

Securities

Kyndryl Investor Sues Over Accounting Audit, Leaders' Exit (1)

Feb. 12, 2026, 11:20 AM PST; Updated: Feb. 12, 2026, 12:32 PM PST

Kyndryl Holdings Inc. misrepresented its financial results and internal controls before disclosing a spate of leadership changes and an accounting review, a proposed class action said.

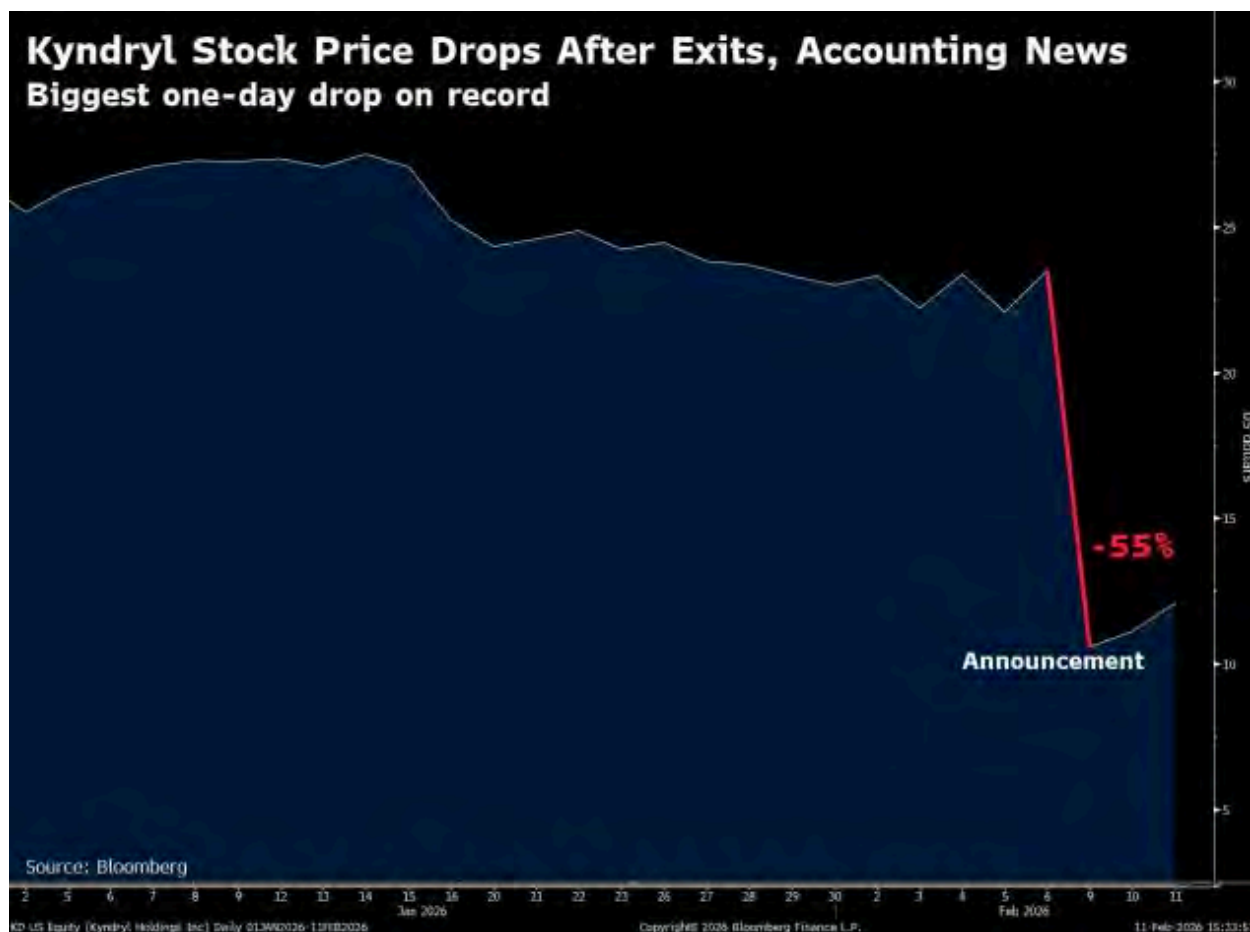
The International Business Machines Corp. spinoff's stock price plunged 55% Feb. 9, the day that federal filings disclosed executive departures and a Securities and Exchange Commission request to review certain of its records. That was Kyndryl shares' sharpest one-day drop on record, according to data compiled by Bloomberg.

The proposed class in the complaint filed Wednesday would include those who acquired Kyndryl's publicly-traded securities from Aug. 7, 2024, through Feb. 9. At the start of this timeframe, Kyndryl and executives who signed off on certain reports downplayed issues with its financial controls by only disclosing deficiencies in information technology general controls, the stockholder told the US District Court for the Eastern District of New York. ITGCs relate to computer-based system environments.

Starting with its 2025 annual report, Kyndryl's fiscal filings said its internal procedures were effective and unlikely to impact its financial reporting controls when, in reality, there were weaknesses in relation to "controls related to information and communication and tone at the top," investor Robert Brander said. The consolidated statements of cash flows in certain annual and quarterly financial results during the proposed class period were also likely materially misstated.

Kyndryl didn't disclose lacking adequate accounting controls and understated issues with those internal procedures, making it unable to timely file a quarterly report for the period ending Dec. 31, Brander said.

Then, on Feb. 9, the IT systems company said in a federal filing that its board audit committee was looking into its cash management practices, related disclosures including drivers of its adjusted free cash flow metric, and more after receiving voluntary document requests from the SEC's enforcement division. Kyndryl said it didn't expect the accounting review to impact its financial statements, but it would delay filing that quarterly report to the agency.



The company expects to report “material weaknesses in the Company’s internal control over financial reporting for the period covered in the Quarterly Report, as well as for the full fiscal year ended March 31, 2025, and the first two fiscal quarters of fiscal year 2026.”

Kyndryl also said in SEC filings that Chief Financial Officer David Wyshner and General Counsel Edward Sebold departed. Former SVP, global controller, and principal accounting officer Vineet Khurana also stepped down for an unspecified role.

The filings came the same day Kyndryl shared underwhelming third-quarter of 2026 earnings results and lowered its full-year outlook for certain metrics in a press release.

The Rosen Law Firm PA represents Brander, who seeks damages for alleged 1934 Securities Exchange Act violations. Brander’s suing Kyndryl, CEO Martin J. Schroeter, Wyshner, and Khurana, the latter of two he alleged were forced out of their roles due to misconduct outlined in the complaint.

“We do not comment on pending litigation and will address this complaint through regular legal channels,” a Kyndryl spokesperson said in an emailed statement.

The case is Brander v. Kyndryl Holdings, Inc. , E.D.N.Y., No. 1:26-cv-00782, complaint filed 2/11/26 .

(Updates with Kyndryl's comment in the 11th paragraph.)

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<https://bsky.app/profile/annmlipton.bsky.social/post/3mercngl5ek2a>



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imagine if they couldn't though

INTRODUCTION

This case is about whether two tweets and a podcast remark constitute securities fraud.



Ann M. Lipton @annmlipton.bsky.social · 31m

Excerpt of Elon Musk's trial brief, concerning securities fraud claims arising out of his conduct with respect to his merger agreement with Twitter:

6

7

Other Authorities

U.S. Const. amend. I

ALT

12:07 PM · Feb 13, 2026 · Everybody can reply

8 likes



1



8



Write your reply



Connor Lynch @connorlynch.bsky.social · 15m

This is a question that seems to answer itself in a way that would make me rewrite it if I were counsel



1



4



Connor Lynch @connorlynch.bsky.social · 13m

oh, just because a statement is "material" and "false" about a "security" it's fraud now?



3



<https://bsky.app/profile/annmlipton.bsky.social/post/3meraq3pthc2a>



Ann M. Lipton
@annmlipton.bsky.social

a reminder, that tesla's board had the option of conditioning pay on musk's withdrawal from political activities, and instead decided that incentive pay based on stock price and operational metrics would naturally encourage his withdrawal from the political sphere

Andrea Basso @a4xrbj1.bsky.social · 2h
/4

In California, Tesla's most important US market, Experian data shows market share fell from 11.6% of all vehicle registrations in 2024 to 9.9% in 2025. Tesla's California sales have been dropping by double digits while the rest of the state's EV market grew.

11:32 AM · Feb 13, 2026 Everybody can reply

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Are you questioning their disinterested business judgment



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The Shrinking Safe Harbor

 10b5daily.com/2026/02/12/the-shrinking-safe-harbor

February 13, 2026

As numerous courts have recognized, risk disclosures are forward-looking statements covered by the PSLRA's safe harbor (which renders such statements inactionable if they are accompanied by meaningful cautionary language *or* were not made without actual knowledge of their falsity). But if the risk disclosure is alleged to have been false or misleading because the company omitted to state that the risk had previously materialized, does that suddenly make the safe harbor inapplicable (i.e., convert the forward-looking statement into a statement of present fact)? The Ninth Circuit, in a decision that is certain to create some controversy, has found that it does.

In [Const. Laborers Pension Trust of Greater St. Louis v. Funko, Inc., No. 24-4909 \(9th Cir. Feb. 4, 2026\)](#), the plaintiffs alleged that Funko's "risk disclosures" about its ability to manage its inventory in the future "concealed the facts that Funko had already failed to manage its inventory and that its business, financial condition, and operations were already adversely affected." The district court found that these risk disclosures were protected by the PSLRA's safe harbor because the plaintiffs failed to adequately plead actual knowledge of their falsity. On appeal, however, the Ninth Circuit panel appears to have created a new exception to the safe harbor.

In particular, the panel concluded that because the alleged omission related to Funko's current failure to manage its inventory, the risk disclosure "implicitly serves as a comment on the *present* state of affairs, because it suggests that the circumstance posing the risk has not yet occurred." And, as a result, the risk disclosure "does not fall under the safe harbor for forward-looking statements because its falsity lies not in the failure to predict the future, but in the implicit

assertion about the present that the risk identified has not happened yet.” In other words, if a plaintiff alleges an “affirmative misrepresentation theory” then the otherwise forward-looking risk disclosure is converted into a statement of present fact and is not subject to the safe harbor.

The panel offered no direct citations in support of its analysis, perhaps because it seems to run counter to longstanding precedent both within the Ninth Circuit and other circuits. As a general matter, a forward-looking statement is never false because it fails to accurately predict the future, which is inherently unknowable. Instead, as the Ninth Circuit (*see, e.g., Apple* (9th Cir. 1989)) and Second Circuit (*see, e.g., Slayton* (2nd Cir. 2010)) have long held, forward-looking statements contain certain “implicit factual assertions,” including that the speaker is not aware of any undisclosed facts tending to seriously undermine the accuracy of the statement.

If the speaker knows that this implicit factual assertion is not true, then the forward-looking statement is misleading. Presuming that risk disclosures are actionable at all (at least two circuits have found that they may be inherently immaterial statements), the failure to disclose a prior or current materialization of the risk would appear to fall into the category of an “undisclosed fact tending to seriously undermine the accuracy of the statement.” And this theory of falsity does not prevent the application of the safe harbor with its “actual knowledge” prong (*see, e.g., Slayton* (2nd Cir. 2010)).

In the *Funko* case, however, the panel has taken the unusual position that the safe harbor does not apply when a plaintiff alleges an “affirmative misrepresentation theory” (i.e., claims that a present fact undermining the statement was omitted and rendered the forward-looking statement misleading) even if there is no dispute that the statement itself is a forward-looking statement. Taken to its logical conclusion, the PSLRA’s safe harbor is largely mooted by this analysis, as virtually every forward-looking statement securities fraud claim is based on the alleged omission of some “undisclosed fact tending to seriously undermine the accuracy of the statement.” It seems hard to believe that is what Congress intended when it passed the statute. Stay tuned.

Steve Bannon and Trump Legal Adviser Sued Over Patriot Pay Crypto Promotion

Steve Bannon and Boris Epshteyn face a securities class action in Washington federal court alleging they misled investors in promoting the cryptocurrency Patriot Pay.

February 13, 2026 at 01:34 PM By  **Michael A. Mora**



Steve Bannon, left, and Boris Epshteyn, right. Photos: Yuki Iwamura/Michael M. Santiago/AP

Steve Bannon and senior counsel to President Donald Trump, Boris Epshteyn, were sued in Washington federal court over their promotion of the digital token Patriot Pay in a proposed securities class action accusing them of misleading retail investors.

The lawsuit, filed Thursday by plaintiff Andrew Barr, alleges that Bannon, Epshteyn and affiliated companies offered and sold unregistered securities through Let's Go Brandon Coin, later rebranded as Patriot Pay, while promoting the token as a stable, inflation-resistant financial system designed to bypass banks and government financial controls and restrictions entirely.

Defendants promoted the token from late 2021 through early 2025 as a decentralized payment ecosystem with charitable purposes and real-world utility, while concealing insider control over smart contracts, transaction fees and liquidity. They are accused of targeting a politically aligned and loyal audience to encourage them to invest in the token as a means of participating in a broader movement.

The defendants claimed they had a strategic partnership with the project's founders and would lend their support and influence, even though they actually owned and controlled the project, according to the complaint. The defendants allegedly acquired control of the token without paying any purchase price, while investors, through embedded transaction fees, effectively financed the acquisition.

The defendants allegedly failed to disclose that the token was centrally controlled, they retained authority over the token's smart contract and wallets, they froze investor wallets, select purchasers were offered over-the-counter sales outside public markets and transaction-based "marketing" and "charity" fees were not used exclusively for the purposes investors were led to believe.

The investors further alleged that the defendants retained and exercised centralized authority to restrict trading, manage supply and control liquidity, while exempting insider wallets from those same constraints. In addition, the token was a safer alternative to fiat currency, invoking economic collapse, inflation and financial crisis to create urgency and induce purchases.

Defendants allegedly reassured investors throughout the project's decline, promising development, expansion and renewed promotion even as trading activity and value fell. When concerns arose over liquidity and missing funds, defendants allegedly provided vague assurances while concealing material facts about insider compensation, wallet control and the project's deteriorating financial condition and outlook.

The project ultimately collapsed after defendants allegedly disabled trading and abandoned the token in February 2025, leaving investors unable to sell holdings. Barr, represented by Dynamis LLP, claimed he personally lost about \$58,730 and seeks damages, rescission and class certification on behalf of similarly situated investors under federal securities laws and related statutes governing disclosures.

"The securities laws exist precisely to prevent influential insiders from exploiting trust, obscuring material facts, and shifting risk onto retail investors without transparency or registration," the lawsuit alleged. "This action seeks to make Defendants answer for their conduct, restore what was taken from investors, and deter the misuse of public platforms and personal influence."

Class Action

Manage Newsletters

Bannon, Trump Aide Sued Over Let's Go Brandon Coin Promotion (1)

Feb. 13, 2026, 6:28 AM PST; Updated: Feb. 13, 2026, 7:33 AM PST

Summary by Bloomberg AI

AI Generated



- Steve Bannon and Boris Epshteyn were hit with a proposed class action alleging they promoted a cryptocurrency as stable and decentralized to investors when they really held centralized authority of its trading.
- The complaint said Defendants deliberately targeted a politically aligned and deeply loyal audience and encouraged them to invest in the Token as a means of participating in a broader movement.
- Barr alleged violations of federal and DC securities laws for offering an unregistered sale of securities, fraud, misrepresentation, and control person liability given executive oversight of the tokens.

Steve Bannon and President Donald Trump advisor Boris Epshteyn were hit with a proposed class action alleging they promoted a cryptocurrency as stable and decentralized to investors when they really held centralized authority of its trading.

These Trump allies leveraged their prominence and credibility to lure retail investors into buying a digital token initially called Let's Go Brandon Coin, later rebranded to Patriot Pay, a purchaser told the US District Court for the District of Columbia in a lawsuit filed Thursday.

"Defendants deliberately targeted a politically aligned and deeply loyal audience—individuals who trusted Defendants' judgment, motives, and commitment to shared values—and encouraged them to invest in the Token as a means of participating in a broader movement," the complaint said. "Defendants' conduct was particularly insidious because it exploited that trust to induce purchases of an unregistered, highly speculative asset under the guise of financial independence and community membership."

The project's abrupt shutdown in 2025 suggested the defendants knew of its deficiencies and misrepresentations, Andrew Barr's suit said. Last February, they "disabled trading, announced the project's closure, and promised liquidity distributions that did not occur."

Bannon and Epshteyn secretly took over control of the project in 2021, structuring the deal to be financed through retail investors' transaction fees rather than cash, Barr said. Meanwhile, they touted themselves as "supporters" and "advocates" of the crypto project.

The token, when it was available, saw declining value due to lack of promotion and investor funds' were mismanaged, Barr said, and the defendants couldn't account for certain funds purportedly given to charity.

Meanwhile, the defendants had created the impression that holding these tokens offered "a decentralized, censorship-resistant means of avoiding political retaliation such as 'de-banking,' 'disappearing,' or being cut off from the financial system," Barr said.

But the tokens' environment wasn't decentralized, Barr said, since "control over the Token's smart contract, fee routing, and key wallets remained centralized in the hands of insiders, and Defendants and their agents retained the practical ability to control liquidity, dictate the Token's operational parameters, and—ultimately—disable trading."

Bannon and Epshteyn are one of multiple people and entities related to them that allegedly made and enabled the tokens targeted by the proposed class action.

Barr alleged violations of federal and DC securities laws for offering an unregistered sale of securities, fraud, misrepresentation, and control person liability given executive oversight of the tokens. Barr also alleged a violation of DC's Consumer Protection Procedures Act.

Dynamis LLP represents Barr.

Bannon and his WarRoom, also a defendant, didn't immediately respond to an email seeking comment Friday. Epshteyn didn't immediately respond to a request for comment sent through LinkedIn.

The case is Barr v. Bannon , D.D.C., No. 1:26-cv-00452, complaint filed 2/12/26 .

(Updates with additional reporting starting in fourth paragraph.)

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California Brief

Republicans Investigating Certain CalPERS Investments Over ESG

Feb. 12, 2026, 9:32 AM PST

House Republicans are probing California's public employee pension over whether it prioritized environmental, social, and governance factors in investments, suggesting it could threaten the fund's tax status.

House Education and Workforce Committee Chairman Tim Walberg (R-Mich.), Rep. Rick Allen (R-Ga.), and Rep. Kevin Kiley (R-Calif.) wrote on Thursday to the head of the California Public Employees Retirement System (CalPERS) seeking information about the fund's investments in a clean energy and technology fund.

The committee has been investigating CalPERS since July 2024 over allegations the pension was not acting for the "exclusive benefit" of California public employees and retirees.

Republicans in Congress have aggressively pushed back in recent years on what they criticize as "woke" ESG investments. They've targeted public pensions in the states as part of this broader effort.

The lawmakers said CalPERS, which had \$556 billion in assets as of last July, had invested more than \$468 million into the clean energy and technology fund since 2007. The three Republicans said the investment's value was down to \$138 million as of March 2025. The lawmakers said they learned of the losses in October.

"CalPERS' loss in CETF is just the most recent example of CalPERS prioritizing ESG considerations ahead of its responsibilities to safeguard the pension fund," the lawmakers wrote in a letter to Theresa Taylor, the fund's president and vice chair for investment.

The three Republicans requested Taylor provide documents by Feb. 27 related to terms of investment in the clean energy and technology fund; material related to CalPERS' due diligence leading to the investment in the fund; and financial statements and performance documents from the fund provided to CalPERS.

The investments in the clean energy and technology fund "do not appear to be consistent" with tax rules requiring plans be maintained for the exclusive benefit of employees, their letter said.

"To the extent that CalPERS is using plan assets for the benefit of social or political causes, the plan's qualified tax status is no longer valid," they wrote.

The House passed legislation recently that would largely prohibit 401(k) and pension fund managers from considering ESG factors in investment decisions.

The Employee Benefits Security Administration is also preparing to rewrite a Biden administration rule that allowed 401(k) fund managers to weigh ESG considerations as a tiebreaker when deciding between identical investment options in terms of risks and returns.

CalPERS did not immediately comment on the letter from House Republicans.

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Securities

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Battle Over Proxy Advisor Disclosures Shifts to Statehouses

Feb. 13, 2026, 9:38 AM PST

Summary by Bloomberg AI

AI Generated



- States including Oklahoma and Kentucky are introducing bills that would require proxy advisory firms to issue alerts if they use non-financial measures for suggestions that go against company management.
- The bills are part of a broader effort to increase scrutiny of proxy firms, whose influence is being challenged by Texas and Florida, and who are awaiting the outcome of President Donald Trump's executive order to curb their dominance.
- Legislators say the goal of the bills is to increase transparency and ensure that proxy advisers' recommendations are in the best interests of shareholders, with some arguing that the firms' advice can affect constituents' pensions, retirement savings, and economic well-being.

States are following Texas into a battle over whether proxy firms should have to justify voting recommendations that are out of step with company management.

Oklahoma and Kentucky are among a dozen states with bills that would require proxy advisory firms, which advise shareholders how to vote on company matters, to issue alerts if they use non-financial measures for suggestions that go against board wishes.

The new ripple of state legislation adds to the scrutiny on proxy firms, whose influence shows signs of slipping as they scuffle with Texas and Florida. The firms, which in January lost the business of large asset managers JPMorgan Chase & Co. and Wells Fargo & Co., are also awaiting the outcome of President Donald Trump's December executive order to curb their dominance.

Texas enacted its sweeping law last year as part of its bid to attract more public companies. The two largest proxy advisers, Institutional Shareholder Services and Glass, Lewis & Co., sued shortly after, and the law is currently on hold.

Litigation is possible if more state bills become law, but it's hard to say whether ISS and Glass Lewis would sue every state the way they sued Texas, said Ferrell Keel, partner at Jones Day. Legislators from Mississippi, West Virginia, Indiana, Arizona, Wyoming, Kansas, Wisconsin, South Carolina, Iowa, and Nebraska are also running bills to require more information on how proxy advisers arrive at their decisions.

"I would hope states are not going to withhold from passing a law just because they think ISS and Glass Lewis will sue," Keel said. Still, she said the firms have a history of resisting "every whiff of regulation."

Republicans and pro-management voices have long criticized proxy advisers for their alleged outsized influence over company annual meeting ballots, where investors vote on proposals from management and shareholders. Critics have also accused the firms of putting environmental and social objectives over financial returns.

Changes stemming from Trump's order for the Securities and Exchange Commission to consider updating or withdrawing all proxy firm rules or guidance are months away, and past federal attempts to curb the firms have failed. SEC Chairman Paul Atkins told lawmakers on Thursday that the agency is "actively addressing" Trump's directive, without elaborating on the regulator's plans.

Meanwhile, states are trying to fill the gap, Keel said.

States are homing in on these firms because their advice affects constituents' pensions, retirement savings, and economic well-being, according to an emailed statement from Kentucky state Sen. Matt Nunn (R).

"Investors deserve to understand what is driving advice that can shape jobs, retirement security and corporate governance," Nunn said.

His bill would classify proxy advisory recommendations as "not solely in the interest of shareholders" if they're based on anything but financial factors, or if they run counter to management's wishes without a written financial justification. Advisers would then have to tell shareholders the advice disregards financial interests, and explain which metrics that aren't strictly financial, such as those to do with climate or social justice, were used to make the recommendation.

Lawmakers could also be thinking about economic development when sponsoring these bills, said Lillian Tsu, partner at Cleary Gottlieb Steen & Hamilton LLP. Delaware is still home to two-thirds of the Fortune 500, but states see a chance to grab more business after several high-profile company exits. The more states can eliminate pain points for companies, the more attractive they'll appear, she said.

Kyle Hilbert (R), speaker of the Oklahoma House of Representatives, said he sponsored proxy adviser legislation because he wants to see a "clear and clean process" for their recommendations.

"This bill is not designed to ban proxy advising," he said. "It's just about transparency."

– With assistance from Andrew Ramonas.

Mission Alignment | Business Law Prof Blog

 [businesslawprofessors.com/2026/02/mission-alignment](https://www.businesslawprofessors.com/2026/02/mission-alignment)

Ann Lipton

February 13, 2026



It was reported this week that OpenAI has [disbanded its mission alignment team](#), and fired a woman (ostensibly because she discriminated against men) [who opposed adding an “Adult Mode” to ChatGPT](#). Meanwhile, [a former OpenAI researcher published a NYT op-ed about the erosion of OpenAI’s principles](#).

Notably, these moves come after OpenAI’s contentious restructuring into a Delaware public benefit corporation, [which required assurances to the AGs of California and Delaware](#) that the new structure would remain true to OpenAI’s original nonprofit mission to develop AI for humanity’s benefit. The way this was supposed to occur was that [OpenAI-the-nonprofit was given a golden share to control OpenAI-the-benefit-corporation’s board](#).

The available evidence suggests ... the mission may have been redirected.

Now, maybe that’s because of the identity of the individuals appointed to OpenAI-the-nonprofit’s board, which include current and former tech execs, a private equity guy, a corporate lawyer, and Sam Altman. And certainly, there may be a broader lesson here about the general toothlessness of the benefit corporation form – we’re [seeing similar issues at Anthropic](#), which is [also organized as a benefit corporation](#).

But the problem likely runs deeper. For one thing, we all remember when OpenAI’s board tried to fire Altman, [resulting in an employee revolt](#). That wasn’t surprising, because OpenAI (and Anthropic) compensate their employees with equity – incentivizing them to prioritize financial value. OpenAI and Anthropic have operated much more like VC-backed startups than social enterprises, and

that may ultimately be rooted in the fact that AI requires such enormous capital investment that it simply is not practical to expect anything other than prioritization of profit.

