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Advance Auto Parts Investor Loses Bid to Reopen Accounting Suit

Feb. 17, 2026, 8:41 AM PST

Summary by Bloomberg AI

AI Generated



- An appellate court ruled that Advance Auto Parts Inc. escaped a securities fraud lawsuit alleging former executives hid improper accounting practices to boost margins.
- The court said the pension fund leading the case failed to allege a strong inference of the leaders' intent or recklessness to deceive investors, or scienter.
- The court found that the executives' departures and losses weren't enough to support the idea they were manipulating accounting to trick shareholders, and allegations tied to a shareholder vote didn't support a claim of "malicious motive".

Advance Auto Parts Inc. escaped a securities fraud lawsuit alleging former executives hid improper accounting practices to boost margins during a turnaround effort, an appellate court ruled.

The pension fund leading the case failed to allege a strong inference of the leaders' intent or recklessness to deceive investors—or scienter, a required pleading for securities fraud claims—the US Court of Appeal for the Fourth Circuit said, affirming a lower court's dismissal Tuesday.

The City of Southfield General Employees' Retirement System didn't sufficiently allege executives had a reason to know financial information was inaccurate when releasing results, Judge Albert Diaz said in the opinion.

"The complaint fails to allege facts about when, or how, defendants learned about the accounting errors. So the stronger inference is that defendants based the financial statements on internal data they believed was correct at the time, but which they later learned was wrong," he said.

CEO Thomas R. Greco, Chief Financial Officer Jeffrey W. Shepherd, and Chief Accounting Officer William J. Pellicciotti Jr.'s departures weren't enough to support the idea they were manipulating accounting to trick shareholders, Diaz said. "That the individual defendants may have taken the fall for failing to catch the accounting errors doesn't mean that we can infer fraudulent intent," he said.

Losses, in context, didn't support the fund's case either: "Losing \$100 million over three years is certainly significant in the abstract. But for a company generating about \$33 billion in revenue over that same period, it's a relatively small sum," Diaz said.

Nor did allegations tied to a non-binding 2023 shareholder vote on Greco and Shepherd's pay packages support a claim of "malicious motive," Diaz said. The vote was to ratify pay those two had already earned and was partly based on 2021 company performance, predating the class period.

Judge Gina M. Groh, sitting by designation from the US District Court for the Northern District of West Virginia, and Judge Roger L. Gregory also sat on the panel.

The pension fund appealed after Judge James C. Dever III of the Eastern District of North Carolina tossed the lawsuit last year, saying company leaders issuing corrections more plausibly indicated that executives found and fixed accounting errors than acted with a mental state to deceive for securities fraud claims.

During arguments in December, the panel appeared hesitant about reviving any or some of the dismissed claims. The judges pressed both sides on whether the investor sufficiently alleged former executives knew about issues regarding accounting of vendor credits or if the errors were so bad they alone supported the standard for severe recklessness.

Robbins Geller Rudman & Dowd LLP, Deutsch Hunt PLLC, and Higgins Benjamin PLLC represent the pension fund. Hogan Lovells US LLP and Smith Anderson represent Advance and the three former executives.

Neither Deutsch Hunt nor Hogan Lovells—which represented the respective sides at oral arguments—immediately responded to emails seeking comment. Nor did Advance.

The case is *City of Southfield Gen. Emps. Ret. v. Advance Auto Parts, Inc.*, 4th Cir., No. 25-01188, 2/17/26 .

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Litigation

Manage Newsletters

Dish Network Defeats Investors' Appeal Over 5G Rollout Delay

Feb. 17, 2026, 10:53 AM PST

Summary by Bloomberg AI

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- The Tenth Circuit said a securities suit against Dish Network Corp. over 5G rollout delays was properly dismissed by the district court.
- The district court analyzed only two company statements out of 19 targeted by investors, which the Tenth Circuit said was consistent with the manner in which both parties framed their arguments.
- The investors didn't show that the court picked the wrong statements or explain why the two statements aren't representative of the others, according to Judge Scott Matheson Jr.

A securities suit against Dish Network Corp. over 5G rollout delays was properly dismissed even though the district court analyzed only two company statements out of 19 targeted by investors, the Tenth Circuit said Tuesday.

The lower court's analysis "was consistent with the manner in which both parties framed their arguments," the US Court of Appeals for the Tenth Circuit said. On appeal, the investors didn't "show, let alone argue, that the court picked the wrong statements" about network functionality and business customer growth, or explain why the two statements aren't representative of the others, Judge Scott Matheson Jr. said for the panel.

By using the two-category approach themselves and not opposing the dismissal motion statement by statement, the investors "effectively invited" the US District Court for the District of Colorado to decide the suit's fate on that basis, Matheson said.

The proposed class action stemmed from Dish's alleged concern about the rise of on-demand internet programming and its effect on the company's satellite broadcasting business. Its executives decided to construct a nationwide 5G wireless network for business and wholesale customers because the retail wireless market was already saturated, according to the complaint.

Dish undertook a risky plan to create a wireless network based on new and unproven technologies, the investors said. It experienced issues with the integration of network software and hardware components that caused functionality problems and significant delays in launching the network, they said.

Dish investors sued the company, its board chair Charles Ergen, and several other top executives and board members for allegedly making false and misleading statements about Dish's progress and the capabilities of its 5G network.

Judge Gordon P. Gallagher dismissed the suit in March 2025.

In focusing on one statement for each of the two categories—integration and the enterprise market—Gallagher followed “the principle of party presentation,” in which the parties frame the issues and the court decides them, Matheson said. “We see no reason to fault the court for taking this course.”

Gallagher didn't err in determining the investors failed to adequately allege the two statements were false or misleading, Matheson said. He also correctly determined that the plaintiffs fell short in establishing fraudulent intent.

The panel also included Chief Judge Jerome Holmes and Judge John F. Heil of the US District Court of the Northern District of Oklahoma, who sat by designation.

Holland & Hart LLP and Levi & Korsinsky LLP represented the investors. Sullivan & Cromwell LLP and Ireland, Stapleton, Pryor & Pascoe PC represented Dish.

The case is *Lingam v. DISH Network Corp.*, 10th Cir., No. 25-1157, 2/17/26 .

