A. Calabrese and Stephen P. Barry of Latham & Watkins LLP, David L. Axelrod of Ballard Spahr LLP, Antonio Yanez Jr. and Pia Williams Keevil of Willkie Farr & Gallagher LLP and Natasha M. Ertzbischoff, Jonathan Richman and Stephen R. Cook of Brown Rudnick LLP.

The case is *Stevenson v. Thornburgh*, case number 24-1788, in the U.S. Court of Appeals for the Second Circuit.

--Editing by Patrick Reagan.



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ImmunityBio Stockholder Targets Soon-Shiong In Chancery

By **Jarek Rutz**

Law360, Wilmington, Del. (February 3, 2026, 10:27 PM EST) -- The Delaware Chancery Court on Tuesday heard arguments over whether biotech billionaire Patrick Soon-Shiong and ImmunityBio Inc.'s board breached their fiduciary duties by approving insider financing that allegedly allowed him to secure equity at deeply discounted prices as the company neared regulatory approval for its lead cancer drug.

Before Vice Chancellor J. Travis Laster, counsel for stockholder Douglas Carlson argued that the board enabled self-enrichment by approving 2023 convertible-note transactions that repriced Soon-Shiong-affiliated debt at a four-year stock low, despite internal U.S. Food and Drug Administration communications indicating that only limited, fixable manufacturing issues remained.

Carlson's counsel, Gregory M. Nespole of Levi & Korsinsky LLP, contended that the repricing served no legitimate corporate purpose and was timed to exploit a stock drop following what he characterized as overly dire public disclosures.

"Not a penny, not a penny," Nespole said of the debt-for-equity exchange, emphasizing that the conversion generated no new cash for ImmunityBio while slashing conversion prices by roughly 77%.

The case centers on ImmunityBio's efforts to secure approval for Anktiva, an immunotherapy for bladder cancer. After the FDA issued a response letter in May 2023 citing manufacturing deficiencies at a contract facility, ImmunityBio warned investors in a quarterly filing that approval might never come, sending shares down more than 50% in a single day.

Months later, with cash running low, the board approved a three-part financing package with Soon-Shiong-controlled entities, including a \$270 million exchange of existing convertible notes repriced to about \$1.29 per share and a new \$200 million convertible note financing. ImmunityBio ultimately resubmitted its biologics license application in October 2023, and Anktiva won FDA approval in August 2024.

At Tuesday's hearing, Nespole argued that internal board minutes and other materials show that the board understood that the FDA's concerns were limited and did not implicate safety or efficacy, undercutting the bleak public messaging that preceded the stock collapse. He said the transactions committee failed to meaningfully test alternatives, obtain a fairness opinion or push back on terms that, in hindsight, yielded a windfall he pegged at roughly \$700 million for Soon-Shiong.

Defense counsel Daniyal Iqbal of Wilson Sonsini Goodrich & Rosati countered that the plaintiff was improperly "slicing and dicing" the transactions and ignoring the company's financial reality in mid-2023. Iqbal said ImmunityBio had less than a month before its cash would run out, more than \$500 million of debt coming due and no viable third-party financing after weeks of market outreach. Viewed as a bundle, he argued, the transactions extended maturities, reduced leverage and kept the company afloat long enough to resubmit its FDA application.

"You can't just isolate the one that you don't like," said Iqbal, urging the court to consider the full package and the advice the board received from its financial adviser.

Iqbal also rejected claims of bad faith or a "controlled mindset," arguing that disagreement with deal terms does not equate to disloyalty and that the complaint lacks particularized facts showing that the

independent directors acted to benefit Soon-Shiong rather than the company. He pointed to the stature of the committee members and the absence of allegations that Soon-Shiong had retaliated against dissenting directors.

Vice Chancellor Laster took the matter under consideration.

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

Douglas Carlson is represented by Tiffany Geyer Lydon and Stephen E. Jenkins of Ashby & Geddes PA, and by Gregory M. Nespole of Levi & Korsinsky LLP.

Patrick Soon-Shiong, ImmunityBio Inc. and other individual defendants are represented by Ashleigh Herrin, Lauren DeBona Zlotnick, Daniyal Iqbal and Brad Sorrels of Wilson Sonsini Goodrich & Rosati.

The case is Douglas Carlson v. Patrick Soon-Shiong et al., case number 2024-1185, in Delaware Chancery Court.

--Editing by Karin Roberts.



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Chancery Slashes Mootness Fee Proposal In Bolt Suit

By **Jeff Montgomery**

Law360 (February 3, 2026, 9:00 PM EST) -- A Delaware vice chancellor on Tuesday pruned to \$4.1 million a \$7.5 million attorney fee request for litigation that ended with cancellation of more than \$37 million in Bolt Financial Group shares used by a company controller to secure a later-defaulted-upon, company-guaranteed loan.