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Lawsuit Against J.P. Morgan Securities Over Cash Sweep Program Clears Key Hurdle in Manhattan Federal Court

Jones Day argued that under its banking agreements, Morgan could sweep certain customer funds into any of its savings instruments, regardless of the interest rate. But U.S. District Judge Lorna Schofield for the Southern District of New York said the relevant contracts could be read differently.

February 13, 2026 at 03:03 PM By **Alyssa Aquino**



J.P. Morgan office in Manhattan, New York on Monday December 2, 2024. Photo: Ryland West/ALM

J.P. Morgan Securities has failed to secure dismissal of consumer claims of underpaying interest on its bank deposit sweep programs, with a New York federal judge finding that customers plausibly alleged the banking giant breached a contractual promise to provide “a reasonable rate of interest.”

The litigation hinges on deposit programs that automatically sweep uninvested cash on certain brokerage and retirement accounts—money from dividends, interest or securities sales proceeds—into interest-bearing accounts held by affiliated banks.

Customers represented by Bernstein Litowitz Berger & Grossmann and Berger Montague argued that instead of sending the cash to accounts paying market rates, whose rates reached 5.33% during the relevant period, JPMorgan swept the cash into accounts paying near-zero interest and allegedly pocketed the difference.

Jones Day argued that the full contractual provision gave JPMorgan the right to sweep the money into any of its savings instruments, regardless of the interest rate. But U.S. District Judge Lorna Schofield for the Southern District of New York said the provision could be read differently.

The provision “can be read to say that JPMS may invest any uninvested cash in savings instruments, expressly including those issued by JPMorgan Chase Bank, or in bank deposits provided they bear a reasonable rate of interest,” Schofield said in [a decision](#) issued Thursday. “This interpretation does not foreclose Plaintiff’s claims.”

The judge also pushed forward a breach of the implied covenant of good faith and fair dealing claim and a claim that JPMorgan breached a separate part of its banking agreements stating that the interest rates “will vary based on business and economic conditions.”

A representative for JPMorgan declined to a Friday request for comment, citing pending litigation.

The lawsuit is [one of several to be filed nationwide](#) over cash sweeps program, with nearly every major bank facing legal heat. Consumer cases against Wells Fargo and Bank of America are still pending, but litigation against Bancorp was dismissed.

Although Schofield kept intact the case against JPMorgan, she narrowed the scope of the suit, including by dismissing JPMorgan Chase & Co., JP Morgan Securities’ corporate parent, from the case entirely.

She said the complaint doesn’t allege that consumers “have any” contractual relationship with the parent company. Additionally, the complaint doesn’t sufficiently allege that the parent company is liable based on its connection to its subsidiary, Schofield said.

In response to a request for comment, Salvatore Graziano, a Bernstein Litowitz partner representing the consumer class in the JPMorgan case, referred to the overall state of the field.

“These cash sweep cases have received a very favorable reception in the federal courts given the express contractual language offered to customers contrasted with the unreasonable way they were treated,” Graziano said in an emailed statement to [Law.com](#) and the New York Law Journal. “The defendants are going to have to make this right for their customers.”

Class Action

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Chubb, Other Insurers Score Bellwether Wins in Endo Opioid Case

Feb. 12, 2026, 12:24 PM PST

Summary by Bloomberg AI

AI Generated



- A Pennsylvania federal judge handed insurers several wins that may limit how much they have to pay for opioid epidemic claims against Endo International Plc.
- Judge Chad F. Kenney held that a products exclusion in commercial general liability policies issued to Endo generally barred coverage for suits over its alleged role in the opioid crisis.
- Many governmental and third-party payor suits against Endo weren't covered under products policies due to the fact that they didn't seek damages because of bodily injury.

A Pennsylvania federal judge handed insurers, including units of Chubb Ltd. and Travelers Cos., several wins that may limit how much they have to pay for opioid epidemic claims against Endo International Plc.

In a series of opinions, Judge Chad F. Kenney in the US District Court for the Eastern District of Pennsylvania held that a products exclusion in commercial general liability policies issued to Endo generally barred coverage for suits over its alleged role in the opioid crisis.

Many governmental and third-party payor suits against Endo also weren't covered under products policies due to the fact that they didn't seek damages because of bodily injury.

The unsecured creditors' trust handling claims related to opioids and other Endo products as part of the drugmaker's court-approved plan to exit Chapter 11 bankruptcy sued nearly 40 of the company's carriers in August 2024.

The rulings this week add to a series of legal victories for insurers over the past several years on coverage for litigation alleging drugmakers, retailers, and other companies fueled the opioid crisis.

Insurers won a similar ruling on the products exclusion in a Missouri state court case in 2025, although an appeal is pending. Carriers in other cases across the country, including in Florida and Delaware, have likewise secured decisions that underlying opioid suits didn't seek damages because of bodily injury and therefore aren't covered.

Pharmaceutical companies frequently pay for several types of insurance programs. Commercial general liability policies generally exclude claims arising out of "your products," while specialized products policies afford limited coverage on a "claims-made" basis, meaning they only cover claims made within a predefined time period.

Rulings on whether opioid suits seek damages because of bodily injury can constrain coverage under both types of policies. If products exclusions are widely found to bar coverage under general liability policies, insurers' liability may be greatly limited.

In his opinion focused on issues related to products policies for the 2013-2014 period, Kenney said many of the suits brought by state and local governments didn't seek damages because of bodily injury and that the insurers had no duty to defend or indemnify those suits, though he held at least one of the suits did potentially seek covered damages.

The underlying suits "link the defendants to a broader public health crisis, rather than specific bodily injuries, and seek to recover the cost of social services provided to combat the opioid epidemic as a whole," Kenney said. Cases where "a government is 'at least potentially' seeking to recover the demonstrated costs it paid to treat specific injuries," on the other hand, could trigger insurers' duty to defend, he said.

In a separate opinion Feb. 10 focused on commercial general liability policies spanning 2010 to 2022, Kenney said the products exclusion precluded coverage for opioid claims, and that even claims based on Endo's unbranded marketing and promotion of opioids were barred by the provision.

"Even if Endo's unbranded marketing did not expressly mention Endo's products by name, based on the allegations from the underlying Opioid Suits, there is enough of a causal connection under the de minimis 'but for' causation standard for the Court to find that bodily injuries allegedly resulting from Endo's unbranded promotions 'arise out of' Endo's products," Kenney wrote.

Endo filed for bankruptcy in 2022 due to "insurmountable liability" for claims related to its opioid products, transvaginal surgical mesh products, ranitidine products, and its unbranded promotion of opioids generally. Through its restructuring plan, approved in 2024, the pharmaceutical company agreed to pay more than \$560 million to settle opioid-related claims and to form the trust, which was assigned the company's insurance rights to resolve its liabilities.

Flaster Greenberg PC, McKool Smith PC, and Gilbert LLP represent the trustee. Clyde & Co LLP, Simpson Thacher & Bartlett LLP, and Dentons LLP are among firms representing insurers.

The case is *Dundon v. ACE Property & Casualty Ins. Co.*, E.D. Pa., No. 2:24-cv-04221, 2/10/26 .

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Securities

Magic Johnson Promoted NFT, 'Metaverse' Scam, Investor Alleges

Feb. 12, 2026, 1:36 PM PST

A company that says it invested \$250,000 in a nonfungible token project in return for a business opportunity and a share of revenue has sued basketball legend Earvin "Magic" Johnson and the project's creator.

The Magicverse Genesis NFT collection never materialized, and offering party Carrie Lyn Henman disappeared along with the invested funds, DoneRight & Co. says. The company filed its complaint Wednesday in the US District Court for the Central District of California on its own behalf, not on behalf of a proposed class.

The status of NFTs as securities is a developing legal issue. A federal court in Florida held in 2024 that another former basketball star and entrepreneur, Shaquille O'Neal, could be sued over unregistered NFTs, while a judge in California initially determined that Yuga Labs Inc. token holders hadn't adequately alleged its Bored Ape NFTs were securities, though they've subsequently re-pleaded their claims.

DoneRight, which describes itself on its Instagram page as a jewelry and watch company, says Henman and her Global Management Group business lured it into the investment by offering "exclusive rights to operate 'the only jewelry store in the Magic metaverse,' creating a monopoly position within the virtual ecosystem." Henman and Global also promised a percentage of revenue and royalties, DoneRight says.

Henman touted Johnson's personal involvement as a celebrity promoter, DoneRight says. She told a Wells Fargo & Co. bank manager in Houston, to whom DoneRight's founder and CEO Jimmy Phan brought his cash deposit, that the money was "for Magic J.," according to the complaint.

"Johnson actively participated in the Magicverse investment scheme, directly coordinated banking logistics for Plaintiff's investment, and promoted the project through his celebrity status and social media presence," DoneRight says.

DoneRight brings claims under federal and California securities laws for offering and selling an unregistered security and for misrepresenting the project and its launch timeline; claims under the Racketeering Influenced and Corrupt Organizations Act; and claims for common law fraud, promissory fraud, breach of contract, unlawful business practices, conversion, and unjust enrichment.

The company seeks restitution or compensatory damages; consequential damages; consequential, treble, and punitive damages; disgorgement; and injunctive relief.

Henman didn't immediately respond to an emailed request for comment sent to a nonprofit she is alleged to have co-founded, which isn't a party to the suit. Johnson and his company, Magic Johnson Enterprises, didn't immediately respond to an email sent to the company.

The Cochran Firm California and Ivie McNeill Wyatt Purcell & Diggs APLC represent DoneRight.

The case is DoneRight & Co., LLC v. Henman , C.D. Cal., No. 2:26-cv-01430, complaint 2/11/26 .

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

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Magic Johnson Sued in Los Angeles Over Failed NFT Project

“Those who are representing celebrities or individuals who are looking to invest in NFTs or who are promoting NFTs, the law has been pretty clear how securities should be regulated,” said James A. Bryant, a partner at the Cochran Firm, who represents the plaintiff.

February 12, 2026 at 01:47 PM By  **Michael A. Mora**



Rose Parade Grand Marshal Magic Johnson attends the Rose Bowl College Football Playoff quarterfinal game between Alabama and Indiana Thursday, Jan. 1, 2026, in Pasadena, Calif. Photo: Mark J. Terrill/AP

An investor has sued ex-NBA star Earvin “Magic” Johnson in Los Angeles federal court, alleging that he and an associate raised \$250,000 for a planned NFT and metaverse venture called “Magicverse” that promised exclusive digital jewelry rights and guaranteed returns but never launched.

The lawsuit traced the project to July 2022, when a California business entity bearing the Magicverse name was formed, according to the complaint filed Wednesday. Soon after, Carrie Lyn Henman, described as Johnson’s associate, approached the plaintiff, Doneright & Co. LLC,

regarding the project, which bills itself as a celebrity-focused NFT and metaverse education platform tied to Johnson.

In one promotional video, Johnson is featured in clips from his NBA days, playing for the Los Angeles Lakers, and is shown in a boardroom alongside Henman. A second person seen in the video said, “This icon happens to be part of building it,” to which Johnson responded, “That’s right. We’re going to shock the world and do it right.”

Henman allegedly told the plaintiff that it would receive exclusive rights to operate the only jewelry store in the Magic metaverse and that it could tour with Johnson to promote the venture. She also claimed that music producer Dr. Dre had invested \$500,000, according to the complaint. The plaintiff says it was promised lifetime royalty payments and a doubling of its investment.

Doneright then agreed to invest \$250,000 in the Magicverse project. The plaintiff alleged in the complaint that Johnson directly coordinated banking logistics for the transfer of the funds. However, following the plaintiff’s investment in August 2022, the defendants failed to launch the Magicverse project as represented and refused to return the investment, citing delays.

The plaintiff alleges the defendants failed to provide required disclosures in connection with what it characterizes as a securities offering. The lawsuit alleges that the Magicverse investment constituted an unregistered security under federal and state law and that investors were not informed of material risks or the speculative nature of NFT ventures.

“Those who are representing celebrities or individuals who are looking to invest in NFTs or who are promoting NFTs, the law has been pretty clear how securities should be regulated,” said James A. Bryant, a partner at the Cochran Firm, who represents the plaintiff. “And there are serious implications for that.”

Johnson and Henman did not respond to requests for comment.

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Q&A | Litigators

Litigators of the Week: An \$8.5 Million Verdict in First Trial in Uber Passenger Sexual Assault MDL

Alexandra Walsh of Anapol Weiss, Sarah London of Girard Sharp and Deborah Chang of Chang Klein represent a passenger who said one of Uber's drivers raped her in November 2023. Federal jurors in Phoenix found Uber liable on apparent agency grounds.

February 13, 2026 at 09:42 AM By  Ross Todd



(l-r) Alexandra Walsh, with Anapol Weiss, Sarah London, with Girard Sharp, and Deborah Chang, with Chang Klein. Courtesy photos

Our Litigators of the week are **Alexandra Walsh** of **Anapol Weiss**, **Sarah London** of **Girard Sharp** and **Deborah Chang** of **Chang Klein**, who represent the plaintiff in the first bellwether trial in multidistrict litigation targeting Uber with claims tied to sexual assault allegations against drivers. Their client, Jalynn Dean, claimed an Uber driver raped her in November 2023 during a late-night ride to her hotel in Tempe, Arizona.

Last week, after a three-week trial, federal jurors in Phoenix awarded Dean [\\$8.5 million in damages](#). Although jurors turned back Dean's negligence and design defect claims against Uber,

they found the company liable on apparent agency grounds.

Litigation Daily: How did you and your firms come to be involved in this litigation?

Deborah Chang: I became involved in this litigation through Sarah London, who was passionately committed to this litigation and the first bellwether trial long before we knew which case would be selected. Her enthusiasm was infectious, and I was honored to be asked to be a part of the trial team.

Alexandra Walsh: When the MDL was formed, Judge Breyer appointed me as a member of the Plaintiffs' Steering Committee. The co-leads of the MDL—Sarah along with **Roopal Luhana** and **Rachel Abrams**—asked me to lead the Trial Subcommittee with Sarah, a charge that I eagerly accepted.

Sarah London: **Marlene Goldenberg** and Rachel Abrams approached me before the MDL was formed to consider a potential leadership role. After diving in to investigate the claims, I enthusiastically jumped at the opportunity to serve on this historic, complex and critically important case.

Who was part of the bellwether team—both in terms of the discovery and motions practice it took to get this case to trial and then in the actual trial presentation? How did this trial team come together?

Walsh: Everyone! I say that because from day one, we made sure that every action taken in the litigation was aimed at effectively trying this first bellwether case, and the cases that come next. Every discovery request, every deposition, every expert engagement and every dispositive motion was crafted with trial in mind. It was remarkable to see years of collaborative work by the full team come together when it came time to present our case. At trial itself, we had an amazing team of lawyers and legal professionals from our own firms as well as **Chaffin Luhana, Peiffer Wolf, Simmons Hanly Conroy, Wagstaff Law Firm, Walkup, Melodia, Kelly & Schoenberger** and **Nigh Goldenberg**—all of whom worked tirelessly behind the scenes for this win. Detailing individual contributions would take far too many pages, but I would be remiss not to call out the team from Peiffer Wolf who represented Jaylynn Dean from the very beginning. The compassion and care they brought to advocating Ms. Dean was a testament to the important work we do in representing rape survivors.

Tell me a bit about how Judge Breyer has organized the bellwether process here in this MDL.

London: Judge Breyer ordered each side to select 10 cases for expanded discovery and pleading challenges. He then separated the cases into waves. The first wave includes six cases: two from Arizona, two from California and two from North Carolina.

How was this case in Arizona chosen for trial first?

London: Ms. Dean filed her case in the Northern District of California, where Uber is headquartered. Despite Uber's public commitment to honor any survivor's chosen forum, it moved to transfer the case to Arizona, citing its Terms of Use. The terms dictate that the forum shall be where the assault occurred. Ms. Dean was raped in Arizona when she was there attending flight attendant school. Judge Breyer granted Uber's motion, but traveled to Arizona to preside over the case.

Ms. Dean's case was initially a plaintiff selection, but both sides stipulated to try it first. The next bellwether trial is a Defense pick and will proceed in Charlotte, North Carolina, on April 13 in front of Judge Breyer.

What were some of your key challenges in this particular case?

Chang: Like with most cases involving sexual assault claims, a key challenge was responding to the defendant's attacks on the plaintiff's credibility. When Ms. Dean got in an Uber the night of her rape, she was 19 years old and alone. She was on her way home from a date and had been drinking even though she was underage. We knew from the outset that Uber would attack her character and credibility. And indeed, a central point in their opening was the claim that Ms. Dean had actually consented to having sex with the 49-year-old driver Uber sent to her that night. Also, Ms. Dean had suffered prior trauma (including assault and abuse by an ex-boyfriend) and we knew from discovery Uber would exploit that history to try to downplay the effect of the assault by the Uber driver. In fact, as our expert explained to the jury, people who have previously been assaulted typically suffer far more from the re-traumatization of a subsequent assault. Uber offered zero expert opinion to counter that important point.

Walsh: Another challenge was overcoming the power of Uber's forceful marketing, which absolutely followed us into the courtroom. Uber spends billions of dollars a year persuading people that Uber is safe and many millions of people, including several of our jurors, rely on those representations and rely on Uber to get around. Where a company has employed so much marketing to gain consumer trust, it can be difficult to overcome that mindset. Also, the reality is that when you consider all of the rides Uber sells—rides involving multiple people, rides taking place during the day, rides to and from work—the prevalence of sexual violence is low. Our task at trial was to show that for a subset of Uber rides—those happening late at night, when the rider is a woman, traveling alone, perhaps after drinking—the dangers of taking an Uber are very real, and very much concealed by Uber's marketing.

The driver was never criminally charged, and he initially maintained what happened in the car that night was consensual, right?

Walsh: Yes. The tragic reality is that, even with our growing understanding of the prevalence of sexual violence in society, the vast majority of rapes and sexual assaults are not criminally charged. Before trial, we moved to prevent Uber from offering evidence of the absence of a criminal charge, explaining that any probative value of that evidence was minimal and far outweighed by the prejudice of suggesting that because there was no charge, there was no assault. Judge Breyer granted that motion.

Uber’s defense lawyers repeated a refrain that this trial was about “this driver, this rider, this trip.” Did you try to address some of their arguments that your marketing expert, sexual assault expert and law enforcement experts didn’t address the specifics of your client?

Chang: Yes. Our strategy was to show that what happened on the night of Ms. Dean’s rape was not a random occurrence and did not happen in isolation. It was a culmination of actions Uber took, and failed to take, in protecting the safety of its customers and ensuring people understand the real risks. Through our experts, we showed that Uber knew that sexual assault was a foreseeable risk under the very conditions present here—including the characteristics and risk factors associated with this driver, this rider and this trip. The evidence showed that what happened was not only foreseeable, but preventable.

In her rebuttal, Sarah London forcefully explained how all of the evidence we presented related to “this driver, this rider, this trip.”

In the first trial in parallel litigation in California state court, jurors found Uber was negligent in failing to provide safe rides to women but not liable for the plaintiff’s sexual assault and awarded no damages. Did you learn anything from how the plaintiff’s team put on their case in that trial?

London: Every trial is an opportunity to learn, and we had the great benefit of getting to observe the first trial, debriefing with the trial team and speaking with jurors. There were some meaningful differences between the cases, including the legal claims, time frame and jurisdiction. However, many of the defense themes were the same, and we were able to cite to portions of the record from the California trial to help us exclude certain arguments and evidence that we believed would deprive our client a fair trial in Arizona.

Uber has been incredibly successful in defending its independent contractor model in employment litigation with drivers. How were you able to establish liability for apparent agency here?

Walsh: The basic question here was whether Ms. Dean reasonably believed that the driver was acting on Uber’s behalf and within the scope of his apparent agency. And the answer was clearly yes. All of Uber’s advertising asks people to “ride with Uber,” to trust “Uber’s commitment to

safety,” to “take Uber” when looking for a reliable way home. Yet, when someone gets hurt, suddenly Uber is simply a technology platform connecting independent third-party contractors to riders. In fact, Uber’s very first witness was an operations executive who insisted that it’s “wrong and inaccurate” to refer to drivers as “Uber drivers,” or to say someone is “taking an Uber.” During his direct examination, we downloaded multiple posts currently running on Uber’s social media channels using precisely that “wrong and inaccurate” language. Cross-examining the executive with that social media was a highlight of the trial for me.

You asked for more than \$140 million, including \$120 million in punitive damages. Jurors awarded \$8.5 million in compensatory damages and no punitive damages. An Uber spokesman said the verdict “affirms that Uber acted responsibly and has invested meaningfully in rider safety.” What’s your read of the verdict?

Chang: The most important part of the verdict is that the jury found in our client’s favor in the first bellwether trial of the MDL and held Uber responsible. That finding matters—not only for her, but for the broader litigation.

We have learned so much from this bellwether, and we intend to prevail in obtaining punitive damages in future trials.

Uber has already said that it will appeal based on jury instructions on the agency claim.

London: Judge Breyer carefully and thoroughly considered this claim and the instructions. We are confident that the court made the correct rulings and that we will prevail on appeal.

What comes next, both in this case and in the MDL? Are there other trial dates pending?

London: We will continue to zealously pursue justice for victims. Our clients want to see industry reform and inform the public so that no one else has to suffer as they have. There are additional areas for discovery and possible sanctions that we intend to pursue based on what we learned in this trial. As mentioned above, the next trial is April 13 in North Carolina. There are several thousand more cases—we are hopeful the court will consider consolidating several cases together for trial, as there are many efficiencies to be gained.

What will you remember most about this trial?

Chang: One of the things I will remember about this trial is that both trial teams were comprised entirely of women, and the majority of our lawyers and support staff were women as well. These professionals made extraordinary sacrifices—leaving their spouses, their children and their families to live in Phoenix for weeks and work around the clock. There was a shared sense of purpose that drove the team to work creatively, collaboratively and relentlessly, even when

everyone was exhausted. The level of talent, preparation and commitment—both at counsel table and behind the scenes—was truly extraordinary.

But what I will remember the most is the fact that this result was possible because a 19-year-old young woman from Oklahoma had the courage to stand up to one of the most powerful companies in the world. Watching her walk into the courtroom, take the stand, hold her head high and tell her story—not just for herself, but for the safety of women on the platform—is something I will never forget. I have examined many plaintiffs over the course of my career, but conducting the direct examination of Jaylynn Dean was one of the most meaningful and memorable moments of my professional life.

Walsh: I echo Debbie's sentiments. To try a case where every lawyer at counsel's table was a woman, in the federal courthouse bearing Justice O'Connor's name, was a highlight of my career. To try this case on behalf of a young woman who came forward to stand up to a company like Uber, knowing that Uber would seek to discredit and attack her, well, that truly took my breath away. I will forever be grateful to Ms. Dean for her bravery, grace and refusal to be silenced.

London: This trial was a dream come true. Ms. Dean was a true inspiration and propelled us forward through all of the challenges. Debbie and Alex are such extraordinary, gifted trial lawyers—I felt my trial superwoman muscles growing every day just being alongside them. Judge Breyer is the kind of judge that reminds you why you went into this profession—he is wise, fair, even-tempered and completely engaged in administering justice. Behind the scenes, we had the best trial support team hands down. From legal eagles to document masters to expert handlers, everyone shared the same sense of urgency and desire to bring our best case forward. For me, the most memorable moment was rebuttal—I will never forget how moving it was to deliver the passionate, unscripted arguments that had been building inside me since day one of this case.

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Pennsylvania jury finds Johnson & Johnson liable for cancer in latest talc trial

 [reuters.com/world/pennsylvania-jury-finds-johnson-johnson-liable-cancer-latest-talc-trial-2026-02-13](https://www.reuters.com/world/pennsylvania-jury-finds-johnson-johnson-liable-cancer-latest-talc-trial-2026-02-13)

Diana Jones

February 13, 2026

A Johnson & Johnson banner is displayed on the front of the New York Stock Exchange (NYSE) in New York City, in New York City, U.S., December 5, 2023.

REUTERS/Brendan McDermid [Purchase Licensing Rights, opens new tab](#)

- Jury awards \$250,000 to family of cancer victim
- J&J faces over 67,000 lawsuits over talc products
- Trial was second over ovarian cancer since J&J's latest bankruptcy

Feb 13 (Reuters) - A jury in Pennsylvania state court on Friday awarded \$250,000 to the family of a woman who sued Johnson & Johnson ([JNJ.N](#)), [opens new tab](#) alleging its talc-based baby powder was to blame for her ovarian cancer.

The jury in the Philadelphia Court of Common Pleas sided with family members of Gayle Emerson, who claimed that Johnson & Johnson knew for years its talc-based products were dangerous but failed to warn consumers.

Advertisement · Scroll to continue

Jurors awarded Emerson's family \$50,000 in compensatory damages and \$200,000 in punitive damages.

In a statement, Erik Haas, J&J's worldwide vice president of litigation, said the company plans to appeal.

"This token verdict reflects the jury's appreciation that the claims were meritless and divorced from the science," Haas said.

Leigh O'Dell of the Beasley Allen Law Firm, who represented Emerson's family, said in a statement that the jury "found J&J's product and corporate conduct directly responsible for the death of Ms. Emerson."

"While the jury's award is less than we hoped, and significantly less than the amount necessary to punish J&J for their outrageous conduct, we are moving forward," O'Dell said.

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Emerson, a Pennsylvania resident, sued in 2019 and died six months later at the age of 68, according to court records. Her son and daughter took over as the plaintiffs after she died of metastatic ovarian cancer, according to the lawsuit.

Emerson used J&J's baby powder from 1969 until 2017, when she learned from a relative it was associated with an increased risk of ovarian cancer, according to her lawsuit. She had been diagnosed with the cancer two years earlier, the lawsuit said.