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Securities

Regenxbio Investor Sues Over FDA Hold on Rare Disorder Therapy

Feb. 16, 2026, 9:57 AM PST

Regenxbio Inc. overhyped the safety and efficacy of its rare genetic-disease treatment to investors before regulators paused its study, an investor's proposed class action said.

The company's stock price plummeted almost 18% to close at \$11.01 Jan. 28, the day the biotechnology company said the US Food and Drug Administration placed a clinical hold on its investigational gene therapy for Hurler syndrome, a disorder that leads to an abnormally high accumulation of complex sugars in cells, causing organ damage.

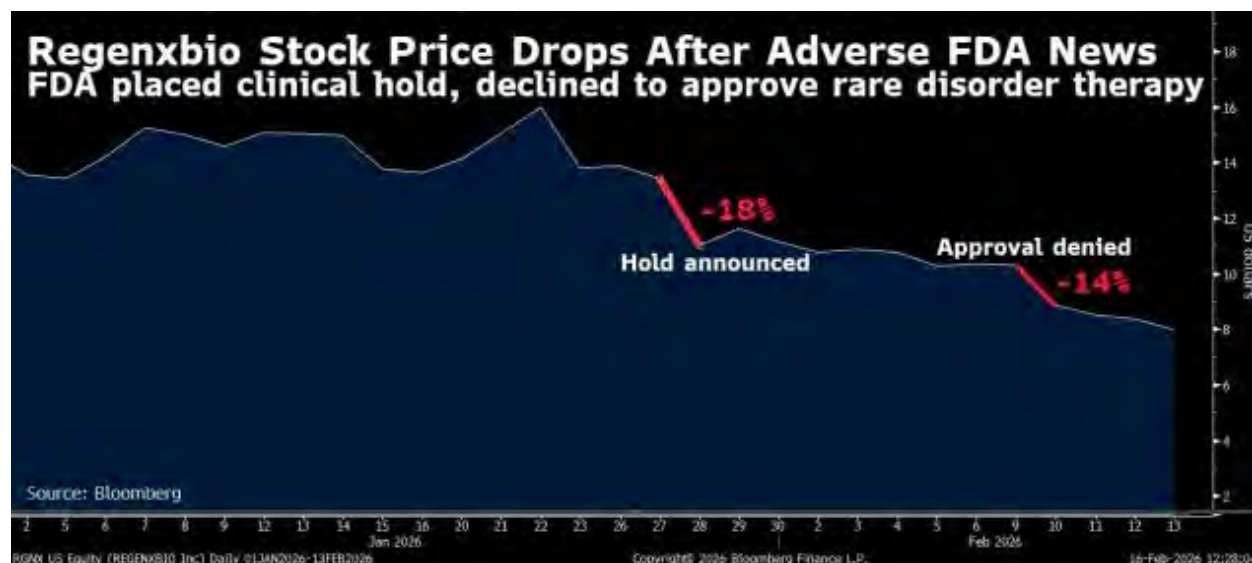
The FDA suspension on its study of RGX-111 followed a preliminary analysis of a tumor in a patient treated in its phase I/II trial. Regulators also placed a hold on another treatment for the similar disorder Hunter syndrome, "citing the similarities in products, study populations, and shared risk between the clinical studies," Regenxbio said.

Regenxbio and top executives had touted RGX-111 and its studies to investors when in reality, they knew of serious safety concerns such as the potential for a central nervous system tumor, said the investor's complaint filed Feb. 13 in the US District Court for the District of Maryland.

The lawsuit was filed days after Regenxbio said the FDA declined to approve RGX-121 for Hunter syndrome, citing uncertainty over a clinical trial's design. Its stock price tumbled more than 14% the next day.

"This decision is devastating for the families of boys living with this progressive, life-threatening disease," Regenxbio CEO Curran Simpson said in a Feb. 9 statement. "We are concerned about FDA's feedback regarding the overall development path and evaluation of the data in the context of the urgent need for this irreversible ultra-rare disease."

The investor Andre Kuik's proposed class includes those who acquired Regenxbio securities from Feb. 9, 2022—when the company announced positive initial data in its phase I/II trial of RGX-111—through Jan. 27, 2026.



Regenxbio and top executives' knowledge of issues with RGX-111's study was evident from an announcement in 2023 that "they abruptly decided to de-prioritize its second-most advanced clinical candidate, RGX-111, and seek 'strategic alternatives' for the program," Kuik's suit said.

Regenxbio announced the successful closing of a partnership with Japanese pharmaceutical company Nippon Shinyaku Co. Ltd. to develop and commercialize RGX-121 and RGX-111 last year.

Levi & Korsinsky LLP represents Kuik, who seeks damages for alleged violations of the 1934 Securities Exchange Act by the company, Simpson, chief medical officer Steve Pakola, and former CEO Kenneth Mills.

A Regenxbio spokesperson didn't immediately respond to an email seeking comment.

The case is Kuik v. Regenxbio Inc. , D. Md., No. 8:26-cv-00611, complaint filed 2/13/26 .

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Securities

Expensify Settles IPO Investor's Pricing Suit for \$9.5 Million

Feb. 13, 2026, 11:09 AM PST

Expensify Inc. agreed to pay \$9.5 million to resolve allegations that it misled investors in its initial public offering about the prospects for its bottom-up business model and effects of price hikes.

The investor leading the case Thursday sought the deal's preliminary approval and certification of settlement class of those who bought Expensify stock pursuant or traceable to its 2021 IPO registration statement.

If ultimately approved by the US District Court for the District of Oregon, the settlement would end allegations against the spending-management company, then-leadership, and its IPO underwriters. The settlement class's counsel will apply for attorneys' fees up to 25% of the settlement, reimbursement of up to \$180,000 in litigation expenses, and a \$25,000 award for lead investor Aleem Kanji.

Judge Amy M. Baggio last year sustained much of Kanji's allegations when adopting, with some tweaks, Magistrate Judge Jolie A. Russo's recommendation to partially dismiss the suit. Kanji sufficiently alleged non-fraud liability claims for omitting information about 2020 price increases and a shift in its business strategy from IPO paperwork.