Vice Chancellor Nathan A. Cook's ruling from the bench by telephone observed that the benefits arising from litigation by Bolt stockholder Activant Ventures Advisors II LLC and three affiliates "were 10%, or even, frankly, below" the nearly \$38 million estimated benefit obtained, in contrast to a 15% request.

The vice chancellor said the decision balanced other factors and his own discretion in setting an 11% mootness fee, resulting in a "reasonable" \$4,114,000 award. The vice chancellor also noted that "the record suggests that Activant continued to litigate" after the case was practically moot.

That history "smacks of representative plaintiffs using litigation to secure individual benefit," the vice chancellor said, an activity he described as "antithetical to the corporate benefit doctrine." The doctrine supports fees for shareholders who pursue litigation, even if mooted, in support of corrective action.

The suit was filed in 2023 after Bolt controlling stockholder Ryan Breslow was accused of securing a company-guaranteed loan from J.P. Morgan Private Bank in October 2021, followed by a default in 2023, allowing JPM to sweep \$30 million from Bolt's funds.

The Activant funds sued Bolt, a wealth coaching and investment group, and its directors in July 2023, alleging breaches of a settlement stipulation and saying the company later entered into a conflicted, hold-the-status-quo order with another group of investors.

Earlier talks on a \$5 million mootness fee settlement were sidelined by Bolt's revocation of a special committee's negotiating authority and removal of Activant Capital founder and board member Steve Sarracino. The removal of Sarracino and other board members occurred amid ongoing debate over cancellation of Breslow's shares tangled in the deal.

Activant argued during the case that it sought as a secondary goal revocation of Breslow's control of Bolt after the company's former CEO Maju Kuruvilla resigned and the second-largest institutional shareholder sold its shares.

In a brief filed before the ruling, Activant said it was not "seeking fees for the time spent negotiating with [Bolt] or briefing and arguing the fee award," but said that Bolt's actions in the litigation "caused the court and counsel to expend" additional resources.

Bolt itself argued that the share cancellation "would have occurred with or without" Activant's litigation, adding, "The decision to cancel shares stemmed from a contractual right that Bolt and its board of directors was navigating prior to the filing of this litigation," with the "lack of causation alone" reason to deny the fee.

The investors are represented by Richard I.G. Jones Jr. and Harry W. Shenton IV of Berger McDermott LLP, and Christopher J. Clark, Jeffrey D. Rotenberg and Benjamin A. Butzin-Dozier of Clark Smith Villazor LLP.

Breslow is represented by Margaret F. England of Gellert Seitz Busenkell & Brown LLC and Patricia Acosta of PAG Law PLLC.

Bolt is represented by David J. Margules, Elizabeth A. Sloan and Emily C. Friedman of Ballard Spahr LLP.

The case is Activant Ventures Advisors II LLC et al. v. Ryan Breslow et al., case number 2023-0721, in the Court of Chancery of the State of Delaware.

--Editing by Melissa Treolo.

Update: This story has been updated to include an upward, post-hearing recalculation of the initial fee determination by the vice chancellor during his ruling in court.

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Calif. Cardholders Ask 2nd Circ. To Revive Swipe Fee Suit

By **Katryna Perera**

Law360 (February 3, 2026, 9:38 PM EST) -- California cardholders accusing Visa, Mastercard and other major banks of conspiring to fix interchange fees have asked the Second Circuit to revive their claims after a district court judge denied their motion for reconsideration in a long-running multidistrict litigation.

The cardholders argued in an **opening brief** Monday that the district court had given "short shrift" to their merchant and bank co-conspirator allegations, even though the claims "must be accepted as true."

The cardholders' appeal comes after a New York federal judge recently assigned to the class action **denied** the cardholders' motion to reconsider another judge's reconsideration denial.

U.S. District Judge Brian M. Cogan was put on the case in September by the U.S. Judicial Panel on Multidistrict Litigation, taking over for another judge in the Eastern District of New York, U.S. District Judge Margo K. Brodie.

In December 2024, Judge Brodie adopted a magistrate judge's recommendation to dismiss the cardholders' Cartwright Act claim, holding the plaintiffs lacked antitrust standing to sue because they did not directly pay the so-called interchange fees that get charged to process debit and credit card transactions.

The cardholders moved for reconsideration of that decision, which Judge Brodie **denied in May**.

They moved for reconsideration again — but this time of Judge Brodie's May decision denying reconsideration.

However, Judge Cogan ruled in October that Judge Brodie had appropriately found that the cardholders had failed to show antitrust injury as either direct or indirect purchasers. Quoting the prior ruling, Judge Cogan said the cardholders had not alleged "cardholder participation in the market where the anticompetitive conduct occurs."