J&J is [facing lawsuits in federal and state courts](#) from more than 67,000 plaintiffs who have alleged that its talc-based products contained asbestos and caused ovarian and other cancers, according to court filings.

The company has said its products are safe, do not contain asbestos and do not cause cancer. J&J stopped selling talc-based baby powder in the U.S. in 2020, switching to a cornstarch product.

J&J has sought to resolve the litigation through bankruptcy, a proposal that has been rejected three times by federal courts, [most recently](#) in April of last year. The bankruptcies had put most ovarian cancer cases on hold.

The first ovarian cancer case to go to trial after the end of the bankruptcy-related pause resulted in a California jury [awarding \\$40 million](#) to two women in December.

There are several cases slated for trial in state courts in the coming months. There has yet to be a trial in federal court, where most of the claims have been consolidated, but that could change this year after a U.S. federal magistrate judge ruled in January that the plaintiffs in the federal litigation [can present testimony](#) from experts that links baby powder use with ovarian cancer. J&J has said it will appeal the ruling.

Product liability lawsuits, such as the J&J cases, rely on experts to establish that the product is capable of causing the alleged harm.

Before the bankruptcy attempts, J&J had a mixed record in talc trials, with [verdicts as high as \\$4.69 billion](#). The company has won some trials outright and had other verdicts reduced on appeal.

The majority of lawsuits involve ovarian cancer claims. Cases alleging talc caused a rare and deadly cancer called mesothelioma make up a smaller portion of the claims J&J is facing. The company has previously settled some of those claims but has not struck a nationwide settlement, so many lawsuits over mesothelioma have proceeded to trial in state courts in recent months.

Class Action

Manage Newsletters

Talcum Law Firm Accuses Litigation Funders of 'Pirating' Cases

Feb. 13, 2026, 7:16 AM PST

Summary by Bloomberg AI

AI Generated



- The Smith Law Firm filed suit against Ellington Financial, ICG Investments, and Stifel Financial, alleging they fraudulently induced the firm to enter into two loan agreements for talcum powder litigation.
- The firm claims the defendants misrepresented the availability of funds for a second tranche of a loan and conspired to gain control of the firm and its talcum powder litigation, executing a "loan to own" scheme.
- The loans funded the law firm's operations and supported its involvement in litigation against Johnson & Johnson, which faces over 73,000 suits from consumers who blame baby powder for their cancers.

A Mississippi-based plaintiffs' firm accused three large investment firms of fraudulently inducing it to enter into two loan agreements on false grounds for talcum powder litigation.

The Smith Law Firm filed suit Wednesday against Ellington Financial, ICG Investments, and Stifel Financial alleging that funders misrepresented the availability of funds for a second tranche of a multi-million-dollar loan and conspired to gain control of the firm and its talcum powder litigation.

"The Defendants have executed what is commonly referred to as a 'loan to own' scheme," counsel for Smith Law firm at Carner & Rosemon wrote in the amended complaint filed in US District Court for the Southern District of Mississippi. "From the outset the Defendants conspired to defraud SLF knowing that this fraud would most likely result in SLF defaulting on its SLF1 loan interest payments and quarterly talc expenses which would allow the Defendants to pirate the SLF case fees."

Ellington and Stifel did not respond to a request for comment. Robert Allen Smith, the founder of Smith Law Firm, and his attorney at Carner & Rosemon, PLLC, did not respond to a request for comment.

A spokesperson for ICG said "We are in an ongoing legal process and therefore unable to comment further."

According to the complaint, the three institutions provided loans to the firm for "tens of millions of dollars." The loans funded the law firm's operations and supported the firm's involvement in long-running litigation against Johnson & Johnson alleging its baby powder was tainted with cancer-causing asbestos. Smith Law says it brought the first case that went to trial in South Dakota in 2009. J&J denies allegations that its talc products caused cancer.

It is now a multi-district litigation and faces more than 73,000 suits from consumers who blame baby powder for their cancers.

After the talcum powder litigation was delayed by multiple bankruptcies filed by Johnson & Johnson, Smith Law says it submitted a request to draw on the second portion of the loan, around \$30 million, but was denied. The firm could not meet its required cash interest payments due on the first loan and was put in default, they wrote in the complaint.

Smith Law further alleged that the funders only included the \$30 million tranche to artificially increase the overall size of the loan so it could be placed in a Collateralized Loan Obligation, which is a structured security that bundles lower-rated corporate loans and sells them to investors.

The three investment firms manage billions of dollars and litigation finance is only a portion of their portfolio. Stifel is a global wealth management and investment banking company that manages over \$550 billion in client assets. ICG is an alternative asset manager with \$127 billion in assets under management. Ellington acquires and manages mortgage-related, consumer-related and corporate -related financial assets and has \$18.2 billion in assets under management.

Smith Law has been involved in the talcum powder litigation for nearly 17 years, filing its first case in 2009. In that time, Johnson & Johnson has filed three separate bankruptcy proceedings, all of which were dismissed.

In 2013, Smith Law pursued a joint venture regarding the talcum powder litigation with law firms Beasley Allen and Porter Malouf. Smith Law eventually bought out Porter Malouf's interest with a loan from ICG, according to the complaint. The joint venture consists of 11,500 talcum powder cases. Smith Law claims that the reason it felt comfortable buying out Porter Malouf was because it believed it had access to the \$30 million in funds.

In 2024, Beasley Allen sued Smith Law and Porter Malouf alleging the two firms owe it more than \$1 million in litigation expenses. The suit also claimed Smith Law's founder Robert Allen Smith pushed clients to vote in favor of a controversial settlement deal in the case because of pressure to pay off a large debt—"perhaps as high as \$240 million"—to its outside litigation funder. The case is still ongoing and in February the judge enforced the indemnification provision of the purchase agreement for the talcum powder litigation and ordered Smith Law to defend Porter Malouf in the suit and pay for all of its fees and expenses.

The case is: The Smith Law Firm, PLLC v. Ellington Financial Inc. et al , S.D. Miss., 3:26-cv-00101, 2/11/26

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In Opinion Footnote, 5th Circuit Calls Out Trial Judge's AI Use

Artificial intelligence "must not be a substitute for legal judgment," nor must the public perceive that federal judges outsource our judgment to AI tools," Judge Edith Jones wrote for the appellate court, quoting from a statement by Sen. Chuck Grassley, R-Iowa, last year.

February 13, 2026 at 01:34 PM By  **Avalon Zoppo**



Judge Edith Jones, of the U.S. Court of Appeals for the Fifth Circuit. Photo: Diego M. Radzinski/ALM

The U.S. Court of Appeals for the Fifth Circuit on Thursday called out a district judge's use of artificial intelligence tools in helping decide an election law case, urging caution with the use of the technology in the judiciary.

In a footnote, the New Orleans-based appeals court expressed disapproval of U.S. District Judge Xavier Rodriguez' comments to the Wall Street Journal last month explaining how he used AI as a supplementary tool in a case "involving Texas election law."

The Fifth Circuit stated it was unsure if Rodriguez was referring to the case on appeal, which dealt with a 2021 Texas law.

“However, as one distinguished U.S. Senator has commented, AI ‘must not be a substitute for legal judgment,’ nor must the public perceive that federal judges outsource our judgment to AI tools,” Judge Edith Jones wrote for the unanimous panel, quoting from a statement by Sen. Chuck Grassley, R-Iowa, last year.

In its decision, the Fifth Circuit reversed a ruling from Rodriguez that enjoined Texas officials from enforcing a provision of the 2021 law meant to prevent paid, professionally conducted ballot harvesting. Several organizations that hold get-out-the-vote efforts are challenging the provision.

The Fifth Circuit said that Rodriguez, who serves in the Western District of Texas, was wrong to enjoin the provision before it went into effect.

“Devoid of any record evidence about how Texas will enforce the vote harvesting prohibition or how Texas courts may interpret the statute, the ‘factually barebones record[]’ consists of nothing more than vague hypotheticals conjured up by the district court,” Jones wrote. “Shoddy hypothetical analysis is not what our federalist system requires.”

Jones was joined by Judge Kurt Engelhardt and U.S. District Judge Robert Summerhays of the Western District of Louisiana, sitting by designation.

Messages to Rodriguez’ chambers and the district court clerk’s office were not immediately returned.

‘Cat Is Out of the Bag’

In the [WSJ article](#) published Jan. 6, Rodriguez said he first used AI to see how it would have handled a trial he completed in a case “involving Texas election law.” The program quickly spit out a first draft that, while needing fact checking, included findings of fact that his staff had labored over for weeks, the George W. Bush appointee told the outlet.

“The cat is out of the bag,” Rodriguez said. “We need to be heading into the future.”

He added that he uses AI to summarize legal filings and write questions to ask lawyers at hearings but makes final decisions in cases himself.

As the technology has grown in recent years, there have been plenty of instances of judges scolding and sanctioning lawyers for submitting court filings with fake case citations that were hallucinated by AI.

But two judges faced backlash last year for error-ridden opinions and orders resulting from the use of AI by their staff, in what Grassley said highlighted the need for more AI regulation in the courts.

U.S. District Judge Henry T. Wingate of the Southern District of Mississippi [admitted](#)—following an inquiry from Grassley—that one of his law clerks used the AI program Perplexity to compose an order that had paused a Mississippi law banning diversity, equity and inclusion programs in public schools. The order included parties that were not involved in the case.

And U.S. District Judge Julien X. Neals of New Jersey [acknowledged](#) that a law school intern improperly used ChatGPT to perform legal research in a case. An unreviewed draft opinion in the case was mistakenly docketed, and later withdrawn after a lawyer pointed out that it included incorrect case outcomes and made-up quotes attributed to the defendants.

Following the revelations, Grassley urged the federal judiciary to develop AI policies to prevent such mistakes.

“Each federal judge, and the judiciary as an institution, has an obligation to ensure the use of generative AI does not violate litigants’ rights or prevent fair treatment under the law,” Grassley said in a statement. “The judicial branch needs to develop more decisive, meaningful and permanent AI policies and guidelines. We can’t allow laziness, apathy or overreliance on artificial assistance to upend the judiciary’s commitment to integrity and factual accuracy.”

The Fifth Circuit rendered its decision in *La Union del Pueblo Entero et al. v. Gregory W. Abbott et al.*, No. 24-50783.

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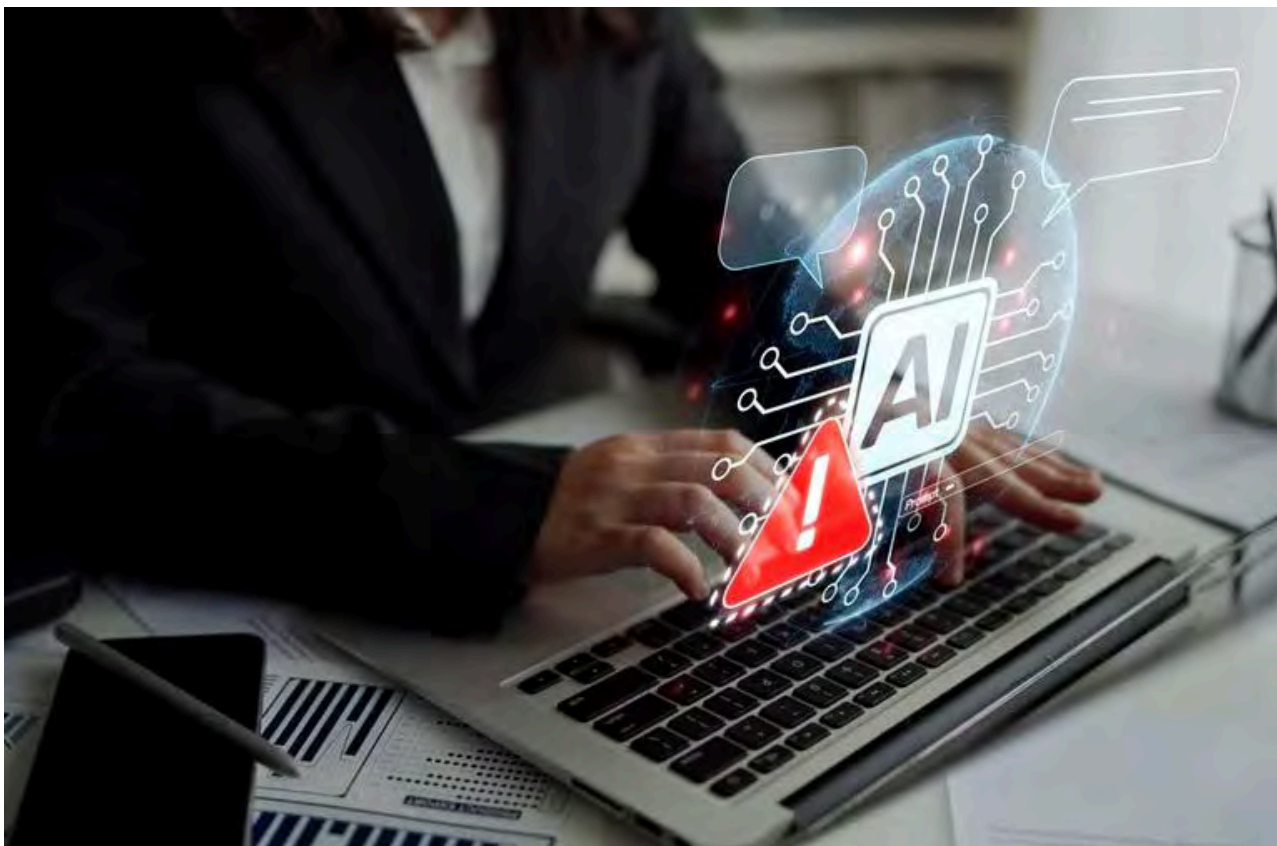
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Attorneys Aren't Talking About AI With Each Other, But Everyone Agrees They Should Be

"When you bring in associated counsel, or when you decide to collaborate with counsel, you should have some sort of written agreement that spells out your mutual obligation, because you are obligated to choose appropriate counsel to work with," legal ethics attorney Jennifer Ellis said, noting it is an attorney's responsibility to know what tech they're using, as well as what their co-counsel is using.

February 12, 2026 at 03:36 PM By  **Riley Brennan**  **Benjamin Joyner**



Credit: InfiniteFlow/Adobe Stock

As attorneys continue to get themselves in trouble with courts across the country for artificial intelligence mishaps, experts in the field agree that disclosures and conversations around the topic are becoming increasingly necessary.

Litigators across the country have faced sanctions and other disciplinary actions for having AI "hallucinations" in their briefs, which occurs when an AI model produces fake or inaccurate information. [Last month](#), a federal judge in Pennsylvania sanctioned two attorneys over various

false case citations in a brief that allegedly occurred after the pro hac vice attorney's law clerk used LexisNexis's AI tool without the attorney's knowledge.

Such cases highlight an underlying problem in the changing technological and legal landscape, specifically whether attorneys are discussing expectations regarding AI usage when working together.

Dan Siegel of the Law Offices of Daniel J. Siegel shared that many attorneys do not have conversations regarding AI usage before working together. He noted that, while disclosure of generative AI usage isn't always required by courts, competence—including technological competence—is.

“It doesn't really matter whether you are local counsel or you're counsel. The same rules really apply, and that's that you have to check all the cites. If you're allowing any tool to write portions of a brief, you are supposed to check the cites as you would if you had done it 30 years ago,” Siegel said. “It's an obligation that lawyers have to be competent. But it's easy also just to sometimes cut corners.”

Siegel, who is the chair of the Pennsylvania Bar Association committee on legal ethics and professional responsibility, said that, while attorneys trust tools like Lexis, “If they're using AI, and they know they're using AI, it shouldn't change the calculus in terms of what they have to do as lawyers.”

Many law firms have crafted written AI governance policies and strategies to mitigate AI-related risks ranging from hallucinations to accidental leakage of sensitive client data. While these policies can help, experts who have helped firms develop AI policies told Law.com that they are of limited use in surfacing hallucinations in work product from co-counsel. The wide range of uses make a one-size-fits all provision—beyond seeking full disclosure on a case-by-case basis—very challenging. Moreover, the ubiquity and increasing capability of these tools makes AI difficult to detect absent explicit acknowledgment.

“The duty to verify work product from co-counsel has always existed,” noted D. Casey Flaherty, a partner at legal growth advisory firm Baretz+Brunelle and head of LexFusion Intelligence, B+B's market intelligence offering. “What's different now is that firms should have far less comfort as to how co-counsel's work was produced. The underlying responsibility is the same; the information asymmetry is greater.”

Moving forward, Siegel opined that attorneys will begin having more of these conversations as a result of the numerous cases where lawyers have found themselves in hot water over AI mishaps. He noted that not only is an attorney's reputation on the line, but disciplinary action and potential

malpractice are as well. Siegel said that while some disciplinary authorities, such as those in Pennsylvania, have taken a hands-off approach, it is only a matter of time that lawyers begin facing disciplinary action.

“When it gets to a point where a disciplinary authority disciplines someone, that’s going to be a game changer also,” Siegel said. “Disciplinary counsel knows all about AI, and judges know about it. So you have to assume at some point that’s going to be a major issue.”

Fellow Pennsylvania attorney Jennifer Ellis, who consults with and advises lawyers on legal ethics and AI, echoed that it isn't necessarily technology that is the problem, but rather a lack of competence from attorneys who fail to check their work.

“The issue is not the technology; it’s how people are using it,” Ellis said. “Whenever people get in trouble, it’s because they’re not doing their job.”

“The fundamental resolution to this is, one, training on AI, so that people understand that you cannot just trust it. Any fact you pull from AI, no matter the AI, you need to confirm it,” Ellis continued. “You need people to understand the positives, the negatives, what it can do, what it can’t do, what its limitations are.”

Ellis also stressed the importance of disclosure and written policies that provide clear expectations.

“When you bring in associated counsel, or when you decide to collaborate with counsel, you should have some sort of written agreement that spells out your mutual obligation, because you are obligated to choose appropriate counsel to work with,” Ellis said, noting it is an attorney’s responsibility to know what tech they’re using, as well as what their co-counsel is using.

“I have never seen so many lawyers get in trouble in such a short period of time because of how they’re using technology. And it's extraordinary, but I guess if you reflect on it, not that surprising, if you don’t understand the technology you’re using and its limitations. And because it does speak so confidently, it’s easy to trust,” Ellis said.

Smaller Firms, Bigger Headaches

These issues can be particularly acute for smaller firms, which often lack the internal resources to formulate explicit AI use policies on their own, increasing the risks that an attorney may have used a tool improperly, or without adequate concern for verifying outputs.

“You have lawyers who are trying to be lawyers, they're trying to run a business, and now they're trying to also be technologists, and it's just too much,” said Tyler Brown, a partner at Levantage AI Advisors and CEO of ZAF Legal, an alternative business structure personal injury firm.

The lack of detailed policies can make it challenging for firms to describe exactly how they plan on using gen AI over the course of the case, increasing the need for ongoing communication and clear expectations. On the flip side, inquiring about AI use takes on even greater importance for firms that lack established internal policies for verifying citations produced by co-counsel.

While Brown said he thought it would be unfair for courts to discipline attorneys for fillings they had not explicitly joined or signed off on, he added that the extension of sanctions to attorneys who had signed off on erroneous work from a co-counsel would mirror how courts have treated breaches of the duty of care under pro hac vice arrangements.

"Many, but not all, states impose joint liability to all co-counsel attorneys from a legal malpractice standpoint. Extending professional discipline liability to co-counsel could be argued to be in the same vein," he noted. "Lawyers need to be cautious about things that they are signing their name to."

Terms of Use

Attorney Rebecca Delfino, an associate law professor at LMU Loyola Law School who teaches courses regarding generative AI and legal practice, agreed that attorneys do not seem to be disclosing their AI usage with each other, but said they should be.

"Its fast becoming apparent that everyone is using these and that people are not asking each other about it," Delfino said, stressing the importance of speaking with co-counsel, law clerks and even expert witnesses on the topic.

Delfino shared that attorneys should incorporate terms regarding gen AI usage into their agreements with clients, as well as with other attorneys. She noted that such terms can be worked into disclosures and agreements that are already being drafted as these relationships are reached.

Delfino opined that there will be developments in the space that eventually require disclosures to clients and co-counsel.

"The expectation is going to be that lawyers, when you associate with someone or your name is going to appear on the pleading, that now it's going to be part of the routine conversation. You know, like, 'what are you using?' Because you're going to be on the hook for it," Delfino said, pointing to a bill currently sitting in the California legislature, Senate Bill 574, which would require attorneys to disclose gene AI usage to attorneys and courts, and verify the accuracy of all materials produced with AI.

According to Delfino, the bill would require every attorney whose name appears on a pleading to guarantee that the law cited is accurate, with violators being subject to sanctions and/or disciplinary action.

"I love these technologies, I would never recommend that people not use them because I think that they do help in so many different ways, but at the end of the day, we can't give over our law license to that technology," Delfino said. "And what I mean by that is by just adopting what it says as gospel. You're still going to have to go and check those cases."

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Legal sector shines in new US jobs report

 [reuters.com/legal/legalindustry/legal-sector-shines-new-us-jobs-report-2026-02-12](https://www.reuters.com/legal/legalindustry/legal-sector-shines-new-us-jobs-report-2026-02-12)

David Thomas, Sara Merken

February 12, 2026

A boardroom is seen in an office building in Manhattan, New York City, New York, U.S., May 24, 2021. REUTERS/Andrew Kelly [Purchase Licensing Rights, opens new tab](#)

Feb 12 (Reuters) - (Billable Hours is Reuters' weekly report on lawyers and money. Please send tips or suggestions to D.Thomas@thomsonreuters.com, [opens new tab](#).)

Employment growth in the U.S. legal sector continued to surge in 2026 adding jobs in January for the 18th month straight, according to new preliminary data released by the Department of Labor.

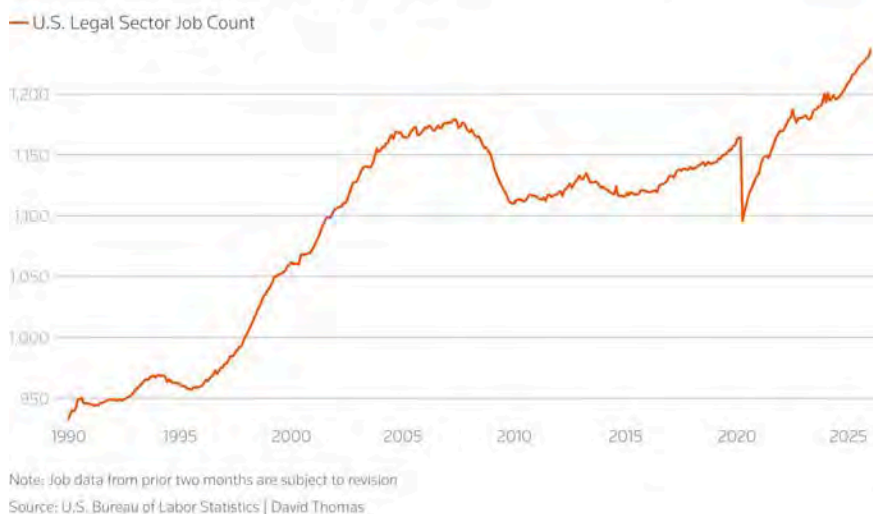
Figures released by the department's Bureau of Labor Statistics on Wednesday showed employment in the legal sector outpaced other professional fields, while revisions to earlier data revealed legal jobs grew faster than previously reported, adding to the bureau's job count for each month last year.

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The total number of jobs in the legal sector, including lawyers, paralegals, judges and legal assistants, stood at 1,236,600 in January, an increase of 5,500 jobs from December and up 8.8% compared to five years earlier.

U.S. legal sector job count, Jan 1990-Jan 2026

Labor Department legal job figures include lawyers and non-attorney legal industry employees at law firms, companies and other organizations.



This is a line graph showing how the total number of workers in the U.S. legal industry has fluctuated over time, according to U.S. Labor Department data.

The upward revisions for legal employment [contrasted with the broader economy](#), which added only 181,000 jobs in 2025 instead of the previously estimated 584,000. That is a fraction of the 1.459 million jobs added in 2024, the final full year of former President Joe Biden's term.

The legal sector grew faster than the finance sector – an important source of revenue and profits for law firms. Finance jobs have decreased ever since they hit a sector-high 9.2 million jobs in May, BLS data shows. The overall sector grew by 5% last month compared to five years earlier.

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Employment in the broader U.S. professional and business services sector, which includes legal as well as accounting, consulting, and other services, grew by 7% over the past five years. Jobs in computer systems design – a subset of the professional services sector that includes tech jobs like software developers – increased 6.6% in the same five-year period, while the U.S. healthcare and social services sector grew by more than 19%.

Legal work has been "a high-opportunity and high-growth sector" compared with some other parts of the economy, said Kristin Stark, a principal at law firm consultancy Fairfax Associates.

Investors have poured money into lawsuits through the growing litigation funding industry and are increasingly taking stakes directly in law firms in a small number of states such as Arizona that have loosened rules in the United States that historically prohibited non-lawyers from owning law firms or receiving a percentage of their fees.

The largest law firms have been growing revenue and gaining scale through mergers and combinations, Stark said. Fairfax Associates found that law firm merger activity increased by 18% year-over-year in 2025, and 2026 has already kicked off with a string of deals.

Major U.S. law firms saw double-digit gains in revenue and profitability last year, according to survey data released last month by Wells Fargo's Legal Specialty Group. The company surveyed more than 130 law firms, including 70 of the highest-grossing U.S. firms.

Demand is up for attorneys across the U.S. as well as in Europe, the Middle East and Asia, said John Cashman, president of legal recruiting firm and consultancy Major, Lindsey & Africa.

"We are optimistic about the next six months," Cashman said.