Expensify concealed a trio of issues that started in 2020 and weren't revealed until 2023, dragging the stock price down after its IPO, Kanji alleged. The company allegedly failed to share customers had opted to terminate subscriptions after substantial price increases in 2020, an email its CEO sent to users urging them to vote for former President Joe Biden alienated a chunk of its base, and that it had transitioned to a top-down marketing approach.

Baggio dismissed, with the ability to replead, the allegation tied to the 2020 email because details of it and backlash were public.

Adam Apton, a partner at Levi & Korsinsky LLP and lead counsel for Kanji, said in an email they were "happy to move this forward to a resolution."

Latham & Watkins LLP and Foster Garvey PC represent Expensify and current and former leaders. Morgan Lewis & Bockius LLP represents the underwriters, among them JP Morgan Securities LLC, Citigroup Global Markets Inc., and BofA Securities Inc. Spokespeople for Latham & Watkins, Morgan Lewis, and Expensify didn't immediately responded to emails seeking comment.

The case is Wilhite v. Expensify, Inc. , D. Or., No. 3:23-cv-01784, 2/12/26 .

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Securities

This Week in Chancery Court: Blue Bell, Seegrid Corp. Trial Prep

Feb. 17, 2026, 2:00 AM PST

The Delaware Chancery Court is gearing up for what may be the first trial on corporate oversight claims, in a long-running investor lawsuit over a deadly listeria outbreak in Blue Bell Creameries ice cream.

It's business as usual all week in Delaware state courts, even if federal courts were closed Monday for Washington's Birthday:

Tuesday: Marchand v. Barnhill, Del. Ch., No. 2017-0586, pretrial conference 2/17/26.

At issue: It's been over a decade since three people died in an outbreak traced to Blue Bell Creameries' products. Shareholder claims against Blue Bell's top holding company have been on a long journey since the lawsuit was filed in 2017: Dismissed initially by the Chancery Court, they were revived in a 2019 Delaware Supreme Court decision that upended the consensus that oversight claims were difficult for shareholders to win. Not much happened for years while a special litigation committee of the holding company's board investigated and decided to pursue the claims itself. Then that committee, in an even more unusual move, returned the case to the original plaintiff's estate. The original plaintiff, Jack Marchand, died during the litigation. Most recently, the company argued a \$60 million settlement in 2020 in a separate outbreak-related lawsuit had released it from the pending claims—an argument Vice Chancellor Nathan A. Cook rejected in a Dec. 10 opinion. Cook has now scheduled a pretrial conference call, ahead of a five-day trial scheduled to begin Feb. 23. It would be the first trial on lack-of-oversight claims; a promising test with claims that Mark Zuckerberg and other Meta Platforms Inc. leaders turned a blind eye to red flags involving Cambridge Analytica ended abruptly on the second day of trial in July with a settlement.

Court action: Teleconference

Delaware Looks to Future Without Musk as Blue Bell Trial Looms

Friday: Visnic v. Seegrid Corp., Del. Ch., No. 2022-0202, pretrial conference 2/20/26.

At issue: Former Seegrid Corp. employees claimed the robotics business enticed them with promises of equity, then rewrote those terms as the company's value skyrocketed so directors and their affiliates could buy out the workers at a bargain. The March 2022 lawsuit concerned an incentive plan the company allegedly adopted after emerging from bankruptcy in 2015 as a Giant Eagle Inc. subsidiary. Cook narrowed the claims in a November 2023 ruling and now holds a pretrial conference call. A three-day trial is scheduled to begin March 3.

Court action: Teleconference

Seegrid Corp. Accused by Ex-Employees of Scheme to Seize Equity

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AT&T sued by New York City pension funds for excluding diversity proposal

 [reuters.com/legal/government/att-sued-by-new-york-city-pension-funds-excluding-diversity-proposal-2026-02-17](https://www.reuters.com/legal/government/att-sued-by-new-york-city-pension-funds-excluding-diversity-proposal-2026-02-17)

Jonathan Stempel

February 17, 2026

The AT&T is displayed on the facade of one of its branches in Mexico City, Mexico September 10, 2025. REUTERS/Henry Romero [Purchase Licensing Rights, opens new tab](#)

- Funds say AT&T cited new SEC policy on shareholder vote
- AT&T stopped public diversity disclosures in 2024, funds say
- AT&T not available for comment

NEW YORK, Feb 17 (Reuters) - AT&T ([T.N.](#)) [opens new tab](#) was sued on Tuesday by four New York City public pension funds, which accused it of wrongly refusing to let shareholders vote on their proposal to require the telecommunications company to disclose the breakdown of its 133,000-person workforce by race, ethnicity and gender.

In a complaint filed in Manhattan federal court, the funds said AT&T cited a November [policy change](#) by the U.S. Securities and Exchange Commission, which lets companies that claim a "reasonable basis" to exclude shareholder proposals. Sign up [here](#).

The funds said SEC regulations provide no excuse for AT&T to block a vote on their proposal at its 2026 annual shareholder meeting, and doing so causes "irreparable" injury. They want to prevent AT&T from soliciting shareholder proxies that exclude their proposal.

According to the complaint, Dallas-based AT&T submits the diversity breakdown annually to the U.S. Equal Employment Opportunity Commission. The funds said AT&T disclosed the breakdown publicly between 2021 and 2023 but stopped without explanation in 2024.

AT&T did not immediately respond to requests for comment. A spokesperson for New York City Comptroller Mark Levine did not immediately respond to a similar request.

The plaintiffs include the New York City Employees' Retirement System, and funds representing police, teachers and other educational employees.

Hundreds of companies have annually asked the SEC's Division of Corporation Finance for assurances they will not face enforcement actions if they leave shareholder proposals off ballots. The regulator has historically granted permission about half the time.

SEC Chair Paul Atkins has [said](#)  [opens new tab](#) many shareholder proposals are invalid under the laws of Delaware, where AT&T and about two-thirds of the other Fortune 500 companies are incorporated.

Many companies have deemphasized diversity, equity, and inclusion since U.S. President Donald Trump announced a [crackdown](#) on such efforts, including a threat of civil litigation by the federal government, one day after beginning his second White House term.