The cardholders pushed back Monday, saying their merchant and bank co-conspirator allegations "effectively negate" the basis for the court's original dismissal of the suit, namely the cardholders' purported failure to allege their participation in the market in which the alleged price fixing occurred.

The cardholders argued no other party is more "inextricably intertwined" with the payment card process than they are.

"Here, the facts alleged indicate explicitly that consumers act in the market when they pay the inflated price for the good or service with their credit/debit card. This payment drives the transaction. Without the consumer's payment with credit/debit cards, there would be no interchange fee," they said.

"Defendants are alleged to have formed the conspiracy for the purpose of extracting inflated interchange fees from the plaintiffs. There would be no interchange fees in the absence of a retail purchase by plaintiffs using a payment card," the cardholders further said.

They also noted that the California antitrust law, under which their claims are based, is a "repealer statute," which allows private antitrust plaintiffs to sue and recover damages and relief regardless of whether they were direct purchasers.

"The repealer statutes allow indirect purchasers to bring suit," the cardholders said, and the statutes are not superseded by federal interpretation under the supremacy clause.

Visa, Mastercard and their card-issuing member banks, which include Wells Fargo, Bank of America and PNC, **have argued** the cardholder plaintiffs participate only "in a related market," and the cardholders' allegations cannot establish they are consumers or competitors in the relevant general purpose card network services market. Therefore, they cannot satisfy California's "market participant rule," which is fatal to the Cartwright Act claim, the card companies said.

Since 2005, Visa and Mastercard have been subject to multidistrict litigation resulting from class actions and individual suits over the companies' interchange fees.

Last month, Judge Brodie — overseeing another case in the MDL — **rejected** Visa and Mastercard's latest attempt to ditch antitrust claims brought by Intuit and Block in long-running multidistrict litigation over payment processing fees.

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

The cardholder plaintiffs are represented by Joseph M. Alioto Sr. of the Alioto Law Firm.

Mastercard is represented by Paul Weiss Rifkind Wharton & Garrison LLP.

Visa is represented by Arnold & Porter Kaye Scholer LLP.

PNC is represented by Reed Smith LLP.

JPMorgan Chase is represented by Skadden Arps Slate Meagher & Flom LLP.

Bank of America is represented by Morrison Foerster LLP.

Capital One is represented by O'Melveny & Myers LLP.

Citibank is represented by Sidley Austin LLP.

Wells Fargo is represented by Patterson Belknap Webb & Tyler LLP.

BMO NA is represented by Gibson Dunn & Crutcher LLP.

U.S. Bancorp is represented by Alston & Bird LLP.

The case is Palladino et al. v. JPMorgan Chase & Co. et al., case number 25-1490, in the U.S. Court of Appeals for the Second Circuit.

--Additional reporting by Bonnie Eslinger. Editing by Lakshna Mehta.



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J&J Beats Proposed Class Action Over Band-Aid PFAS

By **Emily Field**

Law360 (February 3, 2026, 8:38 PM EST) -- A New Jersey federal judge on Monday tossed claims by a proposed class of consumers alleging that Kenvue Inc. and Johnson & Johnson hid the presence of a group of chemicals known as PFAS in Band-Aid products, saying the consumers hadn't shown that they were harmed.

U.S. District Judge Michael Shipp said marketing statements such as "Better Ingredients, Better Process" about the Band-Aids don't relate to the presence of PFAS. Those statements could still be true if there are PFAS in some parts of the bandages, since the consumers haven't alleged any facts showing that their presence has actually harmed users' health, the judge said.

Therefore the consumers, who are led by plaintiff Jo Aronstein, don't have standing to bring their claims that they were economically harmed by their Band-Aid purchases, the judge said.

In the suit, first filed in April 2024, the plaintiffs alleged that the adhesive flaps of certain Band-Aid bandages contain PFAS — a class of synthetic chemicals associated with potential health risks — and that the companies misrepresented or failed to disclose the so-called forever chemicals' presence.

But the consumers don't allege that they wouldn't have bought competitors' products. They only allege that they wouldn't have bought the Band-Aids or paid a higher price if they knew they contained PFAS, the judge said.

"These 'threadbare' allegations that plaintiffs paid an unfair premium are insufficient under either a premium price or alternative product theory," Judge Shipp said.

In September, the consumers said they had standing to bring claims that they spent more money for the Band-Aids than they would have, as courts have held that plaintiffs who bought items containing undisclosed PFAS chemicals have sustained economic injuries.

The proposed class also said it has standing to pursue injunctive relief, as they allege they cannot trust the companies' marketing and face ongoing risk of exposure and it is too early in the litigation for the court to determine whether the named plaintiffs can represent a nationwide class including members from other states.

But the judge ruled that the consumers don't have standing to bring injunctive relief, since they said they stopped using the Band-Aids and don't allege that they intend to buy them again.