STAFF CUTS LOOM AT BAKER MCKENZIE

Artificial intelligence, meanwhile, continues to hang as a big question mark over legal sector employment. Baker McKenzie, one of the world's biggest law firms, cited the impact of AI in a statement confirming it is expecting to trim its business staff.

The international law firm assessed its business staff functions in a review "aimed at rethinking the ways in which we work, including through our use of AI, introducing efficiencies, and investing in those roles that best serve our clients' needs," a Baker McKenzie spokesperson said in a statement.

"Some roles will likely be phased out, while others will evolve," the statement said.

A firm spokesperson said it anticipated reductions of less than 10% of its business professionals globally.

Thirty-six percent of large firms expect generative AI to affect their professional staffing models within two years, according to a recent survey by Citigroup and Hildebrandt Consulting. More than two-thirds anticipate an impact over the next

decade, which the report said is “most likely the reduction or elimination of junior roles.”

The authors of the report also predicted that AI will [speed up a shift](#) in big firms’ traditional pyramid structure for lawyers.

Another international law firm, Clifford Chance, cut 10% of its business services staff – or 50 positions – in London due to greater use of AI as well as reduced demand, the Financial Times reported in November.

Read More:

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Reporting by David Thomas

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Securities

Goldstein Grilled on Past Lies, Accused of Playing the Victim

Feb. 12, 2026, 2:57 PM PST

High-profile US Supreme Court advocate Tom Goldstein, who again took the stand in his own defense on tax and false statement charges, faced cross-examination Thursday on his history of deceiving people.

He acknowledged lying to his wife about his gambling; to lawyer Paul Napoli, who had invested in Goldstein's poker matches against billionaire Bob Safai, about winning; and to billionaire Stewart Resnick, at least in the beginning, about how he intended to use his \$10 million line of credit.

Goldstein also acknowledged that he deceived billionaire Alec Gores about who professional gambler Keith Gipson was when he brought him to their 2016 poker games, where Goldstein won around \$26 million. Gores—who testified in the case—had told Goldstein he didn't want him to bring a professional poker player to their heads-up matches. Goldstein responded by saying he “may have understated” Gipson's experience.

The prosecution also had an opportunity to tell jurors Goldstein was a philanderer.

“Mr. Goldstein, you did not tell your wife that you were having many, many, affairs, right?” prosecutor Sean Beaty asked him.

Goldstein declined to answer, saying that doing so would require him to tell the court about conversations he had with his wife, seemingly invoking marital privilege.

Beaty moved on. The court previously largely excluded evidence about Goldstein's alleged paramours.

Beaty also walked through Goldstein's frivolous spending: a \$225,000 Bentley and a \$190,000 apartment in Hollywood in 2017; a house in Rosa Beach, Calif., for two months for \$70,000 and a \$17,000 trip to Bali in 2018; and lots of expensive visits to a popular New York City nightclub. The list went on.

“You still think you're the victim here, right?” Beaty asked.

“Still?” Goldstein asked. “No, I don't think I am the victim here.”

Goldstein later told the jury that spending money on something else when he had outstanding tax debt was “stupid, but not a crime.”

“It’s obviously humiliating now,” he said.

Venue Defense Debuts

Goldstein admitted to deceiving mortgage lenders on his first day on the stand, but established what could be a strong defense to some, if not all, of the false statement on a loan application charges by pointing out that the government hadn’t shown he committed relevant acts in Maryland.

“Venue matters for charges like this,” Goldstein told the jury.

The prosecution immediately objected, and the defense moved on, but not before Goldstein had told jurors that he signed at least two of the three applications while outside of Maryland.

For the third, he said he was in the “DMV,” referring to the Washington, Maryland, and Virginia region. “But I don’t know exactly where,” he said. “I mean, it’s at that moment in time—I don’t think anyone does.”

Former Baltimore state’s attorney Marilyn Mosby raised the same venue argument in her trial on mortgage fraud charges and got her conviction on the charges undone after the US Court of Appeals for the Fourth Circuit decided the trial court gave the jury bad venue instructions. Judge Lydia Kay Griggsby presided over that trial and is presiding here.

In Mosby’s case, jurors were told, incorrectly, that the government didn’t have to prove that the crime itself was committed in Maryland to find that the US District Court of the District of Maryland was the proper venue. Telling the jury that it could establish venue by finding that an element of the crime was committed in Maryland would have been permissible, the Fourth Circuit said.

Here, the government showed the jury the IP addresses associated with the e-signatures on the loans, indicating Goldstein was at home. But Goldstein said the IP addresses aren’t reliable because they also show he was in Maryland when travel records show he was in the US Virgin Islands.

Goldstein is charged with one count of tax evasion, eight counts of aiding and abetting in the preparation of false and fraudulent tax returns, four counts of willful failure to pay taxes, and three counts of making a false statement on a loan application.

Munger Tolles & Olson represents Goldstein.

The case is United States v. Goldstein , D. Md., No. 8:25-cr-00006, 2/12/26 .

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Analysis | **White Collar Crime**

'Poker Game?': Legal World Reacts to Tom Goldstein's Jury Trial Testimony

"He is simply litigating the case as if it were a poker game," Cole Schotz member Michael Weinstein said of his former law school classmate Tom Goldstein, the criminal defendant and SCOTUSblog founder who testified willingly in his own defense at his Maryland federal jury trial.

February 12, 2026 at 03:35 PM By  **Sulaiman Abdur-Rahman**



Thomas Goldstein. Photo: Diego M. Radzinski/ALM

How a federal jury views SCOTUSblog founder Tom Goldstein's live testimony may determine whether he is convicted or acquitted of white-collar crimes, according to legal observers.

"His decision to testify aligns with his all-in approach," Michael Weinstein, a Cole Schotz member, said Thursday of his former American University Washington College of Law classmate Goldstein. "He believes he is his own best advocate."

Goldstein, an appellate attorney who has argued more than 40 cases before the U.S. Supreme Court, [denied engaging in criminal tax fraud](#) when he testified Wednesday at his white-collar criminal trial in Maryland federal court.

Federal prosecutors allege Goldstein evaded taxes, filed fraudulent tax returns, willfully failed to pay taxes, defrauded mortgage lenders and accumulated large gambling debts between the years 2016 and 2022.

"If he comes across as evasive or smart-alecky, a jury is going to be put off by that, and it's going to fit the government narrative," Weinstein said of Goldstein, who was expected to undergo cross-examination on Thursday. "He has, no doubt, a very inflated view of his skills, of his ability, of his advocacy. Some of it warranted, some of it maybe not so much."

Goldstein, 55, launched a home-based family firm in 1999 with his wife Amy Howe and later founded the now-defunct Goldstein & Russell firm in 2011. Goldstein previously practiced at Akin Gump Strauss Hauer & Feld, Boies Schiller Flexner and Jones Day.

The U.S. Department of Justice and U.S. Attorney's Office for the District of Maryland allege Goldstein failed to report his gambling losses when he and Howe submitted joint applications to a mortgage lender in 2021 to buy a home in Washington, D.C.

Goldstein under direct examination Wednesday said he omitted gambling losses from his mortgage applications because he did not want his wife to learn about his large poker debts.

"He is simply litigating the case as if it were a poker game," Weinstein said Thursday in a telephone interview with Law.com and the National Law Journal, referring to Goldstein. "He's all in. He wanted the biggest prize, which is acquittal. No one should be surprised by his approach. ... He is a risk taker."

"The path to acquittal here is how he handles cross-examination," Andrew M.J. Bernstein, a partner at Fox Rothschild in New York, said Thursday of Goldstein in a telephone interview. "They have to prove beyond a reasonable doubt he intended to defraud the bank [and] made a false statement that is material. If they can't prove that beyond a reasonable doubt, they can't convict him."

"People tell small tales all the time," Bernstein added. "Can you lie to the bank and not be convicted of mortgage fraud? The answer is 100%. The lie has to be material."

Goldstein has pleaded not guilty to all counts. In Wednesday's testimony, Goldstein said he would pay accounting professionals to help him file taxes.

"For him to try to play dumb may be challenging," former federal prosecutor Neama Rahami, president of the Los Angeles-based West Coast Trial Lawyers, said Thursday of Goldstein in a telephone interview. "You are a smart lawyer. I don't know if the jury is going to buy this."

Rahami, a former assistant U.S. attorney for the Southern District of California and former counsel at O'Melveny & Myers, said Goldstein's decision to testify is risky.

"Criminal defendants rarely testify," Rahami said, "because they can't open themselves up to a grueling cross-examination."

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

Goldstein abruptly ended his [historic Supreme Court advocacy](#) in 2023 before prosecutors secured an indictment of him in January 2025. Goldstein is represented by Munger, Tolles & Olson criminal defense attorneys in a jury trial overseen by U.S. District Judge Lydia Kay Griggsby of the District of Maryland.

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Epstein's Shadow Costs Goldman Sachs Its General Counsel

A abovethelaw.com/2026/02/epsteins-shadow-costs-goldman-sachs-its-general-counsel

Kathryn Rubino

February 13, 2026



Kathryn Ruemmler (Photo by William B. Plowman/NBC/NBC Newswire/NBCUniversal via Getty Images)

At some point, screaming "this is fine!" into the void stops being aspirational and starts being delusional. For Kathryn Ruemmler, that point appears to have arrived.

Ruemmler announced she's resigning from her role as Chief Legal Officer and General Counsel of Goldman Sachs, effective June 30, 2026, following renewed scrutiny over her extensive communications with Jeffrey Epstein.

"Since I joined Goldman Sachs six years ago, it has been my privilege to help oversee the firm's legal, reputational, and regulatory matters; to enhance our strong risk management processes; and to ensure that we live by our core value of integrity in everything we do," Ruemmler said in a statement. "My responsibility is to put Goldman Sachs' interests first. Earlier today, I regretfully informed David Solomon of my intention to step down as Chief Legal Officer and General Counsel of Goldman Sachs as of June 30, 2026."

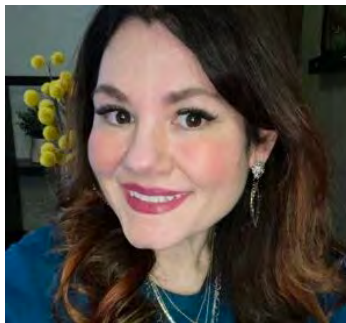
...Yeah Goldman's "core value of integrity" was about stretched to its limits to accommodate thousands of emails with one of the most notorious criminals of our time. And the communications went far beyond a routine professional relationship. [Career coaching](#). [Gift exchanges](#). Cringe-inducing [jokes that land even worse](#) in hindsight. And all of it unfolding while Ruemmler later [occupied one of the most powerful roles](#) in corporate America.

Ruemmler's statement frames her resignation as an act of loyalty to the institution... but let's not kid ourselves. This was the inevitable conclusion of a situation that became untenable the moment the public was allowed to read the receipts.

Goldman, for its part, is sticking to the Greatest Hits album of corporate exits.

David Solomon, CEO of Goldman Sachs, said "Throughout her tenure, Kathy has been an extraordinary general counsel, and we are grateful for her contributions and sound advice on a wide range of consequential legal matters for the firm. As one of the most accomplished professionals in her field, Kathy has also been a mentor and friend to many of our people, and she will be missed. I accepted her resignation, and I respect her decision."

For years, powerful people and institutions convinced themselves that silence was risk management and that distancing statements could substitute for accountability. They can't. As more records surface and more names are dragged into the light, the Epstein fallout is only getting started.



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](#).

Jeffrey Epstein gave her a \$9,350 handbag, but did Goldman Sachs' departing top lawyer violate any rules?

 [reuters.com/legal/legalindustry/jeffrey-epstein-gave-her-9350-handbag-did-goldman-sachs-departing-top-lawyer-2026-02-13](https://www.reuters.com/legal/legalindustry/jeffrey-epstein-gave-her-9350-handbag-did-goldman-sachs-departing-top-lawyer-2026-02-13)

Jenna Greene

February 13, 2026

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

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

Feb 12 (Reuters) - Goldman Sachs top lawyer Kathryn Ruemmler faced fierce criticism on social media and calls for her ouster following revelations that she [accepted thousands of dollars' worth of gifts](#) from Jeffrey Epstein when she was previously a partner at a law firm.

As a matter of attorney ethics, her conduct didn't appear to violate any professional rules -- but it raised questions of judgment, some legal ethics experts told me.

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Late Thursday, Ruemmler announced her resignation as Goldman's chief legal officer and general counsel effective June 30.

"My responsibility is to put Goldman Sachs' interests first," Ruemmler said in a statement. Goldman chief executive David Solomon, who had initially stood by Ruemmler, said in a statement that Ruemmler "has been an extraordinary general counsel" and "will be missed."

A spokesperson for Ruemmler, who served as White House counsel during the Obama administration, said earlier this week that she was never Epstein's lawyer and that she had done nothing wrong.

Ethics rules for lawyers offer few guardrails on the propriety of accepting gifts. Most state bars have adopted an [American Bar Association rule, opens new tab](#) that says a lawyer may not solicit a "substantial" gift from a client. But the rule doesn't prevent a lawyer from accepting an unsolicited client gift, no matter how valuable, said Fordham School of Law ethics professor Bruce Green. Nor are lawyers barred from soliciting or accepting substantial gifts from a former client or other non-client.

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According to Ruemmler's spokesperson Jennifer Connelly, Ruemmler knew Epstein through her prior work as a criminal defense attorney, received referrals from him and was friendly with him in a "professional context."

Epstein also "occasionally sought her informal legal advice and she responded based on what she knew and often in ways designed to placate him without having to actually get involved," Connelly wrote in an email.

Goldman has a [39-page code of conduct, opens new tab](#) that includes instructions on giving -- but not receiving -- gifts from clients. It also prohibits employees from engaging in outside activities that "create conflicts, reputational risks or any other negative impact to the firm or our clients."

It is unclear to what extent this rule would have obligated Ruemmler to disclose her prior association with the notorious financier, whose death in 2019 was front-page news, or if such a disclosure was made. Ruemmler was [hired by Goldman, opens new tab](#) in April 2020.

Goldman spokesperson Tony Fratto [told Reuters](#) last week that Epstein often offered unsolicited favors and gifts to many business contacts.

Ruemmler accepted the gifts between 2014 and 2019, when she was a partner at Latham & Watkins, according to emails recently released by the U.S. Department of Justice. The law firm says Epstein was not a client and declined further comment.

Law firm consultant Lisa Smith with Fairfax Associates said that while some firms place limits on gifts from vendors, she hasn't seen partnership agreements that address non-clients. It "would be difficult to define that, but it is possible that exists," she said via email.

Latham's partnership agreement is not publicly available, and the firm does not publish a code of ethics for its lawyers on its website.

Epstein [pleaded guilty](#) in Florida state court in 2008 to felony solicitation of prostitution and procuring a person under the age of 18 for prostitution. In July 2019, he was arrested on sex trafficking charges and died a month later in a Manhattan jail cell in what New York City's chief medical examiner called a suicide. Based on my review of a sample of more than 9,000 emails from 2014 to 2019 that mention Ruemmler's name, the exchanges offer few indications of why the gifts were given or what, if anything, Epstein expected in return. A purse from Bloomingdales in 2017 was said to be a birthday present, and on Valentine's Day

of 2018, Epstein treated Ruemmler to a "Glam Squad" hair and makeup appointment. At least twice he sent chicken soup when she was sick, the emails show.

"I adore him. It's like having another older brother," Ruemmler [wrote, opens new tab](#) in a 2015 email to Epstein's assistant.

Also buried in the DOJ's document release: A 2016 email from Epstein forwarding a flattering [column, opens new tab](#) I wrote for a legal publication about Ruemmler's work on behalf of a Dubai bank. The email appears to have been sent to executives at Swiss bank Edmond de Rothschild.

According to Connelly, the bank was a client of both Epstein and Ruemmler. From the emails, it appears that Epstein had facilitated her introduction to the client, [emailing, opens new tab](#) Ruemmler in 2014 that Edmond de Rothschild had a "doj problem" without elaborating. He asked if she was prohibited from involvement. "No, no prohibition," she responded. A spokesperson for the bank did not immediately respond to a request for comment.

Reuters was unable to establish what issue Epstein was referring to or whether Ruemmler was ultimately retained to work on it.

Ruemmler's bounty from Epstein also included a Hermès purse priced at \$9,350 in 2016 and a Fendi coat and bag costing \$6,800 in August of 2018, according to emails released by the DOJ. Other gifts include wine, flowers and a massage at the Four Seasons in Washington, D.C., the emails show.

Should Ruemmler have known better than to accept? With the benefit of hindsight, it seems easy to say yes, and to see Epstein's campaign of largesse as a deliberate move to get a leading lawyer in his corner, even unofficially.

In late 2018, the Miami Herald and other news outlets [reported, opens new tab](#) in detail on allegations of sexual abuse by teen girls against Epstein.

Ruemmler's spokesperson said her views on Epstein were shaped by "his denials of any wrongdoing other than what he had pled guilty to years prior," and that "if she knew then what she knows now, she never would have dealt with him at all."

By the nature of their practice, criminal defense lawyers are going to have relationships with unsavory people. What lawyers need to keep in mind is whether such relationships could reflect poorly on their firm or company, said Downey Law Group founder Michael Downey, whose firm focuses on legal ethics and lawyer discipline defense, especially if gifts or favors are involved.

"The rules of professional conduct don't necessarily come into play," he said. Instead, it's ultimately a question of judgment.

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

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MARKETS & FINANCE

Goldman Sachs's Top Lawyer to Step Down Following Latest Epstein Documents

Bank had been steadfast in its support of Kathryn Ruemmler; recent documents showed she was a close ally of Epstein's through his 2019 arrest

By [AnnaMaria Andriotis](#) [Follow](#)

Updated Feb. 12, 2026 11:03 pm ET



Kathryn Ruemmler adds to the list of Wall Street and other figures to be removed from high-ranking positions over Epstein ties. WILLIAM B. PLOWMAN/NBCUNIVERSAL/GETTY IMAGES

Quick Summary

- Goldman Sachs general counsel Kathryn Ruemmler is stepping down following new revelations from Jeffrey Epstein documents.

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[Goldman Sachs](#) general counsel Kathryn Ruemmler will step down after the Jeffrey Epstein files showed she had remained a close ally of the convicted sex offender through his 2019 arrest.

Goldman said Ruemmler, 54 years old, would resign as of June 30.

Ruemmler had risen to the top ranks of Wall Street and become a key adviser to Goldman Chief Executive David Solomon after a storied legal career. As a prosecutor, she helped try Enron executives. She was picked as White House counsel by former President Barack Obama and was once considered [a candidate to be U.S. attorney general](#).

The Wall Street Journal revealed Ruemmler's relationship with Epstein in 2023 when it reported [she was among the powerful people](#) regularly meeting with him in the years after he pleaded guilty to soliciting a minor for prostitution.

In the past several months, batches of documents released by Congress and the Justice Department added detail to the relationship, deepening concerns among some inside the bank about her position. Documents showed that Epstein had listed Ruemmler as a backup [executor in a version of his will](#) and [called her the night he was arrested in 2019](#). They also detailed their extensive chatty emails and the luxury gifts he showered on her.



Goldman Sachs CEO David Solomon had viewed Kathryn Ruemmler as a key adviser. AL DRAGO/BLOOMBERG NEWS

Some of the documents show that in 2019, just months before Epstein was arrested on federal sex-trafficking charges, Ruemmler was advising Epstein on how to respond to public criticism that he got a “sweetheart” plea deal in 2008.

Ruemmler maintained that she had a professional relationship with Epstein and shared a client with him. She said that she didn't represent him or advocate for him, but that he had sought her advice occasionally. She said she regretted ever knowing him and had no knowledge of any new or ongoing unlawful activity on his part.

The bank and Solomon had been steadfast in their support for Ruemmler for months, saying they considered her a valuable member of management. The bank denied the Journal's reporting in January that a top Goldman executive told a few close associates he [was formulating a contingency plan](#) in which Ruemmler would leave later this year. Bank spokesman Tony Fratto told the Journal at the time that Goldman's board had complete confidence in Ruemmler. He later said Epstein had given many people unsolicited gifts.

Ruemmler went to Solomon earlier on Thursday and submitted her resignation, an internal memo from Solomon said. In a public statement, Solomon said he respected her decision.

"Throughout her tenure, Kathy has been an extraordinary general counsel, and we are grateful for her contributions and sound advice on a wide range of consequential legal matters for the firm," Solomon said. "As one of the most accomplished professionals in her field, Kathy has also been a mentor and friend to many of our people, and she will be missed."

After months of internal angst, the fresh trove of documents released by the Justice Department in recent weeks proved too much.

The documents showed Epstein [showered her with gifts](#) including flowers, wine, an Hermès bag, \$10,000 in Bergdorf Goodman gift cards, spa time, an Apple Watch and a wire payment of \$53,750 to a private jet charter company in Ruemmler's name. Ruemmler's spokeswoman said she didn't accept the private jet gift. Emails released by the House Oversight Committee in November had shown Ruemmler and Epstein engaging in friendly banter including some in which Ruemmler disparaged President Trump and another in which she made fun of overweight people.

Ruemmler adds to the growing list of Wall Street and other figures to be removed from high-ranking positions over Epstein ties in the years after his death.

Paul Weiss's former chairman Brad Karp vacated his leadership role earlier this month after a small group of partners at the firm [decided he needed to resign](#). Karp said he regretted his association with Epstein and never witnessed or participated in any misconduct.

Former JPMorgan Chase banker and former Barclays CEO Jes Staley, former Harvard President Larry Summers and [Apollo Global Management](#) co-founder Leon Black are among the men whose friendships with Epstein have led to their public retreats since his 2019 arrest. Staley, Summers and Black have said they were unaware of Epstein's crimes and regretted their associations with him.

Goldman had said last month that there were no discussions about Ruemmler leaving the firm, describing her interactions with Epstein in the files as "irrelevant, throwaway comments from private emails from nearly a decade ago" and saying it was "completely gratuitous for The Wall Street Journal to focus on them."

Inside, the drumbeat of disclosures about Ruemmler's ties to Epstein triggered internal and external reviews at Goldman, the Journal reported last month.

The Journal also reported that John Rogers, the powerful Goldman executive who brought Ruemmler into the bank, told a few close associates he was putting together a contingency plan in which she would leave later this year. The idea would be to give Ruemmler as graceful an exit as possible by distancing it from the Epstein revelations, the Journal reported.

Rogers said in a statement at the time: "That is completely untrue."

Ruemmler and Epstein knew each other in the years leading up to when he was arrested in 2019. She and Goldman have maintained it was a professional relationship tied to getting clients for her law firm at the time, Latham & Watkins.

Latham & Watkins has said Epstein wasn't a client of the firm.

Some Goldman executives began viewing Ruemmler as a potential liability to the firm in 2023 after the Journal published an article [revealing Ruemmler's extensive ties to Epstein](#). The article revealed that she had dozens of meetings with Epstein, that he visited apartments she considered buying and knew her sushi order: avocado rolls.

Goldman bankers complained to senior management, pointing out the seeming incongruence of the revelations and Ruemmler's role on the firm's reputational risk committee, which is charged with deciding which clients the bank shouldn't work with. The Epstein matter has nothing to do with her job at Goldman and she was upfront in disclosing her relationship, some of the bankers said they were told.

Epstein had listed Ruemmler as one of the backup executors on his will as recently as Jan. 18, 2019. Epstein removed her name before he died on Aug. 10, 2019, while he was

in prison awaiting trial.

The Journal reported last month that Ruemmler told a person in her close circle after Epstein's death that she had asked to be taken out of the document.

Fratto said at the time that Epstein repeatedly named multiple people as alternate executors in his wills. "Kathy had nothing to do with those decisions, she wasn't in Epstein's final will, and she has had nothing to do with his estate," he said.

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AnnaMaria Andriotis is lead financial reporter for The Wall Street Journal, with particular focus on Goldman Sachs and Morgan Stanley. She previously covered the credit-card industry, including Visa, Mastercard and American Express and the big banks' credit-card divisions. For more than a decade,...

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Goldman Sachs

Goldman Sachs chief David Solomon 'reluctantly accepted' Ruemmler's resignation

Head of Wall Street bank calls attorney a 'tremendous' person hours after she quit over links to Jeffrey Epstein



David Solomon's decision to continue backing Ruemmler had rankled some executives, board members and influential alumni © 2017 Getty Images

Joshua Franklin and **James Fontanella-Khan** in New York

Published 3 HOURS AGO



Goldman Sachs boss David Solomon said he “reluctantly accepted” Kathy Ruemmler’s resignation, as he called the bank’s top lawyer a “tremendous” person hours after she quit over her ties to Jeffrey Epstein.

Solomon, speaking for the first time publicly after [Ruemmler announced her plans to leave](#) this summer, said he was “proud of the way . . . Kathy has handled herself” during a saga that has gripped the Wall Street bank and sparked a backlash among some executives and board members.

He said that Ruemmler had told him the media coverage “had just gotten to a level of noise and distraction that she thought was distracting the firm” and had made it “hard for her to execute on her job”.

“I reluctantly accepted her resignation. But I respect her decision,” Solomon told CNBC on Friday, adding that “she is a tremendous human being” who the group’s leadership “loved working with”.

His remarks about Ruemmler a day after her resignation underscore the depth of support the general counsel had among Goldman’s top ranks despite weeks of headlines about her links to [Epstein](#).

Ruemmler told the FT late on Thursday that she would step down on June 30. “I made the determination that the media attention on me, relating to my prior work as a defence attorney, was becoming a distraction.”

Messages released in recent weeks by the US Department of Justice showed that she had accepted lavish gifts from the child sex offender and discussed with him her career and private details of her personal life.

Ruemmler also made disparaging remarks about Epstein’s accusers, the documents showed.