Reporting by Jonathan Stempel in New York; Editing by David Gregorio

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Strategic Affirmative Litigation Offers Mayor Mamdani a Powerful Tool To Advance His Bold Policy Agenda

"This article first reviews how local governments across the country have used affirmative litigation to hold powerful corporate interests accountable to local communities. Applying these lessons, we then explain how New York laws empower the city to deploy this historically underutilized tool to benefit all New Yorkers."

February 17, 2026 at 06:09 AM By **Anya Freedman** **Li Yu** **Sarah Schmidt** & **Rebecca Temkin**



Zohran Mamdani at the Resist Fascism Rally in Bryant Park on Oct 27th 2024. Credit: Bingjiefu He via Wikimedia Commons.

New York City Mayor Zohran Mamdani has emphasized that protecting consumers and combating unfair business practices will be core policy pillars of his administration's affordability and economic justice agenda. Strategic affirmative litigation offers a powerful tool for advancing the Mayor's ambitious policy agenda.

This article first reviews how local governments across the country have used affirmative litigation to hold powerful corporate interests accountable to local communities. Applying these lessons,

we then explain how New York laws empower the city to deploy this historically underutilized tool to benefit all New Yorkers.

Affirmative Litigation Has Been a Powerful Consumer Protection Tool for Local Governments

In recent years, local government agencies across the United States have pursued impactful affirmative litigation. The examples below may serve as models for the mayor's administration.

In California, the City Attorneys for both Los Angeles and San Francisco have successfully litigated consumer protection actions against major corporations. In 2022, the City and County of San Francisco, partnering with outside counsel, prevailed at trial on its public nuisance claim against Walgreens, which alleged the pharmacy chain "knowingly engaged in unreasonable conduct that was a substantial factor in contributing to the opioid epidemic in San Francisco." *City & Cnty. of San Fran. v. Purdue Pharma L.P.*, 620 F. Supp. 3d 936, 938 (N.D. Cal. 2022).

In 2016, the City of Los Angeles obtained a \$150 million judgment against Wells Fargo in a consumer fraud case filed a year earlier by the City Attorney's Office. In that case, Los Angeles alleged that Wells Fargo had "victimized customers by using pernicious and often illegal sales tactics" in violation of California's Unfair Competition Law, Cal. Bus. & Prof. Code §§17200 *et seq.* That statute grants local public agencies broad enforcement power, on behalf of the People of California, to seek statutory penalties and other relief for unlawful, unfair, and fraudulent practices.

California state and local agencies also have teamed up on major consumer protection litigation. In 2019, the County of Los Angeles, in partnership with the California Attorney General, filed a lawsuit against the electronic cigarette maker, JUUL Labs, Inc., alleging that JUUL unlawfully targeted young people through advertising without warning about the product's risks, failed to verify the age of California consumers, and violated the privacy rights of minors. See Compl., *California v. JUUL Labs, et al.*, Case No. RG19043543 (Nov. 18, 2019), Dkt. No. 1. In 2023, the parties resolved the litigation as part of a \$462 million settlement involving six states. Under this settlement, the County of Los Angeles received \$46 million to fund nicotine addiction treatment and prevention, and JUUL was enjoined from targeting youth in its advertising.

In another recent example of state and local partnership, the Los Angeles City Attorney and California Attorney General litigated a federal action to protect the privacy of children online, alleging that video game developer Tilting Point Media LLC violated the California Consumer Privacy Act and the federal Children's Online Privacy Protection Act. See Compl., *California v. Tilting Point Media LLC*, Case No. 2:24-cv-05140 (C.D. Cal. June 18, 2024), Dkt. No. 1. In June 2024, the case settled with an agreement barring Tilting Point from selling or sharing data for consumers under 13 without parental consent, implementing a compliance program, and paying a \$500,000 penalty.

In Maryland, the City of Baltimore has partnered with outside counsel since 2018 to pursue claims against manufacturers, wholesalers, and prescribers of prescription opioids. Baltimore asserted statutory deceptive practices claims under the Maryland Consumer Protection Act against manufacturers, and common-law public nuisance and negligence claims against manufacturers, wholesalers, and pharmacy chains. By September 2025, Baltimore had secured \$579 million in settlements and judgments. Notably, Baltimore opted out of the global settlement against the same parties—even when Maryland did not—and subsequently secured far more restitution money through its independent action. *Mayor of Baltimore v. Purdue Pharma L.P.*, Case No. 24C18000515 (Md. Cir. Ct., Baltimore City).

In Illinois, the City of Chicago partnered with outside counsel in 2021 to launch a lawsuit against DoorDash, the online meal delivery company, for deceptive practices. According to the complaint, DoorDash violated Chicago’s local laws by listing restaurants on its platform without their consent and deceiving consumers with misleading restaurant listings, fees, menu prices, and allocation of driver tips. DoorDash also allegedly billed a \$1.50 service charge it called “Chicago Fee” to consumers, when this fee was neither mandated nor paid to Chicago. In November 2025, Chicago announced an \$18 million settlement, which included restitution payments to restaurants listed on DoorDash without their consent and to eligible Chicago consumers. *City of Chicago v. DoorDash, Inc.*, Case No. 1:21-cv-05162 (N.D. Ill.).

These significant outcomes underscore the potential for the mayor’s administration to leverage outside counsel’s expertise and resources and to work collaboratively with state and local peers to develop and successfully pursue the wide range of statutory and common-law claims available to protect consumers, local businesses, and working families.

With the New Mayor’s Leadership, the city Can Strengthen Its Use of Affirmative Litigation

We now turn back to New York City and the mayor’s agenda. While the city’s experience using affirmative litigation to achieve major consumer protection goals has been more limited, there are historical examples of state and local collaborations and outside counsel partnerships.

In 2021, for example, the New York Attorney General and New York City Corporation Counsel, in partnership with outside counsel, litigated a qui tam suit jointly against a hedge fund manager who failed to pay tens of millions of dollars in taxes to the city and the state on management and performance fees. *State of New York v. Sandell*, Index No. 101494/2018 (Sup. Ct., N.Y. Cnty.). This case settled for \$105 million in back taxes and damages. According to the settlement agreement, the state and the city asserted civil fraud claims for violations of the New York False Claims Act, N.Y. State Finance Law §§187 et seq. This settlement, along with the fact that New York City promulgated its own False Claims Act, Local Law No. 53 (2005), demonstrates the breadth of the

city's authority to pursue fraud claims against deceptive business practices that target city government and programs.