"Beyond alleging that testing of the Band-Aid products showed levels of PFAS, plaintiffs do not allege the harm that would be caused to users of Band-Aid products, making any risk of future harm purely speculative," the judge said.

Representatives for the parties didn't immediately respond to requests for comment Tuesday.

The plaintiffs are represented by Christopher A. Seeger, Stephen A. Weiss and Justin M. Smigelsky of Seeger Weiss LLP, Christopher L. Ayers of Sbaiti & Co., James E. Cecchi and Jason H. Alperstein of Carella Byrne Cecchi Olstein Brody & Agnello PC, E. Powell Miller and Dennis A. Lienhardt of the Miller Law Firm PC, Philip Furia and Jason P. Sultzer of Sultzer & Lipari PLLC, Joshua D. Arisohn of Airsohn LLC, Nick Suci III of Bryson Harris Suci & DeMay PLLC, Kenneth J. Grunfeld and Kristen Lake

Cardoso of Kopelowitz Ostrow Ferguson Weiselberg Gilbert PA, James Bilsborrow of Weitz & Luxenberg PC and Charles E. Schaffer, Daniel C. Levin and Nicholas J. Elia of Levin Sedran & Berman LLP.

J&J and Kenvue are represented by Nexus U. Sea, Hannah Y. Chanoine, Craig McAllister, Victoria Randall, Matt Powers, Andrew Weisberg and Daniel Lautzenheiser of O'Melveny & Myers LLP and Michael C. Zogby and Marquis Whitney of Barnes & Thornburg LLP.

The case is Jo Aronstein et al. v. Kenvue Inc. et al., case number 3:24-cv-04665, in the U.S. District Court for the District of New Jersey.

--Additional reporting by Mike Curley. Editing by Stephen Berg.

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Ex-SPAC CEO Cops To Defrauding Lottery.com Investors

By **Emilie Ruscoe**

Law360 (February 3, 2026, 10:15 PM EST) -- The former CEO of a blank check company that took Lottery.com public pled guilty on Tuesday to securities fraud over charges that he schemed to inflate the revenue of the lottery products platform by means including a \$9 million round-trip transaction.

At a hearing in Manhattan federal court, Vadim Komissarov, the former CEO of special purpose acquisition company Trident Acquisitions Corp., copped to a single count of securities fraud for his misrepresentations about Lottery.com's revenue and financial condition. Komissarov is scheduled to be sentenced in June.

In a statement, Jay Clayton, the U.S. Attorney for the Southern District of New York, said that Komissarov defrauded his shareholders and "manufactured fraudulent revenue."

Komissarov was indicted in February 2025, with federal prosecutors alleging he duped investors about the profitability of the 2021 take-public deal, including by using sham transactions, then sold off his shares of the company before the markets realized the company was facing headwinds.

Lottery.com's Chief Revenue Officer Matthew Clemenson and Chief Financial Officer Ryan Dickinson were also charged last year by information in the criminal case. The execs **copped** to securities fraud, securities fraud conspiracy and making false filings with the U.S. Securities and Exchange Commission. Both are scheduled for sentencing in April.

Komissarov, Lottery.com, Clemenson and Dickinson also face **parallel SEC claims** that were filed in January. Clemenson and Dickinson have agreed to settle with the SEC, though any monetary penalties or disgorgement or prejudgment interest obligations would be decided at a later date. The SEC's suit also names a different ex-Lottery.com executive, former CEO Lawrence Anthony DiMatteo, who is not a defendant in the criminal case.

Separately, Lottery.com, Komissarov, DiMatteo, Clemenson and Dickinson face investors' consolidated **proposed class action claims** that the company's shares had been artificially inflated before its post-merger disclosure of accounting issues that included a \$30 million shortfall as well as compliance issues.

Those claims survived a dismissal bid in February 2025, though certain allegations, including those over allegedly misleading statements in the merger's proxy statement, were tossed. In September, the government moved to intervene in the suit and was granted a stay of the securities class action until the criminal case is resolved.

In its 2018 IPO, Trident **raised \$175 million** on the strength of its original plans to acquire an eastern European energy business. It reached its agreement to combine with Lottery.com in November 2019, and the transaction closed in October 2021, according to the companies.

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

The government is represented by Justin V. Rodriguez and Matthew R. Shahabian of the U.S. Attorney's Office for the Southern District of New York.

Komissarov is represented by Jay Musoff and Alex Inman of Loeb & Loeb LLP and Alex Lipman of

Lipman Law PLLC.

The case is USA v. Vadim Komissarov, case number 1:25-cr-00061, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Dorothy Atkins, Sydney Price, Rae Ann Varona, Katryna Perera, Jeff Montgomery and Jarek Rutz. Editing by Dave Trumbore.

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