In an email exchange from February 2015, Ruemmler wrote to Epstein: “I told you that this CVRA case is about money,” in reference to a Crime Victims’ Rights Act lawsuit filed by his accusers in a bid to reopen an earlier plea deal struck in 2008.

“Victim’s rights, my ass,” she continued in a separate email.

The exchanges between 2014 and 2019 came after Epstein had pleaded guilty in 2008 to a state charge of soliciting prostitution from a minor.

Ruemmler, who at the time of the messages worked at law firm Latham & Watkins and joined Goldman in 2020, has denied having any knowledge of Epstein's criminal activities and said she regrets ever knowing him.

She said on Thursday: "I made decisions based on the information that was available to me. I have an enormous amount of sympathy and heartache for anyone who he hurt."

Solomon also told CNBC: "We know [Ruemmler] as a professional and we know her as a human being. And I think that's lost sometimes in some of the dialogue and some of the media you're reporting around all this."

His decision to continue backing Ruemmler had rankled some executives, board members and influential alumni who had worried the situation could damage the Wall Street bank's reputation.

Ruemmler's resignation did not appear to immediately tamp down concerns about how Solomon has handled the ordeal.

One former Goldman executive said that her decision to quit was a welcome one although it could have been resolved faster and with greater elegance.

"This was always going to happen. David could have spared everybody the pain and humiliation," said the former Goldman executive.

Another person close to Goldman noted that "David might not be the most likeable guy but he's loyal. Very loyal."

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Goldman Sachs General Counsel Kathryn Ruemmler Resigns Over Epstein Ties

 [nytimes.com/2026/02/12/business/goldman-lawyer-kathryn-ruemmler-resigns.html](https://www.nytimes.com/2026/02/12/business/goldman-lawyer-kathryn-ruemmler-resigns.html)

Rob Copeland, Maureen Farrell, Lauren Hirsch, Duy Nguyen

February 13, 2026



Goldman Sachs's top lawyer, Kathryn Ruemmler, resigned on Thursday in the wake of the Justice Department's release of emails and other material that revealed her extensive relationship with Jeffrey Epstein, the disgraced financier.

Ms. Ruemmler and representatives for Goldman said for years that she had a strictly professional relationship with Mr. Epstein, a convicted sex offender. But emails, text messages and photographs released late last month upended that narrative, leading to Ms. Ruemmler's sudden resignation, which surprised many at the firm.

Before joining Goldman in 2020, Ms. Ruemmler was a counselor, confidante and friend to Mr. Epstein, the documents showed. She advised him on how to respond to tough questions about his sex crimes, discussed her dating life, advised him on how to avoid unflattering media scrutiny and addressed him as "sweetie" and "Uncle Jeffrey."

Mr. Epstein, in turn, provided career advice on her move to Goldman, introduced her to well-known businesspeople and showered her with gifts of spa treatments, high-end travel and Hermes [luxury items](#). In total, Ms. Ruemmler was mentioned in more than 10,000 of the documents released by the Justice Department.

Ms. Ruemmler, in addition to being Goldman's general counsel since 2021, was a partner and vice chair of its reputational risk committee. She earlier served as White House counsel under President Obama and was a white-collar defense

lawyer at Latham & Watkins.

"My responsibility is to put Goldman Sachs's interests first," Ms. Ruemmler, 54, said in a statement confirming the resignation.

Goldman's chief executive, David Solomon, said on Friday that he was surprised and disappointed in Ms. Ruemmler's decision to resign.

"Hindsight is a very, very funny and a very, very powerful thing," Mr. Solomon said in a CNBC interview. "A lot of — all of — this happened before she was at Goldman Sachs, and 10 years ago."

Mr. Solomon had been at a golf tournament in California when Ms. Ruemmler notified him of her plans to resign.

Until her resignation, Ms. Ruemmler had, through representatives, said she engaged in banter and social interactions with the well-connected Mr. Epstein in order to gain introductions to new clients.

The documents illustrated a closer relationship between the two that began in 2014 and was described by Ms. Ruemmler in one email as a "friendship."

She educated him on how the law differentiates between underage victims of sex crimes and adult prostitutes. "I think the point is that if she was underage, she could not legally consent to engaging in prostitution," Ms. Ruemmler wrote to Mr. Epstein in 2015.

She offered advice on how to knock down the credibility of one of his accusers, writing in one email that Mr. Epstein's lawyer could push the woman into a "perjury trap."

Ms. Ruemmler signed some emails "xoxo" and swapped photos. She joked with Mr. Epstein about the weight of visitors at New Jersey rest stops and speculated about the sexual orientation of a well-known hedge fund billionaire.

And over a series of meetings, she sought his advice on personal and professional matters, ("men aren't interested in women my age," one email lamented).

In 2019, while interviewing for the job at Goldman, Ms. Ruemmler told Mr. Epstein that she was wearing gifts from him. "Am totally tricked out by Uncle Jeffrey today!" she wrote.

Goldman Sachs and Ms. Ruemmler have said Mr. Epstein was never her client. But in 2018, she helped him edit a legal document that defended his 2008 agreement to plead guilty to soliciting prostitution from a minor.

Ms. Ruemmler exited a week after another elite Wall Street lawyer, Brad Karp, [was ousted as chairman](#) of Paul Weiss amid revelations that his relationship with Mr. Epstein was more extensive than previously known. Others in the worlds of art and politics have also lost their jobs.

But for the weeks leading up to her resignation, the top brass at Goldman stood behind Ms. Ruemmler.

At a widely attended partner retreat in Miami's South Beach last week, the firm's leadership kept Ms. Ruemmler front and center, showing no sign that her job was in jeopardy, two people familiar with the event said.

And the firm engaged in an aggressive effort to defend her, working with a [prominent defamation lawyer, Tom Clare](#), who has been in contact with news organizations in recent weeks, pushing back on reporters' descriptions of Ms. Ruemmler's relationship with Mr. Epstein.

The firm's defense centered on the fact that her interactions with Mr. Epstein occurred while she was working at Latham and predated her hiring at Goldman.

Many Goldman executives, the people said, were baffled that the bank continued to back Ms. Ruemmler.

One person who spoke to Ms. Ruemmler on Thursday said she was worn out by the relentless news coverage of her personal correspondence with Mr. Epstein.

Goldman's support lasted until the moment Thursday afternoon when Ms. Ruemmler offered her resignation directly to Mr. Solomon, two people with knowledge of the matter said.

Mr. Solomon had just concluded a round of golf at the Pebble Beach Pro-Am tournament, which pairs celebrities and business titans with professional golfers. Mr. Solomon teamed up with the pro golfer Max Greyserman, while Condoleezza Rice and Travis Kelce were among the other players.

After Mr. Solomon spoke to Ms. Ruemmler, he convened a meeting with the bank's board of directors to inform them of her resignation, a person briefed on the board's activities said. It was the first time the board had collectively

addressed the accusations against Ms. Ruemmler since the latest emails were released in late January.

Mr. Solomon announced her resignation in an all-staff email on Thursday evening and said she would “work with our teams” until June 30 to “effect a smooth transition.”

“I’m proud of the way Kathy has handled this, and the way we have worked through it,” Mr. Solomon said in the CNBC interview on Friday.

Top Goldman Sachs lawyer Ruemmler resigns after Epstein disclosures

 [reuters.com/business/media-telecom/top-goldman-sachs-lawyer-kathy-ruemmler-resign-over-epstein-links-financial-2026-02-13](https://www.reuters.com/business/media-telecom/top-goldman-sachs-lawyer-kathy-ruemmler-resign-over-epstein-links-financial-2026-02-13)

Saeed Azhar, Chris Thomas

February 13, 2026

Kathryn Ruemmler at a federal court in Houston on May 15, 2006.

REUTERS/Richard Carson [Purchase Licensing Rights, opens new tab](#)

- Ruemmler resigns amid Epstein gift and advice revelations
- Ruemmler had extensive communications with Epstein from 2014 to 2019
- Ruemmler claims no knowledge of Epstein's criminal conduct

NEW YORK, Feb 12 (Reuters) - Goldman Sachs ([GS.N](#)), [opens new tab](#) chief legal officer Kathy Ruemmler has resigned, CEO David Solomon said on Thursday, after recent documents by the U.S. Justice Department showed she accepted gifts from late sex offender Jeffrey Epstein and advised him on how to address media inquiries regarding his crimes.

The departure of Ruemmler, who was among the top executive officers of the Wall Street firm, is the most high-profile banking exit after the release of the latest Epstein documents by the DoJ last month.

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The revelations have engulfed a number of big banks including UBS ([UBSG.S](#)), [opens new tab](#), [which recent documents showed opened accounts](#) for Epstein associate Ghislaine Maxwell in 2014 just months after JPMorgan Chase ([JPM.N](#)), [opens new tab](#) decided to end its relationship with the financier.

"As one of the most accomplished professionals in her field, Kathy has also been a mentor and friend to many of our people, and she will be missed," Solomon said in a statement. "I accepted her resignation, and I respect her decision."

Ruemmler told Solomon on Thursday that she would resign, according to a source familiar with the matter. Her resignation will be effective June 30, the source said, who asked not to be identified due to the sensitivity of the topic.

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Ruemmler told the Financial Times: "I made the determination that the media attention on me, relating to my prior work as a defence attorney, was becoming a distraction."

Ruemmler did not immediately respond to a Reuters request for comment. Before joining Goldman, Ruemmler was global chair of the white-collar defense and investigations practice at Latham & Watkins LLP.

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.

Epstein also [called Ruemmler's cell phone, opens new tab](#) when he was arrested on July 6, 2019, among other calls he made that night, according to two documents that cited notes from law enforcement officials.

A separate [note by the Federal Bureau of Investigation, opens new tab](#) cited Epstein as saying on the same day: "Is this about sex trafficking. Is this about underage."

The author of the FBI document, who was not named, said Epstein also made utterances including: "Oh this is bad, this is pretty bad."

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.

A LARGE NUMBER OF COMMUNICATIONS

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 inquiry 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](#) to Reuters [on February 3](#). "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."

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.

In 2018, a third party, whose name was redacted by the government, 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.

Reporting by Chris Thomas in Mexico City, Saeed Azhar in New York; Editing by Christopher Cushing, Jacqueline Wong and Thomas Derpinghaus

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Securities

Goldman's Top Lawyer Ruemmler to Leave Over Epstein Ties (2)

Feb. 13, 2026, 6:38 AM PST

Kathy Ruemmler is leaving her position as Goldman Sachs Group Inc.'s top lawyer, drawing to a close a monthslong saga that saw the investment bank staunchly defend Ruemmler over her previous association with **Jeffrey Epstein**.

For weeks, Goldman has faced a steady drumbeat of headlines as the public has pored over the millions of pages of documents that have been released by the US Department of Justice, which mention Ruemmler's name thousands of times. Together, they shined a light on years of interactions between her and the late pedophile, during which she accepted tens of thousands of dollars in gifts from him and used affectionate nicknames like "Uncle Jeffrey" and "sweetie."



Kathy Ruemmler

Photographer: William B. Plowman/NBCUniversal/Getty Images

Through it all, Goldman Sachs has stood by Ruemmler, saying executives were briefed about her dealings with Epstein before she was hired, and that the two had worked together in a “professional capacity.” Ruemmler has said she regretted ever knowing him.

“My responsibility is to put Goldman Sachs’ interests first,” Ruemmler said in a statement announcing her planned departure. Chief Executive Officer **David Solomon** separately said that he accepted her resignation and respects her decision.

Ruemmler is among more than a half-dozen prominent leaders across business, politics and academia that have stepped down from their roles over ties to Epstein. She will leave the bank on June 30.

Read More: Goldman Defense of Lawyer’s Epstein Ties Provokes Unease

Before joining Goldman in 2020, Ruemmler was well-known for her time as a White House counsel in Barack Obama’s administration and she previously practiced at Latham & Watkins. After Solomon rose to the top of Goldman Sachs, he installed her as the bank’s top lawyer, giving her oversight of how the firm responds to all legal and regulatory matters.

Since her connection to Epstein was first reported in 2023, Ruemmler and Goldman have repeatedly said that she used Epstein's contacts to pursue potential legal clients during her time at Latham. Her ties to him resurfaced in November, when a congressional committee released some Epstein documents that included emails between the two.

Messages that have emerged in the Justice Department's trove laid bare the extent of her relationship with Epstein, a notorious sex criminal who pleaded guilty in 2008 to Florida state charges that included procurement of a minor to engage in prostitution. He died by apparent suicide in jail while facing federal sex-trafficking charges in 2019.

For instance, the documents showed he gave her many items, including a \$9,400 Hermès bag, a \$4,200 Fendi fur-trimmed plaid wool coat and a \$1,700 Fendi leather shoulder bag. In one message in 2019 she remarked: "Am totally tricked out by Uncle Jeffrey today! Jeffrey boots, handbag, and w=tch!"

While Goldman has maintained that Ruemmler never advocated for him legally, the documents show she offered her perspective in a number of contentious legal scenarios and advised on strategies for defending his reputation in the media.

She offered her thoughts in 2015 when Epstein asked her questions about the legalities surrounding prostitution and consent. Around that time, multiple women were suing the federal government over Epstein's 2008 plea agreement. "no girl caem to the house to learn math, does sex for money change the equation, ?" he wrote. Ruemmler responded that minors "could not legally consent to engaging in prostitution."

Even as the revelations reached a fever pitch this week, Ruemmler seemed to still have the support of Solomon. In November, the CEO called her "an excellent lawyer" when asked if he expected further fallout from her past with Epstein. More recently, a Goldman Sachs spokesperson said the bank had done due diligence about her ties to Epstein and "was satisfied."

"Kathy has been an extraordinary general counsel," Solomon said in his statement Thursday. "As one of the most accomplished professionals in her field, Kathy has also been a mentor and friend to many of our people, and she will be missed."

On Friday, he said on CNBC that she is a "tremendous human being" and said Ruemmler herself had come to the decision that the situation had become a distraction for the firm.

"It was putting her in a position where it was hard for her to execute on her job and her responsibilities, and she just thought it was time to step away," Solomon said. "I reluctantly accepted her resignation, but I respect her decision."

The disclosure of the files relating to Epstein was required by a law passed by Congress last year, following bipartisan pressure from lawmakers, victims and activists. The material contains references to wealthy and powerful people who had associations with Epstein at various points. Inclusion in the documents isn't an indication of wrongdoing.

The scandal has ensnared other high-profile individuals on Wall Street and elsewhere, including attorney **Brad Karp**, who recently stepped down as head of Paul, Weiss, Rifkind, Wharton & Garrison, and former Harvard president and US Treasury Secretary **Larry Summers**, who has said he regretted his relationship with Epstein.

Peter Mandelson was sacked as the UK's ambassador to the US last year and also resigned as a member of the House of Lords over his ties to Epstein. The scandal is now engulfing Prime Minister **Keir Starmer's** government.

Read More: Larry Summers, Goldman Lawyer Slammed Trump in Epstein Emails

(Updates with comments from Goldman's CEO in 15th paragraph.)

--With assistance from **Isabella Farr**, **Steve Dickson** and **Daniel Taub**.

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February 13, 2026

'Catastrophic': Defense asks to halt FirstEnergy bribery trial over key witness interviews

Adam Ferrise; cleveland.com

AKRON, Ohio — Defense attorneys on Friday sparked a fiery court battle in the high-profile trial of two former FirstEnergy executives accused of bribing a state regulator. The defense claimed prosecutors withheld potentially exonerating statements made by a key witness.

The half-hour fight devolved into shouting and insults over accusations that prosecutors failed to provide notes or recordings of three conversations they had with former FirstEnergy chief ethics officer Ebony Yeboah-Amankwah.

Steven Grimes, an attorney for former FirstEnergy top lobbyist Michael Dowling, said that violated his and former CEO Chuck Jones' rights to a fair trial.

"This is at best a catastrophic event," Grimes said.

Assistant Ohio Attorney General Matthew Meyer said prosecutors disclosed all information to the defense.

"This grandstanding in court today is highly inappropriate," Meyer said.

Summit County Common Pleas Judge Susan Baker Ross said she would allow testimony to continue, but ordered prosecutors and defense attorneys to file written arguments about how it should affect the case, if at all.

The trial is over whether Jones and Dowling bribed Sam Randazzo shortly before Randazzo became chairman of the Public Utilities Commission of Ohio Chairman in 2019. Jones and Dowling face charges including racketeering, bribery and conspiracy.

Jones and Dowling's trial has gone on for eight days with seven witnesses. Yeboah-Amankwah's testimony on Thursday was the most damaging to the defense so far.

She testified that Jones in late 2018 signed off on a \$4.3 million payment to Randazzo that prosecutors say was a bribe and that by the end of 2019, after Randazzo made several rulings at the PUCO worth millions to FirstEnergy, that Jones cashed out some \$18 million worth of FirstEnergy stock.

She also said Dowling pushed officials inside FirstEnergy to quickly pay Randazzo.

The accusations by defense attorneys came as Yeboah-Amankwah testified on cross-examination on Friday that she met three times with prosecutors, once before testifying in front of a grand jury and two other times in preparation for trial.

Grimes said no law enforcement was present at each meeting, no report was written and none of the information that was discussed was turned over to defense attorneys.

"To do it once is negligent," Grimes said. "To do it two more times and lie about it is reprehensible."

Grimes called Yeboah-Amankwah's testimony that she believed the \$4.3 million settlement was "exonerating" for Dowling, pointing out that she said she believed the \$4.3 million was a settlement agreement with a trade group that Randazzo represented as a private attorney.

Grimes said he was "truly appalled" that prosecutors wouldn't turn over those statements before trial. He said prosecutors lied in prior court filings and hearings that they never conducted an interview with Yeboah-Amankwah. He accused prosecutors of purposefully withholding the information to gain a "tactical advantage" in the case.

"It's unbecoming of the Ohio Attorney General's Office," Grimes said.

Meyer shot back, saying Grimes misrepresented the facts and that Grimes' accusations were "unbecoming." He said he never conducted any interviews with Yeboah-Amankwah, only short conversations that wouldn't require him to turn anything over to defense attorneys under Ohio law.

"I'm not impressed by Mr. Grimes and the way he conducts himself, and the facts will speak for themselves," Meyer said.

Yeboah-Amankwah's attorney, William Ridgway, testified over the dispute on Friday. He said the first time prosecutors and his client talked lasted about 30 minutes, that prosecutors asked her factual questions about the case and she answered them.

Meyer questioned Ridgway's estimation of how long the conversation was and asked if they talked about issues unrelated to the investigation, like whether prosecutors would grant Yeboah-Amankwah immunity from prosecution.

Ridgway said they had. Prosecutors that day granted immunity for Yeboah Amankwah in exchange for her testimony.

---- Index References ----

Company: FIRSTENERGY CORP; PUBLIC UTILITIES COMMISSION; OHIO, STATE OF

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))

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

Language: EN

Other Indexing: (PUCO; FirstEnergy; Public Utilities Commission; Ohio Attorney General's Office)

Word Count: 631

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2026 WLNR 4432363

Akron Beacon Journal (Ohio)
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February 13, 2026

Section: News

Ex-FirstEnergy executive granted immunity to testify as state witness

Patrick Williams

February 13, 2026

Yeboah-Amankwah said she recalled that it was up to Jones on whether to pay the roughly \$4.3 million to Randazzo.

An attorney who served as chief ethics officer and oversaw state and federal legal matters at FirstEnergy took the witness stand in the state criminal trial of two former FirstEnergy executives.

Ebony Yeboah-Amankwah testified Feb. 12 that she has an agreement that if she testifies truthfully in the ongoing criminal trial of Chuck Jones and Michael Dowling, her truthful testimony will not be used against her.

Yeboah-Amankwah said that at the end of 2018, when she was FirstEnergy's chief ethics officer, she remembers discussion among company leaders about whether FirstEnergy should pay Sam Randazzo \$4,333,333.

Prosecutors said in opening statements last week that ex-FirstEnergy CEO Jones and former Senior Vice President Dowling pushed for the company to make the payment as a bribe for favorable utility regulations from Randazzo ahead of him becoming Ohio's top utility regulator.

FirstEnergy paid Randazzo the roughly \$4.3 million in early January 2019.

Jones' and Dowling's attorneys said in their opening statements that the payment marked the termination of a settlement with Industrial Energy Users of Ohio, a trade group that Randazzo represented as an attorney before he became chair of the Public Utilities Commission of Ohio.

Yeboah-Amankwah was "separated" from FirstEnergy in 2020, the company said in a filing with the U.S. Securities and Exchange Commission. She said Feb. 12 that she has since moved on to another job at a separate company.

In December 2018, though, Yeboah-Amankwah said she recalled that it was up to Jones on whether to pay the roughly \$4.3 million to Randazzo.

She said she didn't support the company making the payment because it didn't appear that FirstEnergy would get the full value out of it.

Later, Yeboah-Amankwah said she communicated directly with Randazzo in her role.

Ohio Assistant Attorney General Matthew Meyer asked her if Randazzo would go over her head if she said something he didn't like.

She said it was a "fairly regular" occurrence.

Compared to herself, Yeboah-Amankwah said, Dowling "had a better relationship with Mr. Randazzo."

Yeboah-Amankwah's testimony is scheduled to continue on Feb. 13.

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?"

Yeboah-Amankwah said she recalled that it was up to Jones on whether to pay the roughly \$4.3 million to Randazzo.

---- Index References ----

Company: FIRSTENERGY CORP; UNITED STATES, GOVERNMENT OF

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

Industry: (Electric Utilities (1EL82); Electric Utilities Distribution (1EL02); Energy & Fuel (1EN13); Utilities (1UT12))

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

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Other Indexing: (Industrial Energy Users; FirstEnergy; U.S. Securities and Exchange Commission)

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February 12, 2026

Ex-ethics chief: FirstEnergy CEO blessed payment at heart of bribery trial

Adam Ferrise; cleveland.com

AKRON, Ohio — Former FirstEnergy CEO Chuck Jones signed off on a \$4.3 million payment that prosecutors say was a bribe to a man who was about to become the state's top utility regulator, a former company official testified on Thursday.

Ebony Yeboah-Amankwah, who was the company's chief ethics officer until she was fired in 2020, also said the company's then-top lobbyist, Mike Dowling, pushed other officials to speed up the payment.

Yeboah-Amankwah's testimony came on the seventh day of trial of Jones and Dowling, who face 11 charges centered around accusations that they bribed former Public Utilities Commission of Ohio Chairman Sam Randazzo in late 2018 and early 2019.

Randazzo, who died by suicide in 2024 after he was charged in the case, gave favorable rulings worth millions to FirstEnergy and helped push for House Bill 6, the corruptly-passed bill that gave a \$1.3 billion ratepayer bailout to two aging nuclear power plants.

Yeboah-Amankwah is the third former or current FirstEnergy employee to have testified that they had issues with payments to Randazzo.

She testified that she had an immunity deal with prosecutors, meaning in exchange for truthful testimony, she wouldn't be charged with any crimes.

Summit County Common Pleas Judge Susan Baker Ross rejected her request not to be photographed or recorded as part of the judge's media order that's the subject of a lawsuit in the Ohio Supreme Court.

Yeboah-Amankwah told the jury about internal discussions that started shortly after two meetings Jones and Dowling held on Dec. 18, 2018 — one with incoming Gov. Mike DeWine and Lt. Gov. Jon Husted, followed by another one with Randazzo.

At the meeting, Jones and Dowling learned that DeWine intended to appoint Randazzo as PUCO chairman, a powerful position that helps determine how much money FirstEnergy would bring in, prosecutors said.

Yeboah-Amankwah said she was unaware of the meeting at the time, but quickly got emails and texts from Dowling asking if they could terminate a settlement agreement that Randazzo inked on behalf of a client, IEU-Ohio.

That agreement called for \$4.3 million to be paid the industrial and commercial business trade group in exchange for not opposing a FirstEnergy surcharge. It's also the payment prosecutors say amounted to a bribe to Randazzo.

Yeboah-Amankwah said she didn't believe the company should pay out the money because FirstEnergy didn't "get the full value" of the agreement with Randazzo and that "we shouldn't make full payment."

She said former chief counsel Leila Vespoli also believed the company shouldn't pay out Randazzo. Vespoli has not testified in the case.

Dowling, Yeboah-Amankwah said, told officials they needed to make the payment because it was a deal and that the company could be sued if it didn't.

Not long after, Dowling texted her and Lisowski about getting the payment to Randazzo quickly, as soon as the first week of January.

Yeboah-Amankwah said Jones signed off on the payment, so she then signed off, as did others in the company.

Prosecutors also questioned Yeboah-Amankwah about communication between Dowling and Randazzo in 2019, including sharing attorney-client privileged information days before Randazzo was appointed PUCO chairman.

In a text message string in June 2019, after Randazzo began his term on the commission, Dowling referenced talking to Randazzo about a pending case, which prohibits one side from speaking to a commissioner about a pending case.

Prosecutors say Randazzo that year made several rulings that ensured FirstEnergy made inflated profits and stopped a future review of its finances that likely would have caused the company's stock prices to plummet.

Yeboah-Amankwah testified that in 2019, Jones made \$20.8 million, the majority of which came from stock that he sold.

---- Index References ----

Company: FIRSTENERGY CORP; PUBLIC UTILITIES COMMISSION; THE SUPREME COURT OF OHIO

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

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

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

Language: EN

Other Indexing: (PUCO; FirstEnergy; Public Utilities Commission; Ohio Supreme Court)

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February 11, 2026

Witness: Ex-FirstEnergy CEO was 'convinced' rate review would be killed

Adam Ferrise; cleveland.com

AKRON, Ohio — Former FirstEnergy CEO Chuck Jones exuded a "surprising" amount of confidence as investors fretted over a public review of the utility's finances. That's according to new witness testimony in the high-profile corruption trial of the ousted utility leader.