New York state and local laws also provide a fruitful framework for the new mayoral administration to wield the tool of affirmative litigation in innovative and powerful new ways. This includes both acting independently with the support of outside counsel and, in the right case, acting in collaboration with state and local peers in New York and across the country.

The city, for example, may bring cases against businesses for engaging in deceptive practices prohibited by New York City Administrative Code §§20–700 et seq. In *Mintz v. Am. Tax Relief, LLC*, 16 Misc. 3d 517, 837 N.Y.S.2d 841 (Sup. Ct., N.Y. Cnty. 2007), New York City Department of Consumer Affairs (now the Department of Consumer and Worker Protection) sued American Tax Relief LLC for its deceptive trade practices in violation of that local statute.

Additionally, New York municipalities may bring actions to abate public nuisances and to obtain injunctive relief. See, e.g., *City of Rochester v. Premises Located at 10–12 S. Washington St.*, 180 Misc.2d 17, 687 N.Y.S.2d 523 (Sup. Ct., Monroe Cnty. 1998). Indeed, the City has had success pursuing public nuisance claims, in combination with claims under the city's consumer protection laws, to stop marketing of “illegal, dangerous accommodations” to “unsuspecting tourists” by a short-term rental company. See, e.g., *City of New York v. Smart Apartments LLC*, 39 Misc.3d 221, 233, 959 N.Y.S.2d 890, 898 (Sup. Ct., N.Y. Cnty. 2013).

Finally, New York State recently strengthened its consumer protection laws, expanding opportunities for the new Mayoral administration to use affirmative litigation to challenge unfair and abusive corporate practices in creative new ways that help working people. On Dec. 22, 2025, Governor Kathy Hochul signed into law a bill proposed by Attorney General James that effectuates the first update to New York's primary consumer protection law in 45 years.

The Fostering Affordability and Integrity through Reasonable Business Practices Act (FAIR Act) (2025-26 N.Y. Senate-Assembly Bill S8416, enacted Dec. 19, 2025) broadens enforcement beyond deceptive acts to include “unfair” and “abusive” practices and confirms the private right of action against deceptive practices and deceptive acts. During a press conference with the mayor, the attorney general described the FAIR Act as part of a “multi-level government defense in response to the needs of working families here in the city and across the state.”

In conclusion, as the mayor and his team bring a new perspective and a bold agenda to New York City, they have an opportunity to strengthen the city's leadership in strategic affirmative litigation by pursuing major cases with the support of outside counsel and in partnership with other agencies. Affirmative litigation can serve as a vital governance tool—in parallel with legislative,

administrative, and executive action—to deter corporate misconduct, level the playing field for compliant businesses, and deliver tangible economic justice outcomes for all New Yorkers.

Anya Freedman and **Li Yu** are partners at *Bernstein Litowitz Berger & Grossmann*. **Sarah Schmidt** and **Rebecca Temkin** are associates with the firm.

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Bayer Agrees to \$7.25B Nationwide Class Settlement to Resolve Roundup Lawsuits

The proposed \$7.5 billion settlement, filed in Missouri's 22nd Judicial Circuit on Tuesday, comes one month after the U.S. Supreme Court agreed to hear a Roundup case.

February 17, 2026 at 02:40 PM By  **Amanda Bronstad**

What You Need to Know

- The nationwide class action settlement, designed to resolve tens of thousands of claims, comes after more than a decade of litigation tying Roundup to non-Hodgkin lymphoma.
- In an investor call, Bayer CEO Bill Anderson said, 'Eventually, we reached a point when plaintiff lawyers were willing to come to the table.'
- Lead plaintiffs attorney Eric Holland said, 'A lot of cases are on file, tens of thousands, and a very small number have been able to reach trial.'



Garden supply store shelf with containers of Round up weed control. Credit: Sheila Fitzgerald/Shutterstock.com

Bayer has agreed to pay \$7.25 billion to settle tens of thousands of current and future claims over Monsanto's Roundup pesticide.

The nationwide class action settlement, announced on Tuesday, follows more than a decade of litigation alleging that Roundup is linked to non-Hodgkin lymphoma. It also comes a month after the U.S. Supreme Court agreed to review Monsanto's leading defense in court: That the Federal Insecticide, Fungicide and Rodenticide Act preempts state-law claims that it failed to warn of health risks.

Both the class settlement, which requires court approval, and Supreme Court review, were necessary to resolve Roundup lawsuits, according to Bayer, a German company, which admitted no liability or wrongdoing. Supreme Court review was "critical to resolving substantial outstanding damage awards subject to pending appeals not covered by the settlement," according to Bayer, which is based in Germany.

"The proposed class settlement agreement, together with the Supreme Court case, provides an essential path out of the litigation uncertainty and enables us to devote our full attention to furthering the innovations that lies at the core of our mission: Health for all, Hunger for none," Bayer CEO Bill Anderson said in a prepared statement at a Tuesday investor conference. "The class settlement and Supreme Court case are both necessary to help bring the strongest, most certain and most timely containment to this litigation."

A Supreme Court decision in Monsanto's favor, he said, would cover opt-outs to the settlement and has implications beyond just Roundup or the agricultural community.

He also said the timing was right for the settlement.

"For three years, we've upped our containment efforts," he said. "Eventually, we reached a point when plaintiff lawyers were willing to come to the table. After many months of difficult negotiations, Monsanto reached a deal."

Lead attorney for the current class, Chris Seeger of Seeger Weiss in Richfield Park, New Jersey, said the settlement, which Monsanto will fund with \$3 billion in the first five years, allows cases to avoid Supreme Court review and eliminates the risk of Monsanto filing for bankruptcy protection.

A Supreme Court decision in Monsanto's favor, Seeger said, would be "disastrous" for plaintiffs. And continuing the litigation, he said, comes with "profound risks."

"Monsanto's financial distress is real," he said.

Seeger also anticipated that the compensation provided to class members would be higher than average in prior Roundup settlements.

In addition to Seeger Weiss, the settlement was negotiated by St. Louis, Missouri-based Holland Law Firm; Ketchmark and McCreight in Kansas City, Missouri; Motley Rice in Mt. Pleasant, South Carolina; Los Angeles—based Waters Kraus Paul & Siegel; and Houston’s Williams Hart & Boundas.

“This resolution follows more than two years of intense negotiations shaped by the complex and evolving course of this litigation,” Eric Holland, of Holland Law Firm, who is lead counsel for the future class, said at Tuesday’s press conference. “A lot of cases are on file, tens of thousands, and a very small number have been able to reach trial. That reality creates uncertainty for every family waiting for their day in court.”

Fouad Kurdi, of Resolutions LLC, served as mediator, and retired Missouri Court of Appeals Judge Glenn Norton was involved in the negotiations.

Why This Class Settlement Isn’t Like Bayer’s Failed Prior Deal

The Roundup lawsuits have ended in multiple verdicts, with juries awarding as much as \$2 billion in some cases. More have ended in defense wins.

In 2020, Bayer [agreed to pay \\$10.9 billion](#) to resolve Roundup claims, which included a [proposed class action settlement](#). But U.S. District Judge Vince Chhabria, overseeing the Roundup multidistrict litigation in the Northern District of California, [rejected approval](#) of the \$2 billion deal, which would have funded class members for four years based on the recommendations of a controversial expert science panel.

Monday’s settlement, however, has funding for up to 21 years that is managed by a claims administrator. It covers two classes: plaintiffs who alleged exposure to Roundup prior to Feb. 17, 2026, and were already diagnosed with non-Hodgkin lymphoma, and those diagnosed within 16 years after final approval of the agreement.

Compensation awards, ranging from \$10,000 to \$165,000, are based on a tiered grid system that takes into account the type of exposure, age at diagnosis, and type of non-Hodgkin lymphoma. Monsanto will provide up to \$300 million for certain eligible claimants needing expedited payments.

Bayer said it would cap annual payments to fund the settlement, which is financed by an \$8 billion U.S. bank loan. Bayer increased its provisions for litigation liabilities from 7.8 billion Euros to 11.8 billion Euros, but that also includes resolution of verdicts and cases by two states involving [polychlorinated biphenyls](#), or PCBs, which Monsanto stopped producing in 1977. Monsanto also reached confidential settlements in other Roundup cases.



Christopher Seeger of Seeger Weiss. Courtesy photo

A motion for preliminary approval was filed in Missouri's 22nd Judicial Circuit Court, where Monsanto is based and where the majority of Roundup cases are now pending, including one that resulted in a \$1.25 million verdict in 2023, now before the U.S. Supreme Court. U.S. Solicitor General D. John Sauer [filed a brief](#) urging the Supreme Court to review the Roundup petition.

The Supreme Court, on Jan. 16, [agreed to hear the case](#) on the limited question: Whether the Federal Insecticide, Fungicide and Rodenticide Act preempts a label-based failure-to-warn claim where EPA has not required the warning. Bayer has argued that regulators, including the

Environmental Protection Agency, have found that Roundup's key ingredient, glyphosate, is safe.

A hearing is April 27.

Page printed from: <https://www.law.com/2026/02/17/bayer-agrees-to-725b-nationwide-class-settlement-to-resolve-roundup-lawsuits/print/>

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FT PROFESSIONAL

Bayer AG

Bayer aims to settle Roundup claims over alleged cancer links for \$7.25bn

German group warned alternative to settlement was 'spending decades in legal disputes'



Bayer became exposed to the litigation through its 2016 acquisition of US crop science group Monsanto © Reuters

Olaf Storbeck

Published 3 HOURS AGO



German pharma and crop science group Bayer has proposed a \$7.25bn settlement to resolve lawsuits over cancer allegedly caused by its blockbuster weedkiller Roundup.

The Leverkusen-based company said on Tuesday it would make an additional €4bn provision for litigation costs and liabilities, taking the total it has set aside to €11.8bn.

The settlement, which would cover current and future litigation, still needs the approval of a US court, the company said.

The move would be another attempt to draw a line under long-running and costly litigation linked to the glyphosate weedkiller. [Bayer](#) became exposed to the litigation through its 2016 acquisition of US crop science giant Monsanto.

The alternative to the settlement was “spending decades in legal disputes”, said Bayer chief executive Bill Anderson on a call on Tuesday, adding that litigation uncertainty “has plagued the company for years”.

Bayer warned that the settlement would result in a “negative free cash flow for this year”, adding that it had secured “a bank loan facility” of \$8bn to fund the payments and that it would not need to raise capital to finance the deal.

The company said the fact the payments under the proposed settlement would be stretched out over 21 years would give it “greater certainty and control regarding its litigation costs for current claims and potential future claimants”.

Shares in Bayer rose more than 8 per cent in late afternoon trading after Bloomberg reported that a settlement was imminent.

Bayer, whose shares have more than doubled in value in the past year, has been Germany’s second-best performing blue-chip and is trading at the highest level in more than three years.

The new settlement proposal follows another in 2020 for up to \$10.9bn that was later partially struck down in court. Bayer asserts that the latest settlement proposal “differs markedly” from the previous one.

The group has always maintained that glyphosate is safe and says scientific research supports its view, but thousands of Americans attribute their Non-Hodgkin lymphoma to exposure to the weedkiller.

Last month, the US Supreme Court [agreed](#) to hear Bayer’s appeal in a closely watched case that could limit thousands of lawsuits over Roundup.

Bayer said on Tuesday that the new settlement proposal and the Supreme Court case were “independently necessary and mutually reinforcing elements” in its attempt to manage the litigation.

Between them, the settlement and the Supreme Court case will provide “an essential path out of the litigation uncertainty”, Anderson said in a statement.

Anderson took over in 2023 after his predecessor Werner Baumann — the architect of the Monsanto acquisition — resigned a year early following pressure from disgruntled investors.

Bayer said it would announce its full-year results for 2025 on March 4, a week later than previously planned.