Jones in November 2019 convinced those investors not to worry, insisting a pending Public Utilities Commission of Ohio review that threatened to cut FirstEnergy's revenue would never happen, FirstEnergy's top accountant Jason Lisowski testified on Wednesday.

"In every one of those conversations he was very convinced and very comfortable that there was no risk with the 2024 rate case," Lisowski said.

Lisowski's testimony teed up prosecutors' arguments that Jones knew PUCO chair Sam Randazzo would soon shut down the possibility of the review.

Prosecutors say Randazzo did so the same month because Jones and FirstEnergy's former top lobbyist Mike Dowling paid Randazzo a \$4.3 million bribe to stop the review, among other official actions.

Jones and Dowling face 11 charges, including conspiracy and bribery. Randazzo was charged in the case but died by suicide in April 2024. His company pleaded guilty to several charges and agreed to pay \$2.2 million in penalties and restitution.

The testimony marked a turn in the trial away from Randazzo, who prosecutors portrayed as something of a double agent. Witnesses testified Randazzo was on FirstEnergy's payroll for years while simultaneously representing clients opposing FirstEnergy.

When Jones and Dowling learned in 2018 that incoming Gov. Mike DeWine intended to appoint Randazzo as PUCO chair, prosecutors say the two executives bribed Randazzo to help the company through several official actions worth millions of dollars, including stopping the review.

Lisowski testified Wednesday against his former bosses, who sat just feet away. He said on cross-examination that he signed an agreement that allowed him to give prosecutors information that can't be used against him in a prosecution.

Summit County Common Pleas Judge Susan Baker Ross ordered that Lisowski to not be photographed or recorded on video.

During a November 2019 utility conference, Jones hosted a steady stream of analysts and investors who peppered him with questions about the PUCO review set for 2024, Lisowski testified.

Lisowski said he worried that Jones' confidence that the review would never happen could hurt Jones' and FirstEnergy's credibility if he ended up being wrong and the PUCO review went forward.

On cross-examination, Lisowski said he never asked Jones about why he was so confident about the review.

"PUCO makes that decision, not us," Lisowski said. "So we only had so much control over the outcome of the rate case. Without that certainty, he was very convinced this was not something to be concerned about or worried about, even though we didn't have complete control over it, surprised me."

Later that same month, Randazzo stopped the review of FirstEnergy's prices.

Lisowski also told the jury that Jones' and Dowlings' salary was mostly tied to performance bonuses and FirstEnergy stocks. If the company's stock prices jumped, their pay skyrocketed, Lisowski said.

When Randazzo stopped the review, the decision caused FirstEnergy's stock prices to soar, prosecutors previously said.

"If your stock price goes up significantly, especially compared with other utilities, you'd be doing much better," Lisowski said of Jones' and Dowlings' pay.

---- 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))

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

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

Language: EN

Other Indexing: (PUCO; FirstEnergy)

Word Count: 536

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NewsRoom

Husted took \$116K from Epstein co-conspirator Wexner

 tiffinohio.net/posts/husted-took-donations-from-epstein-co-conspirator-les-wexner-then-voted-to-block-file-release

TiffinOhio.net

February 12, 2026



[local](#)

Ohio Republican Senator Jon Husted has accepted \$116,892 from Les Wexner between 2001 and 2025, according to [Federal Election Commission](#) and [Ohio Secretary of State](#)

Wexner, the billionaire founder of Victoria's Secret parent company L Brands, was [publicly identified this week](#) as a "co-conspirator" of convicted sex offender Jeffrey Epstein in FBI documents.

Husted took [\\$3,500 from Wexner](#) as recently as July 3, 2025 — just two months before voting on September 10, 2025 to block a bipartisan Senate amendment that would have directed the Attorney General to publicly release documents related to Epstein.

The financial relationship spans Husted's entire political career, from his time in the Ohio legislature through his current role as U.S. Senator. Campaign finance records show Husted is the [only senator up for re-election in 2026](#) who accepted contributions from Wexner during the 2025-2026 election cycle.

FBI labeled Wexner as Epstein co-conspirator

On February 10, 2026, the Department of Justice released previously redacted names from internal FBI documents following pressure from Representatives Ro Khanna (D-California) and Thomas Massie (R-Kentucky). An August 15, 2019 FBI internal document from the bureau's Criminal Investigative Division included a reference to Wexner as a co-conspirator of Epstein.

"The Justice Department has released the names of three people the FBI once called co-conspirators of Jeffrey Epstein after lawmakers complained that the names had been improperly withheld," [NBC News reported](#) February 10, 2026.

"The Justice Department unredacted parts of an Aug. 15, 2019, FBI internal document from the bureau's Criminal Investigative Division — which included a reference to billionaire Les Wexner as a co-conspirator."

The document lists eight people as co-conspirators, including Wexner, Ghislaine Maxwell (who was convicted of sex trafficking charges), modeling agent Jean-Luc Brunel, and Epstein's longtime secretary Lesley Groff. Four other names remain redacted.

According to the released documents, a separate FBI email from August 2019 stated there was "limited evidence" regarding Wexner's involvement, though he was served a subpoena during the investigation.

A legal representative for Wexner stated that "the Assistant U.S. Attorney told Mr. Wexner's legal counsel in 2019 that Mr. Wexner was neither a co-conspirator nor target in any respect. Mr. Wexner cooperated fully by providing background information on Epstein and was never contacted again."

Decades-long financial relationship

Wexner served as Epstein's primary financial adviser and benefactor from the 1980s through 2007, according to court documents and news reports. [The New York Times reported](#) in August 2019 that "for over 15 years, Jeffrey Epstein served as a close personal adviser to Leslie H. Wexner."

Wexner granted Epstein power of attorney in 1991, giving the convicted sex offender sweeping control over his finances and property. According to documents released in December 2025, Epstein paid Wexner \$100 million in 2008 as part of a private settlement after Wexner accused him of misappropriating funds.

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Epstein was arrested in July 2019 and charged with sex trafficking of minors and conspiracy to commit sex trafficking of minors. According to a [July 8, 2019 press release](#) from the U.S. Attorney for the Southern District of New York, "between 2002 through 2005, Epstein sexually exploited and abused dozens of underage girls by enticing them to engage in sex acts with him in exchange for money."

Following Epstein's 2019 arrest, extensive public reporting documented Wexner's ties to the sex offender. [NBC 4 reported](#) on July 26, 2019 that "Epstein's Connection To Les Wexner Under Close Scrutiny." On September 24, 2019, [NBC 4 reported](#) that "Wexner Could Be Called As Witness In Epstein-Related Defamation Suit."

Despite this public reporting, Husted continued accepting contributions from Wexner. Between Epstein's July 2019 arrest and Husted's September 2025 vote against releasing the files, Wexner contributed \$45,892 to Husted's campaigns and joint committees with Governor Mike DeWine.

Senate vote blocked transparency

On September 10, 2025, Husted [voted for a motion to table](#) Senate Amendment 3849, sponsored by Senator Chuck Schumer, which would have directed the Attorney General to make publicly available documents related to Jeffrey Epstein. The motion to table — which effectively killed the amendment — passed 51-49 along largely party lines, with Husted voting with the majority.

Only two Republicans voted against the motion to table: Senators Josh Hawley (Missouri) and Rand Paul (Kentucky).

The amendment was proposed as part of the National Defense Authorization Act for Fiscal Year 2026. According to Senate records, the "Statement of Purpose" for the amendment was "To direct the Attorney General to make publicly available documents related to Jeffrey Epstein."

Pattern of contributions

Campaign finance records show Husted received contributions from Wexner at 21 different points between July 20, 2001 and July 3, 2025:

- **2025:** \$3,500 (July 3, to Husted for Senate)
- **2023:** \$15,400 (June 30, to Jon Husted for Ohio)
- **2022:** \$13,700 (August 29, to Mike DeWine for Ohio)
- **2020:** \$13,292 (October 13, to Mike DeWine for Ohio)
- **2018:** \$10,000 (December 13, to DeWine-Husted Transition Fund)
- **2015:** \$10,000 (November 17, to Jon Husted for Ohio)
- **2014:** \$10,000 total in two contributions (October 3 and June 30, to Jon Husted for Ohio)
- **2013:** \$2,500 (August 7, to Jon Husted for Ohio)

- **2011:** \$2,500 (November 16, to Jon Husted for Ohio)
- **2010:** \$7,500 total in two contributions (October 29 and June 2, to Jon Husted for Ohio)
- **2009:** \$5,000 (July 31, to Jon Husted for Ohio)
- **2008:** \$3,000 (July 1, to Jon Husted for Ohio)
- **2007:** \$5,000 (July 3, to Jon Husted for Ohio)
- **2006:** \$5,000 (September 27, to Jon Husted for Ohio)
- **2005:** \$2,500 (June 27, to Jon Husted for Ohio)
- **2004:** \$2,500 (November 10, to Jon Husted for Ohio)
- **2003:** \$2,500 (September 18, to Jon Husted for Ohio)
- **2002:** \$2,000 (August 30, to Jon Husted for Ohio)
- **2001:** \$1,000 (July 20, to Jon Husted for Ohio)

The contributions were made to three different committees: Jon Husted for Ohio (his Ohio campaign committee before Senate appointment), Husted for Senate (his current Senate campaign committee), Mike DeWine for Ohio (the gubernatorial committee Husted joined in November 2017 as DeWine's running mate), and the DeWine-Husted Transition Fund (which raised money for inauguration and transition costs in 2018 and 2022).

According to FEC records, Husted was the only senator up for re-election in 2026 who accepted money from Wexner during the 2025-2026 cycle.

Husted avoided questions about Epstein files

When confronted by reporters in September 2025 about the Epstein files, Husted declined to engage with the topic. According to [The Bulwark](#), when a journalist presented materials related to Trump and Epstein to Husted on September 9, 2025, Husted said while "staring at the ceiling": "I've got four minutes before I have to be in the chair [to preside over the Senate]. So I gotta run."

The incident occurred one day before Husted's vote to block the release of Epstein-related documents.

In November 2025, Husted characterized the Epstein files as primarily a Democratic issue. "The more we learn about the transparency of the Epstein files, the more it shows that Democrats are the ones that had the strong relationships with them," Husted said on [Fox Business' "The Evening Edit"](#) on November 19, 2025.

When asked about Trump not commenting on the Epstein files, Husted suggested on [NewsNation](#) November 13, 2025 that the president was focused on other priorities: "I think he's been focused on trying to get the government reopened and trade deals and all of the things that will help make Americans' lives better. This has been an ongoing story. I'm sure he'll address it when the time is needed."

Husted is scheduled to face voters in Ohio's 2026 Senate election. He was appointed to the Senate in January 2025 to fill a vacancy and is running to complete the term through November 2026.

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By

[Dave Miller](#)



Dave Miller is a journalist and political analyst based in Northwest Ohio. His reporting and commentary focus on local and state politics, economic policy, and issues affecting working families.

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UPDATED

['That's all fraud': Gary Click dismisses Trump-Epstein report he hasn't read](#)

Ohio Rep. Gary Click called Wall Street Journal reporting on Trump and Jeffrey Epstein "all fraud," then admitted 75 seconds later he hadn't read the report he was dismissing.

[Ohio GOP lawmaker calls daughter's abuse allegations 'parental alienation' in public Facebook dispute](#)

State Rep. Rodney Creech called his daughter's allegations "parental alienation" as controversy over a BCI investigation reshapes his re-election plans and Ohio Senate bid.

SEC Will Fill ‘Gaps’ at Agency Following Drop in Enforcement, Atkins Says

U.S. Securities and Exchange Commission staff declined 15% in 2025 as part of the Trump administration’s broad effort to shrink the federal workforce.

February 12, 2026 at 03:52 PM By  **Dan Novak**



Paul Atkins testifies before the Senate Banking, Housing, & Urban Affairs Committee during his confirmation hearing to be Chairman of the U.S. Securities and Exchange Commission, on Thursday, March 27, 2025. Photo: Diego M. Radzinski/ALM

U.S. Securities and Exchange Commission Chair Paul Atkins told a Senate panel Thursday that the commission would work to fill “gaps” at the agency left by large staffing cuts made at the start of the Trump administration.

He also denied accusations from Democratic senators that the commission dropped lawsuits and investigation of cryptocurrency exchanges because of their ties to President Donald Trump.

Atkins testimony followed a 15% decline in SEC staff in 2025 as part of the administration’s broad effort to shrink the federal workforce, which impacted the commission’s Division of Enforcement. The SEC’s 313 enforcement actions in fiscal year 2025 were the fewest in a decade and down 27%

from FY 2024, according to a report from Paul, Weiss, Rifkind, Wharton & Garrison and cited by Senate Democrats.

“You have deliberately cut enforcement,” Sen. Jack Reed, D-Rhode Island, told Atkins during an oversight hearing of the Senate Committee on Banking, Housing and Urban Affairs. “That's part of the DOGE [Department of Government Efficiency] operation because it plays into the administration's plan to weaken the controls on capital in the United States.”

Atkins responded that staffing cuts occurred before his term as chair but that the SEC is actively enforcing its rules.

“A lot of these people left voluntarily or through buyouts before I arrived at the SEC,” he said. “So, I'm looking at our numbers of employees, and I think we have a very good group of people in enforcement.”

Adkins added that “we have gaps around in different divisions, and so we will fill that.”

Sen. Elizabeth Warren, D-Massachusetts, said crypto companies like Kraken and Coinbase donated \$1 million to President Donald Trump’s inauguration before the SEC dismissed cases against them.

“They may have scammed investors and consumers but once Trump was sworn in the SEC started dropping these cases like hot potatoes,” she said.

The crypto companies have denied the allegations of wrongdoing.

Warren pressed Atkins on whether the commission is pursuing any active cases against crypto companies who have made large donations to the president or his businesses.

“I disagree with your premise,” Atkins responded.

The SEC’s retreat from crypto enforcement fits a broader pattern of dropping cases against companies and individuals aligned with the president, Warren said.

In September, the SEC dropped three separate securities fraud charges against businessman Devon Archer, Nikola CEO Trevor Milton and Ozy Media CEO Carlos Watson. Trump had earlier pardoned Archer and Milton and granted clemency to Watson, all of whom had been convicted of fraud.

Atkins told the committee that the SEC's enforcement actions are limited after the president has granted such relief.

"If the president has pardoned someone or given clemency, then it becomes very difficult," Atkins said.

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<https://www.law.com/nationallawjournal/2026/02/12/sec-will-fill-gaps-at-agency-following-drop-in-enforcement-atkins-says/print/>

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Securities

Chinese Auditor Oversight Set for Renewed Scrutiny Under Atkins

Feb. 12, 2026, 1:37 PM PST

Oversight of Chinese auditors will be “one of the main issues” a freshly staffed US audit board will focus on, SEC Chair Paul Atkins told lawmakers during a Senate hearing Thursday.

The Public Company Accounting Oversight Board, under new leadership, will evaluate whether “there is robust access by competent auditors operating under our rules” that work for Chinese companies listed on US exchanges, Atkins testified before the Senate Banking Committee.

The PCAOB, which is overseen by the US Securities and Exchange Commission, declined to comment.

Three new leaders took their seats on the board this week, including a retired Ernst & Young audit partner as its chair. They inherit a downsized budget and a working agenda that includes a potential redesign in how the board inspects the work of auditors across the globe.

Republican Sens. Jim Banks of Indiana and Pete Ricketts of Nebraska pressed Atkins on the Wall Street regulator’s efforts to ensure investors could trust the corporate accounting of Chinese stocks. Under a 2022 agreement, the PCAOB inspects and probes the work of Chinese accountants hired to audit those companies.

The board’s ongoing access, negotiated by former Chair Erica Williams, is critical to enabling \$1 trillion’s worth of Chinese stocks to continue trading in New York under a law adopted during the first Trump administration.

Republicans have long questioned whether the PCAOB’s scrutiny is sufficient.

“Despite existing law requiring foreign firms to open up their audits for our inspectors, Chinese companies have been shielding their books and used auditors under their control to provide dishonest information with old data,” Ricketts said.

The board has sanctioned Chinese affiliates of Big Four firms PwC and KPMG, along with several other Chinese firms, for audit violations and has continued to complete inspections, releasing its report for Forvis Mazar’s China affiliate on Feb. 10.

Under Atkins, the SEC is weighing an overhaul to the rules that international companies rely on to list in the US, among other efforts targeting foreign companies.

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Securities

Coinbase Takes Fresh Blows With the Crypto Rout Deepening

Feb. 12, 2026, 11:41 AM PST

A drumbeat of bearish signals is building across the crypto industry, with Standard Chartered slashing its Bitcoin price target and Coinbase Global Inc. getting cut to sell as momentum traders struggle to push Bitcoin back toward its highs.

Standard Chartered lowered its year-end 2026 Bitcoin forecast to \$100,000 from \$150,000 — and from \$300,000 just months earlier — warning the cryptocurrency could drop to \$50,000 before stabilizing. The bank pointed to weakening price momentum and a tougher macro backdrop while the token tumbled again Thursday, dropping as much as 4% to \$65,079.

“This dynamic suggests a return to last week’s lows, with a high probability of a trading range of \$60,000 to \$70,000 forming over the coming weeks,” **Alex Kuptsikevich**, chief market analyst at FxPro Group, said in a note.

Bitcoin has fallen more than 45% from its October peak near just over \$126,000 and has repeatedly failed to sustain rebounds, a sign that speculative demand is thinning. The broader crypto market has shed nearly \$2 trillion in value over the same stretch.

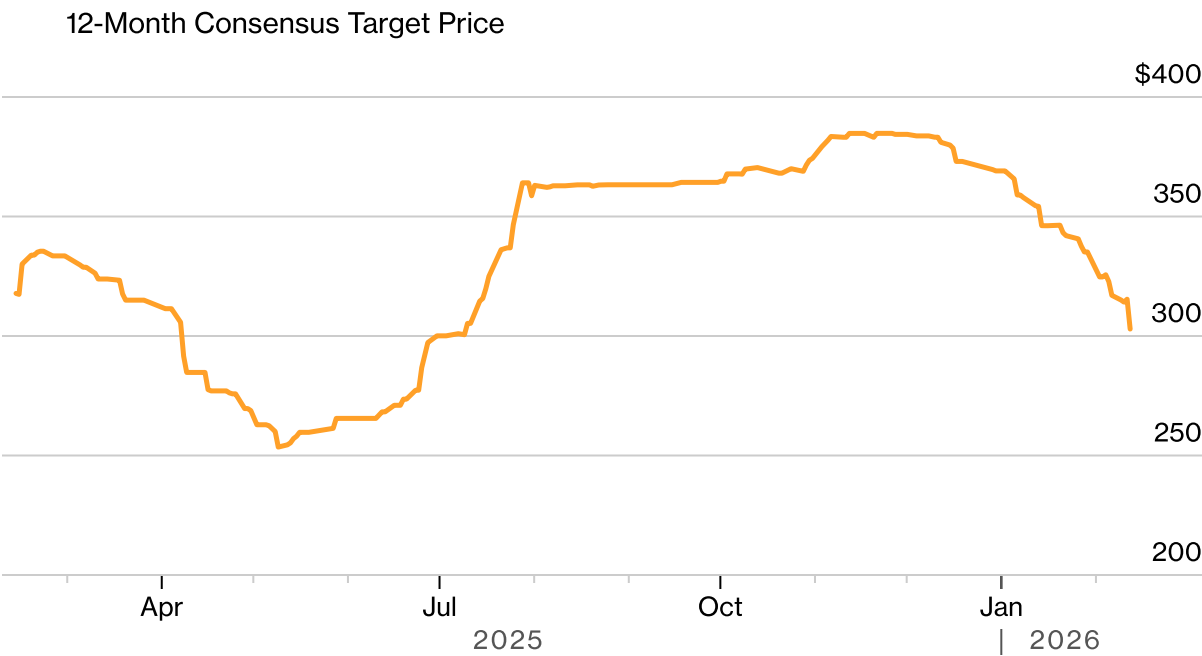
Coinbase, meanwhile, faced additional problems Thursday ahead of its scheduled earnings announcement, with customers encountering issues buying, selling and transferring on its website.

“Your funds are safe,” the largest US crypto exchange said in a post on social network X. It later said “this issue is now resolved.”

At the same time, Monness, Crespi, Hardt & Co. downgraded Coinbase to sell, calling assumptions of a steady recovery “foolish + facile” given the typical length of crypto bear markets. The brokerage cut its price target by 68% to a street-low \$120 and lowered revenue and earnings estimates through 2027. Coinbase fell for a third day, and was down about 8% to \$140.

The Monness Crespi downgrade follows at least five other price target cuts in February by Wall Street analysts of Coinbase, which has seen its shares tumble almost 40% this year.

Analysts
See
Lower
Stock
Price
For
Coinbase
Than
a
Year
Ago



Source: Bloomberg
Note: Coinbase average 12-month price target among analysts surveyed by Bloomberg. **Bloomberg**

Coinbase, which will release fourth-quarter results after the close of equity trading, published a company-compiled list of consensus financial performance estimates earlier Thursday. Analysts surveyed by Bloomberg expect Coinbase to report fourth-quarter earnings of 86 cents per share, an over 80% year-over-year decline, but Coinbase’s own set of analyst consensus predicts even worse results, a loss of 5 cents per share.

The synchronized downgrades highlight a shift in tone across crypto’s institutional ecosystem. Last year’s rebound narrative hinged on renewed risk appetite and breakout momentum. Instead, rallies have stalled, buyers have hesitated and analysts are dialing back expectations.

"This selloff has been less extreme than previous ones and has not seen the collapse of any digital asset platforms," Standard Chartered's **Geoffrey Kendrick** wrote. That may signal a maturing market — but one where fading momentum, rather than fresh inflows, now sets the tone.

One modicum of solace: analysts at JPMorgan Chase & Co. argue that the retail cohort has largely "ignored" the recent crypto selloff. The group's net positioning in IBIT, the largest spot-Bitcoin ETF, has remained roughly flat since mid-January, they wrote in a note Thursday.

"What we're seeing today is a reset in leverage, not a collapse in conviction," said Daniel Reis-Faria, chief executive officer of ZeroStack. "Funding rates have turned defensive, leveraged longs have largely been flushed out, and that deleveraging is healthy. This is typical late-cycle consolidation where excess risk gets cleared before the next structural move."

--With assistance from **Sidhartha Shukla**, **Melos Ambaye** and **Olga Kharif**.

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Securities

Mining Executives Fraud Charges Dropped After SFO Case Collapses

Feb. 12, 2026, 3:23 AM PST

UK prosecutors dropped bribery and corruption charges against London Mining Plc executives a decade after first opening their investigation, a further blow to the beleaguered white collar crime agency.

The three executives **Graeme Hossie**, who was chief executive officer at the miner, Rachel Rhodes, chief financial officer, and a business consultant Ariel Armon saw the Serious Fraud Office formally discontinue the case on Thursday, with the accused blaming disclosure failures that have plagued the agency.

The botched case adds to the litany of missteps at the SFO, whose chief Nick Ephgrave is set to step down next month. The SFO has seen the high-profile collapse of at least four prosecutions over the last five years, while it has ditched historic investigations that continued to take up time and resources.

London Mining, which went into administration in 2014, developed and operated iron ore mines with operations in Brazil, China, Colombia, Saudi Arabia and Sierra Leone. The three were charged in 2023 with conspiring to make multiple corrupt payments to secure preferential treatment in Sierra Leone.

"I believe that the failure to secure critical evidence which could have assisted me, and the failure to properly handle the material that it did obtain, demonstrates a culture of negligence within the SFO," Ariel Amon said on Thursday. His lawyer Christopher Houssemayne du Boulay said that the agency missed "hundreds of thousands of potentially relevant documents" due to errors in processing.

Ephgrave, who is retiring halfway through his five year tenure, had sought to draw a line under past missteps that had tarnished the SFO's reputation. The collapsed cases include the failed prosecution of three former executives at a G4S Plc unit, while the trial against Serco Group Plc fell apart because the prosecutor failed to disclose evidence. Last year's stunning reversal of Tom Hayes' interest rate rigging conviction piled yet more pressure on the agency.

The SFO said in a statement that it concluded that there was no longer a realistic prospect of convictions. "We considered a combination of factors, including significant delays to trial, difficulties obtaining and reviewing material, and challenges with witness evidence."



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Affairs, Spending Come Out In Goldstein Cross-Examination

By **Jared Foretek**

Law360 (February 12, 2026, 10:10 PM EST) -- SCOTUSblog founder Thomas Goldstein was confronted Thursday with allegations of extramarital affairs, lavish spending and lies on asset disclosures, all in front of the jury in his ongoing tax fraud trial.

Through contentious cross-examination that lasted more than two hours Thursday afternoon, jurors heard for the first time the full scope of Goldstein's most opulent purchases and the extramarital affairs he allegedly had while still in debt to the IRS.

The government has not directly claimed that any of the purchases themselves were illegal, and charges related to the affairs — and who they were with — were dismissed before trial started. Instead, Goldstein has been charged with one count of tax evasion for tax year 2016, eight counts of assisting in false tax returns for 2016 through 2021, four counts of willful failure to pay, and three counts of making false statements on loan applications.

But prosecutor Sean Beaty's questioning painted a very different picture from that of the self-made U.S. Supreme Court lawyer who made a career fighting "for the little guy," which the defense presented beforehand.

As he had under **direct examination Wednesday**, Goldstein copped to lying on mortgage applications, saying he wanted to keep the scale of his poker debts a secret from his wife and partner in running SCOTUSblog, Amy Howe.

But Beaty dug deeper, highlighting that he had made his wife unknowingly endorse a lie, under penalty of perjury, on the same applications, which she signed in Maryland while he was in Saint Thomas, U.S. Virgin Islands, without her.