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<https://www.wsj.com/business/bayer-proposes-new-7-billion-plan-to-settle-roundup-litigation-079628a2>

BUSINESS

Bayer Proposes New \$7 Billion Plan to Settle Roundup Litigation

Proposal comes after Supreme Court agreed to hear Bayer's appeal to neutralize cancer claims

By [Patrick Thomas](#) [Follow](#)

Updated Feb. 17, 2026 3:22 pm ET



Bayer has been ensnared in litigation over Roundup since it closed its acquisition of Monsanto in 2018.

JIM WATSON/AFP/GETTY IMAGES

Quick Summary

- Bayer proposed a new settlement for Roundup weedkiller litigation, setting aside over \$7 billion for payments over 21 years.

[View more](#)

[Bayer](#) **BAYN 7.35%** ▲ is making a new multibillion-dollar push to resolve a yearslong legal nightmare over Roundup weedkiller.

The German pharmaceutical and agriculture conglomerate on Tuesday said it proposed to settle a nationwide class-action lawsuit to resolve claims that its flagship

herbicide causes cancer. The settlement plan includes setting aside more than \$7 billion to fund payments over 21 years.

Law firms representing tens of thousands of plaintiffs filed a motion Tuesday seeking approval of the settlement. The proposal requires court approval in Missouri, where the bulk of Roundup cases are outstanding.

Bayer [has been embroiled in litigation](#) over Roundup—the most widely used weedkiller in the world—since it closed its \$63 billion acquisition of Monsanto in 2018. Plaintiffs have argued that the key ingredient in Roundup, glyphosate, causes cancer. Monsanto developed Roundup, as well as crop seeds genetically engineered to withstand it.

Bayer has denied its product causes cancer. The company has pointed to the Environmental Protection Agency and other regulators that have determined the product is safe to use.

Bayer has already paid out more than \$10 billion in Roundup settlements in the litigation. The company had previously resolved about 130,000 Roundup claims, and about 60,000 claims had remained outstanding.

“Today’s agreement addresses the bulk of eligible current and future cases,” Bayer CEO Bill Anderson said Tuesday on a call with investors and reporters. Anderson has said the company had hoped to contain the litigation this year.

Christopher Seeger, a partner at Seeger Weiss LLP representing plaintiffs in the litigation, said that the settlement marked a step toward justice for non-Hodgkin lymphoma patients who had been exposed to Roundup. “After years of intense litigation and uncertainty, this agreement provides a clear, streamlined path to compensation,” he said.

Bayer shares surged about 7% Tuesday. The company’s stock has more than doubled over the past year.

The settlement comes after the Supreme Court agreed to hear Bayer’s challenge to [Roundup litigation](#), a step the company had sought for years. The court said last month it would take up an appeal from Bayer arguing that consumers shouldn’t be able to sue the company for failing to warn about cancer risks, because U.S. federal regulators had determined Roundup’s main chemical ingredient doesn’t require a cancer warning.

The Supreme Court will hear arguments in the case this spring, with a ruling expected by early July. If Bayer prevails, it could help lead to the dismissal of thousands of cases against the company.

Bayer's Anderson said that the proposed class action settlement, along with the Supreme Court case, "provides an essential path out of the litigation uncertainty." He said the agreement with plaintiff's attorneys wouldn't have been possible without the Supreme Court's recent decision to hear Bayer's appeal.

The new proposed settlement would bring Bayer's total price tag to resolve the Roundup litigation to roughly \$22 billion. Bayer said Tuesday that it was setting aside an additional \$11.37 billion to settle the litigation, which would include the roughly \$7 billion for the proposed class-action settlement.

[Bayer in 2020 proposed](#) a more than \$10 billion plan that settled tens of thousands of cases, but didn't cover future lawsuits. Anderson said Tuesday that the current plan is significantly different, and is a traditional long-term compensation program like that used in other mass tort settlements.

Some plaintiffs attorneys representing Roundup plaintiffs haven't signed onto Bayer's new settlement plan, but have indicated they are receptive to a resolution. Majed Nachawati, a Dallas-based lawyer representing about 5,000 claimants, said his firm was reviewing Bayer's proposal and is "generally supportive of a resolution that is fair in all respects."

Bloomberg News earlier reported details of Bayer's new proposed settlement.

The Wall Street Journal reported last year that Bayer was [exploring a litigation settlement](#) through state courts in Missouri. The company has also considered a bankruptcy filing for its Monsanto agriculture business if the settlement didn't materialize, the Journal reported.

Patrick Thomas covers agriculture and America's food supply chain for The Wall Street Journal. He writes about the way food in the U.S. is grown and sold, reporting about the businesses of meat processors, grain traders, pesticide manufacturers, crop-seed developers and supermarkets....

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Videos

Zuckerberg testimony looms in social media addiction trial

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As Meta Platforms CEO Mark Zuckerberg prepares to take the stand, legal observers say the opening week of the first bellwether social media addiction trial has set the stage for a closely watched battle over foreseeability, responsibility and platform design during the next month.

At the close of trial, jurors before Los Angeles Superior Court Judge Carolyn B. Kuhl will be asked to decide whether Meta's and Google's social media apps were defectively designed to keep minors addicted and whether that substantially contributed to their mental health struggles.

The plaintiff, an adult named Kaley who filed the case as a minor, is represented by Lanier Law Firm founder Mark Lanier. She alleges that years of using Instagram and YouTube beginning in childhood led to anxiety, depression, suicidal ideation and other mental health harms. *Social Media Cases*, JCCP5255 (L.A. Super. Ct., filed Oct. 24, 2022).

In phone interviews Friday, attorneys following the case said Kaley's "addiction by design" theory faces both opportunity and risk after testimony last week from Instagram chief Adam Mosseri, the case's first apex witness.

Withers partner Kimberly A. Pallen, a trial attorney who specializes in complex civil litigation for high-profile plaintiffs and defendants, said Kaley's counsel appeared to make headway on foreseeability by highlighting internal Meta debates in 2019 about teen safety and Instagram "cosmetic" photo and video filters. She noted Mosseri's testimony referencing "trade-offs" between safety and other business considerations could resonate with jurors.