"You lied to your wife about your poker debts," Beaty said. "What else did you lie to her about?"

Lead defense attorney Jonathan Kravis of Munger Tolles & Olson LLP quickly objected. Until Thursday, U.S. District Judge Lydia Kay Griggsby had kept a tight lid on any evidence or statements about the affairs, having tossed charges that Goldstein took illegal tax deductions for "sham" jobs at his law firm that he gave his alleged paramours. But with the defense having introduced select messages between Goldstein and one of the employees for his direct examination, and his explanation for the lies on the applications, the judge seemingly allowed Beaty to pursue the line of questioning in a sidebar following a second objection from Kravis.

"You did not tell your wife that you were having many, many affairs," Beaty said.

Goldstein said that to answer, he "would have to tell ... about my conversations with Amy." Only after Goldstein's reply did Kravis object for a third time, prompting Beaty to move on.

The prosecutor also hammered Goldstein with his spending. All while owing "millions of dollars to the IRS," Goldstein spent \$70,000 to rent a home in California; \$17,000 for a stay at the St. Regis resort in Bali; \$143,000 on a Miami apartment rental; and \$200,000 to rent a pad in the Las Vegas Waldorf Astoria, Beaty said.

During the years he was behind on his taxes, according to the prosecutor, Goldstein had also bought

a \$200,000 Audemars Piguet watch and two Bentleys, one with an \$8,000 rotating clock.

"It was super important that your new Bentley had that," Beaty said. "Everybody loves the rotating clock, right?"

Then there were the visits to nightclubs. In January 2020, according to Beaty, Goldstein spent \$12,000 at The Box nightclub in Manhattan, then \$15,000 at the same club in February 2022. After another trip in April, he allegedly dropped \$46,000 in May and finally \$60,000 in August on, among other things, glow-in-the-dark champagne, tequila and \$10 bottles of water.

"They really get you on those \$10 bottles of water don't they?" Beaty asked. "You still hadn't paid your taxes?"

Goldstein said he had recently won big playing poker, and he bought the watch to celebrate paying off taxes.

"It has an element of being embarrassing when you just pluck all these things out," Goldstein later told Kravis on redirect, pointing out that he eventually paid off his IRS debts. "You realize ... your priorities may have been out of wack. ... I am not making excuses. ... I have paid all [the tax debt] and interest. ... I have paid more than that."

But Beaty said that when Goldstein had listed his assets to pre-trial services in 2025, he had failed to include the watch despite an associate telling him it was still worth around \$100,000. Goldstein replied that he had tried to sell it to help fund his defense, but an issue with the original buyer had prevented him from doing so. He said he ultimately had to **sell SCOTUSblog** as a result of the criminal case.

As for Goldstein's testimony under direct examination, Beaty repeatedly accused him of lying about massively overpaying his 2016 taxes due to calculation errors. According to Goldstein, he had failed to account for roughly \$9 million he was holding for his former client and poker backer Paul Phua. The money wasn't actually his, Goldstein said.

But based on the banking records, Beaty said Goldstein had never left \$9 million in his account for Phua. In 2016, Beaty said, Goldstein received \$18.6 million into his gambling account and withdrew nearly \$17 million.

"You burned through money the second you had it in your accounts," the prosecutor said. "You did not have \$9 million set aside for Mr. Phua in your bank account. ... Not in this account, not in any account."

In his defense, Goldstein said he and Phua had worked out the arrangement whereby Goldstein held some of Phua's money in the United States and Phua held some of Goldstein's money in Asian accounts.

"I have messages back and forth with Paul ... detailing what he was owed, down to the dollar," Goldstein said.

During several hours of direct examination with Kravis Thursday morning, Goldstein said that he trusted his law firm managers and outside accountants to properly code wires going in and out of his firm's bank account as either personal or business related. The government's case is built, in part, on seven large transactions that the prosecution claims Goldstein either took improper tax deductions on or didn't claim as income at all.

For incoming payments to Goldstein's personal account from law firms Robbins Geller and Napoli Shkolnik, as well as a legal fee payment from Tobey Maguire that was redirected to pay Goldstein's poker debt to Bob Safai, the defendant said he expected the payers to send tax forms recording the payments to his law firm and the IRS.

"My understanding at the time is that when they sent the money to my personal account, they had to do other things," he told Kravis on Thursday. "They had to send a form 1099 ... to the IRS. ... They would have to send that same 1099 to the law firm, and it would go to [the accountants], and it

would be on the tax."

Kravis, meanwhile, pointed out that the jury hadn't seen a single text message, email or other communication in which Goldstein directed his associates to mislabel any transactions.

But on cross-examination, Beaty argued the inverse — that Goldstein never told associates to correctly label the key transactions in the government's indictment, which moved through his firm's bank account rather than his own.

On the other hand, Beaty said, Goldstein had made sure that many other wires were accurately labeled.

"Wires you sent to yourself were always classified correctly," Beaty said, showing messages of Goldstein making sure that certain transactions weren't mislabeled. "You instructed Spider-Man to wire your \$500,000 fee to Bob Safai. ... You didn't tell [the accountants] about that."

The government is represented by Kelly O. Hayes and Adeyemi Adenrele of the U.S. Attorney's Office for the District of Maryland, and Sean Beaty, Hayter L. Whitman and Emerson Gordon-Marvin of the U.S. Department of Justice's Criminal Division.

Goldstein is represented by Jonathan I. Kravis, Stephany Reaves, Sarah E. Weiner and Adeel Mohammadi of Munger Tolles & Olson LLP.

The case is U.S. v. Goldstein, case number 8:25-cr-00006, in the U.S. District Court for the District of Maryland.

--Editing by Kristen Becker.

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Goldman Sachs' CLO Resigns After Epstein Email Revelations

By Michele Gorman and Hailey Konnath

Law360 (February 12, 2026, 10:40 PM EST) -- Kathryn Ruemmler, the chief legal officer for Goldman Sachs, announced plans Thursday to step down, after the U.S. Department of Justice released emails showcasing her relationship with disgraced financier Jeffrey Epstein.

Ruemmler will leave Goldman in late June, according to the investment bank. CEO David Solomon said in a statement Thursday that he accepted her resignation and "respect[s] her decision."

"Throughout her tenure, Kathy has been an extraordinary general counsel, and we are grateful for her contributions and sound advice on a wide range of consequential legal matters for the firm," Solomon said. "As one of the most accomplished professionals in her field, Kathy has also been a mentor and friend to many of our people, and she will be missed."



Kathryn Ruemmler

Ruemmler has faced fresh scrutiny after recently released files from the DOJ's investigation into Epstein revealed that she asked him for **career coaching** as she tried to leave Latham & Watkins LLP for a high-level job at Facebook in 2018. The files also showed her appearing to give Epstein advice on how to respond to a request for comment from the Washington Post in March 2019.

Ruemmler referred to Epstein as "Uncle Jeffrey" in emails in 2016 and 2019, including one where she said she had received boots, a handbag and a watch from him as gifts.

Ruemmler's association with Epstein came to light in 2023 after a Wall Street Journal investigation into his calendar listings revealed dozens of past meetings between the two. Those meetings occurred in the 2010s, after Epstein pled guilty in 2007 and spent 13 months in a Florida prison on charges of solicitation of prostitution and procurement of minors for prostitution.

New batches of Epstein files have been released in recent months showing dozens of emails, phone calls and meetings between Epstein and Ruemmler.

In another statement obtained by CNBC on Thursday, Ruemmler said she plans to leave Goldman on June 30.

"Since I joined Goldman Sachs six years ago, it has been my privilege to help oversee the firm's legal, reputational, and regulatory matters; to enhance our strong risk management processes; and to ensure that we live by our core value of integrity in everything we do," she said in the statement. "My responsibility is to put Goldman Sachs' interests first."

Epstein was arrested for sex trafficking of minors in 2019. He was found dead that August in his Manhattan federal jail cell. Ruemmler went on to join Goldman Sachs in 2020 as its global head of regulatory affairs. She was named chief legal officer in **March 2021**.

A Goldman spokesperson told Law360 Pulse in September that Ruemmler had been upfront about her **business association** with Epstein when she was hired, including serving for a time as a backup executor on his will, although not at the time of his death.

The bank had stood by Ruemmler, **denying** a report in January that it was making contingency plans to replace her. Scott + Scott Attorneys at Law LLP recently announced it is "investigating" whether Goldman's response to her Epstein ties constituted a breach of its fiduciary duties. However, legal scholars and other experts told Law360 Pulse earlier this month that it would be "a **very tough claim** to make."

During her time at Goldman, she became one of the **highest-paid general counsel** in the country, having earned total compensation of more than **\$17.6 million** in 2024.

Ruemmler was on Goldman's management committee, chaired the conduct committee, was co-vice chair of its reputational risk committee, and was a member of its enterprise risk committee.

She joined Goldman from Latham, where she was global chair of its white collar defense and investigations practice.

Ruemmler, who had previously worked at Latham from 2007 to 2009, rejoined it in 2014 after nearly six years in the Obama administration — first in the DOJ and then as White House counsel.

Before her first stint at Latham, Ruemmler was a federal prosecutor for six years, where she was a co-lead prosecutor in the successful prosecution of former Enron executives over the energy company's accounting scandal.

A Georgetown University Law Center graduate, she was previously associate counsel to former President Bill Clinton.

--Additional reporting by Sue Reisinger. Editing by Adam LoBelia.

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Super Micro Investor Fights Uphill At 9th Circ. To Lead Suit

By **Dorothy Atkins**

Law360 (February 12, 2026, 10:16 PM EST) -- A Ninth Circuit panel appeared skeptical Thursday of a Super Micro Computer Inc. investor's writ of mandamus petition challenging a lower court's decision to reject it as lead plaintiff in a proposed securities class action, with each judge expressing doubts that the investor has shown its "extraordinary" request for relief is warranted.

The judges' comments came during a hearing on a petition for mandamus relief by walnut processing company Crain Walnut Shelling LP, which was represented at the lower court by Hagens Berman Sobol Shapiro LLP.

Crain Walnut had sought to lead a class of investors in high-stakes consolidated **securities litigation** against Super Micro after the company's shares fell 20% in the wake of a short-seller report accusing the Silicon Valley company of violating a **settlement** with the U.S. Securities and Exchange Commission over accounting improprieties.

Crain Walnut alleged it suffered more than \$49 million in losses due to Super Micro's misconduct, but in June, U.S. District Judge Edward Davila **disqualified** it from steering the suit. Instead, he appointed a **competing investor plaintiff**, Universal-Investment GmbH.

In disqualifying Crain Walnut, Judge Davila pointed to repeated errors in company founder Charles Crain's declarations regarding ownership of the company and its failure to disclose the existence of a trust in the ownership chain. The judge also took issue with untimely disclosures of the company's margin agreement, which related to margin trading in Super Micro securities, and Crain's testimony maintaining the company won't produce his financial records even if called to do so.

But addressing the three-judge panel Thursday, Crain Walnut's counsel, David J. Zimmer of Zimmer Citron & Clarke LLP, said that Judge Davila clearly erred in disqualifying his client, and misread the transcript of Crain's testimony to suggest he was refusing to provide certain financial information, even though he had agreed to hand over several documents.

Zimmer argued that at the time, Crain misunderstood the question and thought he was being asked whether he would personally provide financial documents, and when the questions are read in context, it's clear he didn't intend to block discovery. Crain also filed a sworn declaration attesting to that fact, Zimmer said.

Zimmer also argued that his client was subjected to a six-hour deposition and unprecedented discovery demands as a lead plaintiff under the Private Securities Litigation Reform Act, and Crain had already provided nearly 1,000 sensitive financial documents.

"In the history of the statute, we're not aware of any case where there's been this much discovery" of a PSLRA lead plaintiff, Zimmer said.

But from the outset of the hearing, each judge made comments doubting Crain Walnut's appeal.

U.S. Circuit Judge N. Randy Smith kicked off the hearing by noting that the court's standard for review is clear error, and he repeatedly said the trial record shows that Judge Davila made factual findings that Crain "didn't do what needed to be done based on the discovery."

Judge Smith said the record shows Judge Davila also had "genuine and serious doubts" and "misgivings" about Crain Walnut serving as lead plaintiff. He added that this case is distinct from the cases cited by Zimmer, and ultimately the lack of clear error would be dispositive.

U.S. Circuit Judge Gabriel P. Sanchez expressed similar doubts, noting that Crain Walnut's appeal is a mandamus petition, which requires "extraordinary" circumstances to justify overturning the lower court.

"I think the difficulty is, we're here on an extraordinary writ of mandamus and one of the factors [for the appellate court to consider] ... is whether the court was clearly erroneous as a matter of law," he said. "And so your first pitch is 'He applied a clearly erroneous standard,' even though there is no case law that interprets what it means to have proof."

Judge Sanchez added that even applying an alternative preponderance of evidence standard, why should that justify granting "an extraordinary writ"?

Zimmer replied that the courts presiding over such securities litigation tend to appoint the lead plaintiffs that they want to.

But U.S. Circuit Judge Jacqueline H. Nguyen quickly replied that the lower court had to make factual findings that withstand the clear-error standard.

"That's what we're looking at on appeal, and the district court clearly did," she said.

Judge Nguyen added that Zimmer is asking the panel to "sort of reweigh and second-guess the district court's findings." But Judge Davila acknowledged Crain's arguments and found that he had filed his declaration to try to walk back his testimony.

"The district court acknowledged [the investor's argument] and explained why he wasn't persuaded and so it has to be completely illogical for us to overturn those factual findings," Judge Nguyen said.

Meanwhile, John Rizio-Hamilton of Bernstein Litowitz Berger & Grossmann LLP argued on behalf of Universal that Judge Davila got the law right and was fully within his discretion to find that Crain Walnut is an inadequate lead plaintiff and statements in Crain's declaration were implausible.

U.S. Circuit Judges N. Randy Smith, Jacqueline H. Nguyen and Gabriel P. Sanchez sat on the panel for the Ninth Circuit.

Crain Walnut is represented by David J. Zimmer of Zimmer Citron & Clarke LLP.

Universal is represented by John Rizio-Hamilton of Bernstein Litowitz Berger & Grossmann LLP.

The case is Crain Walnut Shelling LP v. U.S. District Court for the Northern District of California, case number 25-5435, in the U.S. Court of Appeals for the Ninth Circuit.

--Editing by Adam LoBelia.



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2nd Circ. Seems Wary Of Restarting Norfolk Derailment Suit

By Kellie Mejdrich

Law360 (February 12, 2026, 2:49 PM EST) -- The Second Circuit appeared skeptical Thursday of investors' bid to revive a proposed class action against Norfolk Southern alleging that the company botched disclosures about how an efficiency plan might cause derailments, as judges seemed open to a lower court's interpretation that railroad statements about safety were puffery.

A three-judge panel heard arguments in an **appeal from investors** led by the Ohio Carpenters Pension Fund and the City of Pontiac Reestablished General Employees' Retirement System, who seek to reverse a New York federal judge's 2025 decision **tossing the suit**.

The retirement funds filed suit on behalf of a proposed investor class in May 2023, alleging that they were blindsided by Norfolk's plummeting stock value after the **2023 train derailment and chemical spill** in East Palestine, Ohio. In addition to naming the Georgia-based Norfolk Southern public company and freight railroad as a defendant, the investor suit names several Norfolk higher-ups, as well as underwriters of senior notes for Norfolk, including Goldman Sachs & Co. LLC and BofA Securities Inc.

Only two judges heard the case in person Thursday, but U.S. Circuit Judge Barrington D. Parker will listen to a recording of arguments and help decide the case, the panel said.

U.S. Circuit Judges Alison J. Nathan and Dennis Jacobs both focused their questions on whether statements about safety were actionable, given the likelihood that a railroad would exaggerate on that point.

"For McDonald's, it would be the nutrition of the fries, and for a railroad, perhaps safety. But every industry has something that's important to their customers, and they often puff about it," Judge Jacobs said in one critical exchange with an attorney for the investors, Alfred Fatale.

Judge Nathan also appeared skeptical when she asked Fatale about the principles that might underlie a decision reviving the case.

"So any inherently dangerous industry, in which aspirational statements of safety are made, any accident is then — provides for actionability?" Judge Nathan asked.

Later during proceedings, Judge Nathan appeared to weigh the other side when she asked an attorney for Norfolk, Michael Bongiorno, whether there might be a situation in which a safety statement might be actionable.

"Obviously not this case — hypothetical — 'All budget for safety has been eliminated and all we care about is the bottom line, safety be damned.' Would 'statement one' then become actionable?" Judge Nathan asked.

"No, the underlying facts can't make a non-actionable statement actionable, that's very clear law," Bongiorno replied. He cited the Second Circuit's 2014 decision in **City of Pontiac Policemen's & Firemen's Retirement System et al. v. UBS AG et al** . In that case, an appellate panel affirmed dismissal of statements as inactionable puffery.

The Second Circuit appeal came up for argument Thursday as another investor suit seeking to recoup

from the East Palestine derailment is proceeding through discovery in Georgia after Norfolk investors **overcame a motion to dismiss** in March.

Counsel for the parties didn't immediately respond to requests for comment Thursday.

U.S. Circuit Judges Alison J. Nathan, Dennis Jacobs and Barrington D. Parker sat on the panel for the Second Circuit.

The proposed investor class is represented by Alfred L. Fatale III, Jessica N. Goudreault and Charles J. Stiene of Labaton Keller Sucharow LLP.

Norfolk Southern is represented by Denise Tsai, Sofie C. Brooks, Elizabeth Bedrick, Michael G. Bongiorno, Tamar Kaplan-Marans and Trena M. Riley of WilmerHale.

The underwriter defendants are represented by Adam S. Hakki, Benjamin Klebanoff and Thad Behrens of Allen Overy Shearman Sterling.

The case is In Re: Norfolk Southern Corp. Bond/Note Securities Litigation, case number 25-739, in the U.S. Court of Appeals for the Second Circuit.

--Editing by Karin Roberts.

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GOP Lawmakers Probe CalPERS's 'Radical' ESG Investments

By Kelcey Caulder

Law360 (February 12, 2026, 6:56 PM EST) -- The chair of the House Education and Workforce Committee and two other Republican lawmakers sent a letter Thursday to California's largest public pension fund, demanding information on whether it prioritized "radical left-wing causes" over protecting retirement savers.

In the **letter**, the chair of the House Subcommittee on Health, Employment, Labor, and Pensions, Rep. Rick Allen, R-Ga., and the chair of the Subcommittee on Early Childhood, Elementary, and Secondary Education, Rep. Kevin Kiley, R-Calif., joined the education committee's chair, Rep. Tim Walberg, R-Mich., in asking California Public Employees' Retirement System President Theresa Taylor to hand over documents that will help them decide whether reforms to the Employee Retirement Income Security Act of 1974 and Internal Revenue Code are needed to protect those CalPERS is meant to benefit.

"Under the code, CalPERS as a public pension is eligible for significant tax subsidies if, among other things, its benefits are provided 'for the exclusive benefit of [an employer's] employees or their beneficiaries,'" the lawmakers said. "The committee seeks information to determine whether CalPERS is undermining this requirement by prioritizing a radical environmental, social, and governance agenda over its obligation to its beneficiaries, which will inform its potential reforms to ERISA and the code."

The investigation into CalPERS began in July 2024 after the system joined the Biden-Harris administration as an asset owner committed to using "public and pension fund capital" to "promote strong labor commitments among funds, asset managers, and companies," the lawmakers said. Since then, they said, evidence demonstrates CalPERS has "advanced a political and social agenda," rather than acting solely for the benefits of employees.

As an example, the lawmakers said the committee learned in October that CalPERS lost 71% of its "nearly half-a-billion-dollar investment" in its clean energy and technology fund. They also claimed the system had expended "untold and unnecessary amounts of money" in violation of the code and the California Constitution to implement an investment policy shaped around a sustainable investment program and a "\$100 billion climate action plan."

"CalPERS claims significant tax benefits under code section 401(a), which applies only to plans maintained 'for the exclusive benefit of [an employer's] employees or their beneficiaries,'" the lawmakers said. "However, the instances cited above do not appear to be consistent with this rule. To the extent that CalPERS is using plan assets for the benefit of social or political causes, the plan's qualified tax status is no longer valid."

To further investigate and determine whether amendments to ERISA and the code are needed, the lawmakers requested records related to CalPERS's due diligence in selecting the clean energy and technology fund as a "sound investment," financial statements and performance documents for the fund, an accounting of expenses tied to the fund and its promotion, and several other files.

The system should provide the documents and information no later than Feb. 27, the lawmakers said.

CalPERS did not immediately respond to requests for comment on Thursday.



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Airbnb Escapes Most Of Conservative Investors' Suit

By **Grace Dixon**

Law360 (February 12, 2026, 7:22 PM EST) -- A Delaware federal judge on Thursday trimmed claims from two institutional shareholders' suit alleging Airbnb wrongfully excluded their shareholder proposals from proxy materials, nixing claims against specific executives and claims about not-yet-released 2026 proxy materials.

The Heritage Foundation and the American Conservative Values ETF, or ACVF, saw most claims dropped from their **shareholder suit** against Airbnb, in which they alleged the vacation property rental company excluded their proposals despite receiving them and instead included a proposal from a "liberal-leaning" state pension fund.

U.S. District Judge Gregory B. Williams **tossed** two claims that hinged on the shareholders' anticipation that their proposals will be wrongfully excluded from 2026 proxy materials, finding that the claims are not yet ripe.

"As defendants observe, 'plaintiffs do not allege that they have taken any steps even to submit the proposals (or any other proposals) for inclusion in the 2026 proxy materials,'" Judge Williams said.

The complaint stemmed from 2025 proxy materials, which did not reflect Heritage's proposal that Airbnb approve an analysis of how it oversees legal and reputational risks stemming from politicized divestments. The materials also didn't mention a proposal asking it to approve a report on how Airbnb oversees risks related to denying or restricting users due to their religious or political views, per the complaint.

The Heritage Foundation, a conservative think tank, and ACVF, an exchange-traded fund that reflects conservative values in its investment strategy, have alleged that FedEx records show a mail room employee signed for the delivery of the proposals from both companies. When the suit was filed, Airbnb stated in a press release that it has no record of receiving either proposal.

On Thursday, Judge Williams tossed another claim alleging breach of fiduciary duties against individual Airbnb executives, finding the litigants failed to sufficiently allege wrongdoing by individual company officers.

"As described above, the complaint contains one paragraph describing each individual defendants' alleged connection to the omission of plaintiffs' proposals," Judge Williams said. "None of those paragraphs indicate that any individual defendant was aware of plaintiffs' proposals, read the proposals, considered the proposals, or intentionally chose to exclude them."

The court allowed one securities claim regarding the inclusion of shareholder proposals in the 2025 proxy statement to proceed against the vacation rental company but trimmed individual executives from the claim, citing the same lack of specific allegations against the individuals.

Counsel for the Heritage Foundation and ACVF and a representative for Airbnb did not return requests for comment on Thursday.

The Heritage Foundation is represented by Ronald P. Golden III and Stephen B. Brauerman of Bayard PA and R. Trent McCotter and Nicholas A. Cordova of Boyden Gray PLLC.

American Conservative Values ETF is represented by Ronald P. Golden III and Stephen B. Brauerman of Bayard PA and Philip A. Sechler and Alexandra Gaiser of Alliance Defending Freedom.

Airbnb Inc. and individual executives are represented by David E. Ross and S. Michael Sirkin of Ross Aronstam & Moritz LLP and Blair Connelly, Zachary L. Rowen, Ben Harris, Kristin N. Murphy and Allison O'Hara of Latham & Watkins LLP.

The case is The Heritage Foundation et al. v. Airbnb Inc. et al., case number 1:25-cv-00676, in the U.S. District Court for the District of Delaware.

--Editing by Dave Trumbore.

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Edgio Execs To Pay \$15M To End Misstated Revenue Suit

By **Sydney Price**

Law360 (February 12, 2026, 8:38 PM EST) -- Former executives of Edgio Inc. will pay \$15 million to shareholders to end claims that the executives misled investors about Edgio's control over its internal financial reporting in the months leading up to the bankrupt software company's admission that it overreported revenue.

The settlement fund represents about 10% of the maximum reasonably recoverable damages, which is the upper end of any "range of reasonableness" based on comparison to similar suits, according to a motion for preliminary approval filed Wednesday in Arizona federal court. The motion also requests that the court certify a class for the purposes of the settlement and appoint lead plaintiff Peter Frouws as class representative.

Lead counsel will request up to one-third of the settlement amount, or approximately \$5 million, in fees and "reasonable" litigation expenses, according to the attached notice.

The parties said they reached an agreement to settle following a full-day mediation session in September, subsequent discussions and a double-blind proposal from the mediator.

According to the motion, Edgio was dismissed as a defendant in the action after filing for Chapter 11 bankruptcy in 2024.

If approved, the settlement would end claims that former Edgio executives, including ex-CEO Robert Lyons and former Chief Financial Officers Daniel Boncel and Stephen Cumming, made misleading statements about the state of Edgio's internal controls and performance.

According to the complaint, Edgio offered its content delivery network Open Edge to several internet service providers.

The truth about Edgio's finances began to emerge, the suit alleged, in April 2022 when Edgio released its quarterly financial results. Although the company's results were ahead of analyst expectations, at least one prominent analyst noted that the quarter was the first "with a fully staffed sales team, which should yield more positive results."

Then, in March 2023, Edgio revealed that it would need to refile full-year financial statements for 2020 and 2021, as well as each individual quarter of 2021 and 2022, because it had "identified an error in the company's historic accounting treatment of Edgio's Open Edge solution."

Edgio reported that full-year revenues for 2021 and 2020 would be reduced by 7.7% and 2.9%, respectively, according to the complaint. Additionally, Edgio revealed it was still evaluating the financial impact of the accounting error and would not file its 2022 annual report on time.

On this news, the company's share price fell about 16 cents, or 15.5%, to close at approximately 87 cents per share on March 13.

"When Edgio's 2022 Form 10-K was finally filed on June 29, 2023, it revealed that Edgio's revenue had been overstated by \$6.2 million in [fiscal year] 2020, \$16.5 million in FY 2021 and \$23.7 million for the nine months ended Sept. 30, 2022," the complaint stated.

The suit accused the defendants of violations of the Exchange Act.

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

The proposed class is represented by Karolina Klyuchnikova, William C. Fredericks, Thomas L. Laughlin IV and Cornelia Gordon of Scott + Scott Attorneys at Law LLP, and Brian Schall and Brian R. England of The Schall Law Firm.

The Edgio defendants are represented by Scott B. Luftglass and Michael P. Sternheim of Fried Frank Harris Shriver & Jacobson LLP, and David B. Rosenbaum and Joseph N. Roth of Osborn Maledon PA.

The case is Frouws et al. v. Edgio Incorporated et al., case number 2:23-cv-00691, in the U.S. District Court for the District of Arizona.

--Editing by Melissa Treolo.

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Maxeon Dodges Investor Suit Over Financial Disclosures

By **Sydney Price**

Law360 (February 12, 2026, 5:55 PM EST) -- Maxeon Solar Technologies has escaped a shareholder class action accusing it of misleading investors about its liquidity issues, with a California federal judge ruling that none of the challenged statements in the suit were shown to be false or misleading.

U.S. District Judge Edward M. Chen on Wednesday permanently dismissed the entirety of investor Jayakumar Menon's complaint. The court had previously granted Maxeon's motion to dismiss the suit for failure to plead falsity last April, according to the suit's docket.

"Because the Court has already given Plaintiff an opportunity to amend with respect to the issue of falsity, and Plaintiff's claims remain deficient, the Court dismisses the [second amended complaint] with prejudice," the order states.

The latest version of the suit alleged that Maxeon knew by November 2023 it faced a cash flow problem so serious that it would need liquidity support from its largest shareholder, Chinese corporation TCL Zhonghuan Renewable Energy Technology Co., Ltd., or TZE. The partnership would endanger a loan from the U.S. Department of Energy to Maxeon because of TZE's "foreign influence," according to the complaint.

In addition to Maxeon, its former CEO William Mulligan and former Chief Financial Officer Kai Strohbecke were individual defendants in the suit.

The complaint claimed that the public learned the truth about Maxeon's liquidity issue in May 2024 when it revealed it was getting approximately \$200 million in liquidity support from TZE, which gave the Chinese business an increased ownership stake in the company.

Judge Chen said, however, that the investor concedes that Maxeon did disclose some of the reasons behind the alleged liquidity crisis, including issues associated with its spin-off from SunPower Corp in 2020. The defendants sufficiently disclosed that Maxeon had lost its relationship with SunPower, and that there were "significant industry headwinds," the order states.

"Moreover, Defendants did not make any representations, e.g., forecasting growth or painting a rosy picture; rather, Defendants made the much more modest claim that they anticipated the company would continue as a going concern for another 12 months," the order states.

The complaint also attempted to show that three banks had refused to extend Maxeon's lines of credit without shareholder guarantees "because of their concerns about Maxeon's overall financial condition," but Judge Chen said these allegations are "somewhat vague and conclusory," and that the complaint does not concretely show why the banks tightened their lending requirements and required shareholder guarantees.

The plaintiff actually alleges the lenders gave "a lot" of financing options to the defendants, and the financing options offered may have had nothing to do with Maxeon's poor financial condition, Judge Chen said.

"If many financing options were being given, this suggests that the lenders did not, in fact, see Maxeon as a dead end, as Plaintiff claims," the order states. "In addition, there are allegations in the [second amended complaint] suggesting that the shareholder guarantee requirement was more

about Maxeon's status as 'a de facto start-up without a lengthy operating history.'"

Additionally, Judge Chen said the suit does not show that statements the defendants made regarding delayed projects of two major customers were false, and that certain statements regarding them were "puffery."

"Plaintiff has failed to explain why the two Utility-Scale customers should have been discussed simply because Defendants made the statement that Maxeon was highly focused on liquidity-management to enable a return to profitability," the order states.

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

Menon is represented by Lisa T. Omoto, James M. Wilson Jr. and Robert W. Killorin of Faruqi & Faruqi LLP.

Maxeon is represented by Shahzeb Lari, Yi-Chin Ho and Katherine Taylor of Hughes Hubbard & Reed LLP.

The case is Menon et al. v Maxeon Solar Technologies Ltd. et al., case number 3:24-cv-03869, in the U.S. District Court for the Northern District of California.

--Editing by Alex Hubbard.

Correction: A previous version of the article contained outdated counsel information for Maxeon. The error has been corrected.



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7th Circ. Takes Up BIPA Amendment's Retroactivity

By Celeste Bott

Law360 (February 12, 2026, 9:02 PM EST) -- The Seventh Circuit heard arguments Thursday over whether a liability-limiting amendment to Illinois' biometric privacy law has retroactive application to lawsuits filed before it took effect, with one judge on the panel saying it seemed like "billions of dollars of consequences turn on how we label the change."

The appellate court is reviewing district court decisions holding that because state lawmakers' **amendment** to the Illinois Biometric Information Privacy Act, which took effect in August 2024, is substantive, and the legislature did not expressly make it retroactive, Illinois law requires that it be applied prospectively, not retroactively.

Gary Feinerman of Latham & Watkins LLP, arguing Thursday on behalf of Union Pacific Corp. and other defendants in three total consolidated appeals, said the amendment is plainly directed at and concerns damages, based on its text, context and structure. And if it's understood to change BIPA's prior damages regime, it's a remedial change that applies retroactively under established Illinois law, he said.

"What the plaintiffs are asking the court to do is basically grade the Illinois General Assembly's homework. You know, they didn't use the right words. They didn't put them in the right order," he said. "But everybody knows what this is all about. It was about damages, it was about remedies, and therefore it's retroactive."

U.S. Circuit Judge David Hamilton asked how that reasoning would apply if lawmakers decided to double the maximum damages for BIPA violations in the future.

"Would that be applied to pending cases?" he asked.

As a remedial change, it would apply retroactively as a matter of law, but there would also be a question whether there was a constitutional prohibition on applying a damages increase retroactively, Feinerman said.

But Daniel Brown of Williams Barber & Morel Ltd., representing the plaintiffs, insisted that this case is not about adjustments to damages, but rather, the retroactive elimination of accrued claims.

"There are remedial consequences downstream of the substantive changes, but downstream remedial consequences do not alter the substantive nature of the change enacted by amended BIPA," he said.

In its pivotal decision in *Cothron v. White Castle System Inc.*, Illinois' **top court concluded** that based on how the law was originally written, BIPA claims accrue each time data is unlawfully collected and disclosed, rather than simply the first time.

But the justices also addressed the fear that its finding would result in unconstitutional damages awards that could obliterate businesses and employers, saying policy concerns about massive judgments are "best addressed by the legislature," and calling on lawmakers to "make clear its intent regarding the assessment of damages under the act."

Illinois lawmakers then heeded the call to shield business from potentially ruinous BIPA damages and updated the law to provide that private entities collecting or disclosing the same biometric data from the same person, with the same method, are committing only a single violation.

Whether that change is remedial and applies retroactively, or substantive and therefore applies only to cases filed after it became law, may be a question best answered by the Illinois Supreme Court, U.S. Circuit Judge Candace Jackson-Akiwumi said Thursday.

She asked both sides if it was worth certifying the question to the state's top court, but both argued the law is well settled and in their clients' favor.

"I know that the other side wants to [argue] that this is about recoveries and not about violations. But recovery is mentioned only after violation. What the legislature did is say conduct that used to be multiple violations ... is now just a single violation," Brown said.

"Hundreds or dozens or thousands of claims would simply evaporate under the amended statute," he added, saying that highlights why the change was substantive in nature.

"At the same time, certainly the circumstances surrounding the amendment suggested that the General Assembly was concerned about crippling businesses, and too heavy damages awards," Judge Jackson-Akiwumi pointed out, asking how that factors into the court's analysis.

"So Cothron essentially said, 'The statute is clear, it's unambiguous, these are the results. Dear legislature, are these the policy considerations that you had in mind when you drafted this unambiguous statute? You might want to reconsider the policy implications,'" Brown said. "But the statute itself was clear as day."

"If the amendment had been phrased a little differently, so that no matter how many times the statute is violated in the same way, the plaintiff may recover only once. That would sound remedial and procedural?" asked Judge Hamilton.

"I would agree a damages cap saying regardless of how many claims you have and regardless of how many violations were committed, the maximum damages we're going to allow is X, [then] this case and my arguments would be quite different," Brown said. "But that's not what the legislature did. What the legislature did is say, 'What were once many violations ... is now one.'"

"It sounds like then billions of dollars of consequences turn on how we label the change, right?" Judge Hamilton asked.

"Not on how you label the change, but instead on what the legislature did to enact the change," Brown said. "And the legislature made the choice, in the background of Cothron, not to cap damages but to eliminate accrued claims."

On rebuttal, Feinerman disputed that the amendment eliminated accrued claims. It remains the case that claims accrue with every scan, he said.

"All the amendment does is to provide that with respect to one type of remedy for an accrued claim, damages, a plaintiff can recover for only one of those claims when there are multiple identical violations," he said. "The claims are still there. The violations are still there. You just get one statutory damage [award] if it's the same data, the same collection method, and the same person."

For those other accrued claims, the plaintiffs can seek other remedies besides monetary compensation, such as injunctive relief, Feinerman added.

U.S. Circuit Judges Michael Brennan, David Hamilton and Candace Jackson-Akiwumi sat on the panel for the Seventh Circuit.

The plaintiffs are represented by Daniel R. Brown and Paul J. Ripp of Williams Barber & Morel Ltd., Daniel A. Edelman, Alexandra R. Huzyk and Dulijaza Clark of Edelman Combs Lattner & Goodwin LLC, and David M. Bizar, Samuel L. Eirinberg and Andres C. Pereira of DJC Law PLLC.

The defendants are represented by Gary Feinerman, Johanna M. Spellman, Kathryn Running and Sean M. Berkowitz of Latham & Watkins LLP, Harry J. Secaras, Jennifer H. Kay and Melissa M. Pesce of Ogletree Deakins Nash Smoak & Stewart PC, and Jason A. Selvey of Jackson Lewis PC.

The cases are Reginald Clay v. Union Pacific Railroad Co., case number 25-2185; Brandon Willis v. Universal Intermodal Services Inc. et al., case number 25-2761, and John Gregg v. Central Transport LLC, case number 25-2762, all in the U.S. Court of Appeals for the Seventh Circuit.

--Editing by Kristen Becker.

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Attys Win \$626K In Fees In Mich. City Retiree Benefits Suit

By **Melanie Dorsey**

Law360 (February 12, 2026, 6:13 PM EST) -- A Michigan federal judge awarded \$626,777.80 in attorney fees and costs to class counsel who secured expanded pension and healthcare benefits for retired Pontiac city employees, trimming \$100,000 from the request for unsupported billing entries.

U.S. District Judge David M. Lawson on Wednesday **granted in part** a joint motion seeking compensation tied to the amendment of a 2018 class settlement that resolved claims the city unlawfully shifted retiree healthcare costs during a financial crisis.

Class counsel sought \$730,684.80, but Judge Lawson used the lodestar method and approved \$612,262.50 in attorney fees supported by detailed billing records, plus \$12,000 for actuarial services and \$2,515.30 in mediation costs.

Judge Lawson also granted the city's request for \$7,538.62 to pay for notices that were used to notify the class.

The City of Pontiac Retired Employees Association **filed a lawsuit** in 2012, challenging eliminated and reduced retiree health benefits imposed by an emergency financial manager who was appointed by the state to fix the city's financial woes.

The 2018 consent judgment restructured the pension and healthcare obligations through the New General Employees Retirement System and the New Voluntary Employee Beneficiary Association trust, or VEBA.

The settlement modification, approved last year, reallocated nearly \$60 million in surplus funds from the trusts. Most eligible retirees will receive \$400 per month more in pension payments — about \$7.2 million in increased annual benefits.

The fee award will be paid from the VEBA trust under the amended settlement.

The class is represented by Jordan S. Bolton and Vincent C. Sallan of Taft Stettinius & Hollister LLP, and Eric A. Ladasz of Dawda Mann Mulcahy & Sadler PLC.

The city of Pontiac is represented by Brian M. Schwartz of Miller Canfield Paddock & Stone PLC, and Anthony K. Chubb, John C. Clark and Stephen J. Hitchcock of Giarmarco Mullins & Horton PC.

The case is City of Pontiac Retired Employees et al. v. Schimmel et al., case number 2:12-cv-12830, in the U.S. District Court for the Eastern District of Michigan.

--Editing by Lakshna Mehta.

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JPMorgan Unit Must Face Trimmed Cash Sweep Claims

By **Lauren Berg**

Law360 (February 12, 2026, 11:38 PM EST) -- A JPMorgan Chase subsidiary must face some, but not all, of the claims in a consumer proposed class action accusing the bank and a brokerage firm of underpaying the interest on their cash sweep accounts, a New York federal judge ruled Thursday.

Senior U.S. District Judge Lorna G. Schofield's mixed **order** dismisses all claims against JPMorgan Chase & Co. and trimmed claims against subsidiary J.P. Morgan Securities LLC down to breach of the deposit account agreement provision that interest rates will vary for all plaintiffs, breach of the "reasonable rate" provision of the individual retirement account agreements, and breach of implied covenant.

The consumers in the **consolidated litigation** claim brokerage firm J.P. Morgan Securities used its bank deposit sweep program to take the compensation earned from customers' cash for itself and concealed the benefits it was receiving from customers' money through false and misleading disclosures.

They also allege that J.P. Morgan Securities violated its duty to charge reasonable fees under the program and often concealed fees entirely from customers by claiming that it did not charge any fees under the program.

Ruling on the motion to dismiss that was filed in May, Judge Schofield on Thursday first determined that the complaint fails to state contract claims against JPMorgan Chase — referred to in the order as JPMC Holding — because it doesn't allege the plaintiffs have any contractual relationship with it. The complaint also doesn't sufficiently allege it is liable as the parent of J.P. Morgan Securities, the order states.

However, the judge kept alive the plaintiffs' claim that the brokerage firm breached the provision in the deposit account agreement that the interest rate paid will vary based on business and economic conditions, saying in her order that the complaint adequately alleges that J.P. Morgan Securities breached that obligation because the interest rates did not vary based on those conditions.

"Defendants argue that the specific language that interest rates 'will vary' is a risk disclosure, not an enforceable promise," but "reading the agreement in favor of plaintiffs, this argument is unpersuasive," Judge Schofield said. "At least one court applying New York law held that similar contractual language constitutes an enforceable promise."

The judge also refused to dismiss the plaintiffs' claim that the brokerage firm breached its contractual obligation to IRA account holders to invest any uninvested cash in bank savings instruments or bank deposits with a reasonable interest rate, finding that the complaint plausibly alleges that J.P. Morgan Securities broke its promise to provide a reasonable interest rate.

But to the extent that these claims allege a breach of contractual language that J.P. Morgan Securities will act in the plaintiffs' best interest, Judge Schofield trimmed the claims, finding that the complaint doesn't allege that the brokerage firm made any "recommendations" regarding the cash sweep program, according to the order.

In addition, the judge dismissed claims for breach of fiduciary duty and unjust enrichment against J.P. Morgan Securities, specifically rejecting the plaintiffs' argument that the brokerage firm owes

them fiduciary duties because it agreed to act as an agent with respect to their swept cash, the order states.

"This argument fails because, to the extent a fiduciary relationship applies to a broker acting as a customers' agent, the fiduciary obligations are limited to the scope of the transactions at issue," Judge Schofield said, adding that J.P. Morgan Securities "satisfied any limited fiduciary obligation by transferring uninvested cash to a JPMorgan Chase Bank account and withdrawing that cash upon plaintiffs' instructions."

As for the unjust enrichment claim, the judge said it fails because "an express contract governs the subject matter."

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

The consumers are represented by Michael Dell'Angelo, Joel M. Sweet, Alex B. Heller and Radha Nagamani Raghavan of Berger Montague and Salvatore J. Graziano, John Rizio-Hamilton, Adam H. Wierzbowski and Michael D. Blatchley of Bernstein Litowitz Berger & Grossmann LLP.

JPMorgan is represented by Jayant W. Tambe, Laura Washington Sawyer, Céalagh P. Fitzpatrick and Meredith Christian of Jones Day.

The case is In re: JPMorgan Chase Cash Sweep Program, case number 1:24-cv-06404, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Sydney Price. Editing by Michael Watanabe.

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Law Firm Shouldn't Have To Give Up 1MDB Docs, Judge Says

By **Katryna Perera**

Law360 (February 12, 2026, 9:36 PM EST) -- A federal magistrate judge has recommended denying former Malaysian Prime Minister Najib Razak's bid to obtain discovery from a Manhattan law firm in connection with his efforts to challenge his conviction in Malaysia, finding that the request would impose an "enormous" burden on defense counsel involved in the prosecution of the 1MDB bond bribery scandal.

U.S. Magistrate Judge Gabriel W. Gorenstein issued a **report and recommendation** Wednesday, stating that while Razak meets the statutory requirements for requesting discovery from Marc Agnifilo and Agnifilo Intrater LLP, the request is "burdensome to a degree that far outweighs the other discretionary factors."

In December, Razak was found guilty by a Malaysian court of defrauding the country's sovereign wealth fund, known as the 1Malaysia Development Berhad or "1MDB." The fund was meant to spur economic development in the country, but instead, hundreds of millions of dollars were misappropriated by high-level officials of the fund and their associates.

Razak was sentenced to prison in Malaysia, but he has appealed the conviction, according to the report.

The 1MDB fraud was also the subject of a criminal suit brought in New York federal court against The Goldman Sachs Group and two of its former employees. One of the employees, Roger Ng, **was convicted in 2022** and was represented during trial by Agnifilo Intrater, among other counsel, according to the report.

Razak filed an application last July while his own trial was proceeding, seeking an order authorizing the issuance of subpoenas for documents and deposition testimony from Agnifilo and Agnifilo Intrater, claiming the respondents possess evidence that might exculpate him from his conviction in Malaysia.

According to the report, Razak sought "unspecified 'exculpatory evidence, sourced from the Goldman Sachs-origin criminal discovery that was not already made public' during Ng's trial."

"Petitioner seeks to tap into respondents' expertise, reasoning that they are 'the persons most likely to know where to find [exculpatory] evidence,'" Wednesday's report states, and Razak seeks deposition testimony from Agnifilo and other firm representatives about the materials he seeks.

"In cloying tones, petitioner asserts that respondents are a 'powerhouse Manhattan criminal defense boutique which (like its namesake founder Mr. Agnifilo) is justly renowned for intensive preparation, meticulous attention to evidentiary detail, and adept use of attorney and paralegal resources,'" the report states. "He thus concludes that 'the time needed for respondents to provide the discovery will be modest — and much less than they have already expended in these and related proceedings.'"

But Judge Gorenstein pushed back Wednesday against Razak's contention that the materials he seeks "may be satisfied through 'ready recall.'"

"Teny [Geragos], a partner at respondent Agnifilo Intrater LLP, has submitted sworn statements, which we credit in full, attesting to the enormous burden that would be imposed on respondents were they required to comply with the subpoenas," the report states. "Geragos attests that they have been

unable to locate any 'folder, outline, memorandum, or other medium by which the requested materials have been stored and separated.'"

Judge Gorenstein noted that the firm's case file with the alleged "exculpatory materials" contains a "mind-boggling amount of data" — 27.4 terabytes — and the file includes attorney "work product" that was created in preparation for Ng's trial.

Additionally, the case file is not even in Agnifilo Intrater's possession, but rather with Agnifilo's former law firm, Brafman & Associates PC, according to the report.

The judge said any review of the case file by respondents would demand "hundreds of hours," and that it would be burdensome for the respondents to "re-acquire" personal knowledge of a trial that ended four years ago.

But, the judge said, Razak "remains free to obtain the full set of documents from an appropriate source and then to have his own attorneys apply their own expertise to extracting any exculpatory material."

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

Razak is represented by Aurora Cassirer and Jonathan E. Davis of Pierson Ferdinand LLP and Tania Scivetti of Scivetti and Associates.

Marc Agnifilo and Agnifilo Intrater are represented by Teny R. Geragos and David Gelfand of Agnifilo Intrater LLP.

The case is Razak v. Agnifilo Intrater LLP et al., case number 1:25-mc-00320, in the U.S. District Court for the Southern District of New York.

--Editing by Linda Voorhis.

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Uber \$8.5M Bellwether Verdict Boosts Plaintiffs' MDL Leverage

By **Y. Peter Kang**

Law360 (February 12, 2026, 9:21 PM EST) -- Uber was recently hit with an \$8.5 million verdict in the first bellwether trial in multidistrict litigation over driver sex assaults, and one particular finding by the jury bodes well for the thousands of cases remaining in the MDL, experts tell Law360, and could prove pivotal for any future global settlement.

Following a three-week trial and about 12 hours of deliberation, an Arizona federal jury on Feb. 5 found Uber Technologies Inc. wasn't negligent with respect to rider safety, but was **liable for the actions of a driver** who allegedly sexually assaulted a passenger in 2023.

Notably, the jury determined that the driver was acting as the "apparent agent" of Uber, making the ride-hailing company liable for the assault, and awarded \$8.5 million in compensatory damages but no punitive damages. The award came in well below the **\$144 million in compensatory and punitive damages** sought by the woman.

The MDL, which encompasses more than 3,100 cases, alleges Uber knew since 2014 that drivers for its app preyed on and sexually assaulted passengers, and that the company didn't adopt safety measures such as cameras and enhanced background checks.

Plaintiffs' attorneys praised the outcome, telling Law360 that it's been a long time coming for Uber, which for years has been criticized for rider safety deficiencies.

"By any measure, this is a landmark verdict," said Deepak Gupta of Gupta Wessler LLP. "It's the first time a rideshare platform has been held responsible in this multidistrict litigation, and it's one of the most closely watched multidistrict litigations or mass torts in the country."

Gupta said there has been rising public awareness that the decisions Uber has made on the platform have had a huge effect on passenger safety.

"It should be no surprise to Uber that it's facing the possibility of very significant liability across the country," he said. "Advocates have been criticizing Uber for [ignoring] safety for years, and so this is the kind of decision that hopefully will make those in the corporate boardroom take notice that they're facing a real threat here."

The jury's finding that the driver was the company's apparent agent was a surprising outcome and could lay the groundwork for future trials in the MDL, Gupta said.

"[Apparent agency is] a theory that not many people focused on when they were observing this litigation," he said. "That doesn't preclude a future jury on finding liability on the other theories, it just shows that the plaintiffs have multiple arrows in their quiver."

Gupta said the fact that Uber has now been held liable on a legal theory that could apply to all the MDL cases is a signal that "juries are willing to cut through the kind of legal technicalities that Uber uses to structure its business," such as arguing that all its drivers are independent contractors.

"It means that a federal jury was willing to scrutinize Uber's responsibility and the decisions that it makes for safety on its platform," he said.

Aaron Davis of Davis Goldman PLLC, who sues ride-hailing companies such as Uber and Lyft on behalf of injured plaintiffs, said the apparent agency finding will also help auto collision plaintiffs who are forced into arbitration.

"Uber and Lyft try to require that auto accident claims be arbitrated," he said. "The disincentive for customers arbitrating is that once you get arbitration, it's difficult to prove apparent agency, so this verdict may actually have greater implications for the types of cases that don't actually enter a courtroom because they're being privately arbitrated by contract."

Car crash victims are often loath to have their cases sent to arbitration, Davis said, but the recent verdict may signal a change.

"Whereas it used to be that you don't want to arbitrate because you may end up with no vicarious liability, this verdict may change the game in that respect, which I love," he said.

Gupta said the verdict buttresses the idea that the company might start thinking of exit strategies, including a global settlement.

"People do find ways to figure out global resolutions, so the system is capable of doing that," he said. "This is just exactly the kind of issue that is appropriate for treatment as a mass tort: The evidence is companywide evidence — the foreseeability of this conduct, the knowledge that the company had and its repeated failure to act — all of that comes from evidence about the company's practices writ large, and can be applied across the suite of cases."

Alexandra Lahav, a Cornell Law School tort scholar, told Law360 that the \$8.5 million verdict and finding of apparent agency may be used as guidance for a global settlement, but noted that the MDL is still in its early stages.

"The trial was supposed to be a test case of the various claims and defenses, and so it is a useful piece of information that the parties will use, likely in negotiating a global settlement," she said.

She pointed out that Uber was **cleared of liability** by a jury in parallel California state litigation in September. That jury found that the company's negligence wasn't a "substantial factor" in causing a passenger's sexual assault by a driver.

"There have been two trials to date, and they have come out different ways," she said. "I think it is likely that the parties will need to litigate a little more before coming to an aggregate settlement."

She added, "It is an important victory, but it also isn't the end of this litigation."

The second bellwether trial is set to start with jury selection April 13 in North Carolina federal court, according to court records.

The case is Jaylyn Dean v. Uber Technologies Inc. et al., case number 2:25-cv-04276, in the U.S. District Court for the District of Arizona. The MDL is In re: Uber Technologies Inc., Passenger Sexual Assault Litigation, case number 3:23-md-03084, in the U.S. District Court for the District of Northern California.

--Editing by Brian Baresch and Kelly Duncan.