During his testimony Wednesday, the Instagram chief said, "There's always trade-off between safety and speech. ... We're trying to be as safe as possible and censor as little as possible," as he described Meta's effort to balance protecting teen users with preserving free expression on the platform.

"I think it makes sense, but that word kind of struck me," Pallen said. While "trade-off" is common executive language from a business perspective, Pallen opined, "when you're talking about children's mental health ... I don't think it's a great

word to use, and I wonder if the jury picked up on that.

"I think it also ... foreclosed the possibility of the defense arguing that they were unaware of any risks," Pallen continued, adding that Mosseri's testimony made it "pretty clear" that Meta was aware of potential feature harms, and that the defense will likely pivot to emphasizing the "reasonableness of their actions" and the company's investment in safety tools.

Although Mosseri acknowledged that there can be "problematic use" of Instagram, he rejected the notion that heavy usage of the app constituted a clinical addiction.

Anne P. Mitchell, a California lawyer and CEO of the Institute for Social Internet Public Policy, opined Mosseri's acknowledgement could be problematic for the defense.

"If you're arguing that my product is not clinically addicting, but users can have problematic use of it, now you are simply arguing degrees of harmfulness ... and already acknowledging potential harm," Mitchell said.

Mitchell opined that the impact of Mosseri's remarks will ultimately depend on how narrowly the complaint frames the claims. If the case turns strictly on whether Instagram is "clinically addictive," the jury battle may hinge on expert testimony, Mitchell said. With broader allegations - focused on design choices that foreseeably contribute to harm - she suggested the acknowledgement of "problematic" Instagram use could bolster the plaintiff's theory.

At the same time, Pallen opined that jurors may be receptive to arguments about the complexity of operating global platforms used by billions of people.

"Different users have different experiences and different vulnerabilities. ... It's not a one-size-fits-all solution," Pallen said.

On the stand, Mosseri rejected suggestions that Meta knowingly sacrificed children's safety for profit and testified that Instagram's tools and policies, "like our products, evolve over time" to protect users, especially minors.

"The Instagram that Kaley signed up for back then was very different," Mosseri noted.

Kaley, who turned 20 last November according to Lanier, said she began using Instagram when she was 9. The platform launched in 2010.

During opening statements, Lanier argued Instagram and YouTube features such as autoplay, infinite scroll, notifications and algorithm-driven recommendations were deliberately designed and "engineered addiction in children's brains."

Withers partner Jessica K. Nall, a defense attorney in the technology field, said she questions whether the plaintiff's theory fits comfortably within traditional liability law.

"It's too easy to say 'A, B, and therefore C,'" Nall said, adding that courts have traditionally been reluctant to treat software platforms as defectively designed products in the same way as tangible goods.

During the defense's opening, represented by Covington & Burling LLP and Wilson Sonsini Goodrich & Rosati, the companies' lawyers told jurors Kaley faced significant challenges long before her use of Instagram and YouTube, and that the platforms were not the root cause of her mental health problems.

Nall said she views some of the plaintiff's claims as stretching traditional product liability beyond its limits.

"If YouTube is considered to be social media and that their content recommendations are somehow purposely addictive, what's next?" Nall said. "Is it going to be that Netflix isn't allowed to say stuff like, 'Are you still watching?' ... Where does it stop?"

Against that backdrop, observers say Zuckerberg's expected testimony in the coming days could prove pivotal, especially as the defense seeks to challenge whether plaintiff's counsel has drawn a legally sufficient connection between engagement-driven design features and the plaintiff's mental health struggles.

The plaintiff's counsel, by contrast, is expected to press Zuckerberg about teen engagement and growth strategies, as well as debates over "cosmetic" filters, for example, and Meta's knowledge about potential mental health risks among minors.

Nall said the trial is being closely watched across the technology sector, particularly by companies developing artificial intelligence tools.

"This is a big moment for tech in general ... to see whether a liability claim will be able to stick," she said. A plaintiff's verdict, she added, could encourage similar design-defect claims targeting AI products and even cybersecurity vulnerabilities.

Hausfeld, Gibbs Mura named lead counsel in Prosper data breach case

DJ [dailyjournal.com/articles/389775-hausfeld-gibbs-mura-named-lead-counsel-in-prosper-data-breach-case](https://www.dailyjournal.com/articles/389775-hausfeld-gibbs-mura-named-lead-counsel-in-prosper-data-breach-case)

Hausfeld LLP and Gibbs Mura will serve as lead counsel in a class action potentially involving millions of plaintiffs against financial services company Prosper Funding, according to an order issued by U.S. District Judge Charles R. Breyer on Friday.

Breyer said he based his decision on the firms' work in the case and their experience with similar lawsuits.

"Gibbs and Hausfeld have investigated the facts, interviewed class representatives, explored retaining experts in the relevant fields, and identified potential causes of action. ... Second, each firm has extensive experience leading data breach class actions," Breyer wrote in the order.

Lawyers from 15 firms -- including Berger Montague PC, Cotchett Pitre & McCarthy LLP and Scott + Scott Attorneys at Law LLP -- appeared before Breyer at a Feb. 13 hearing requesting to be named lead counsel in the class action. Gibbs Mura was represented by David Berger while Hausfeld was represented by James J. Pizzirusso. Siri & Glimstad LLP, Lynch Carpenter, Schubert Jonckheer & Kolbe, KO Lawyers, Levin Sedran & Berman, Lockridge Grindal Nauen PLLP, Tycko & Zavareei LLP, and Kantrowitz, Goldhamer, Graifman, Perlmutter & Carballo, PC, were present as well.

Breyer did not allow the applicants to present or ask questions about their candidacies.

The case stems from a 2025 data breach, which plaintiffs say was caused by negligence on the part of Prosper, exposing their personal financial information. The company, which has provided loans to nearly 2 million people since 2005, didn't take industry-standard steps to secure its customers' information, the complaint alleges.

"These failures by Defendant allowed and caused cybercriminals to target and access Defendant's network and exfiltrate files containing Plaintiff and Class Member's PII," the complaint, filed by Scott A. Edelsberg in September 2025, states. *In re: Prosper Funding, LLC Data Breach Litigation*, 3:25-cv-07947 (N.D. Cal., filed Sept. 18, 2025).

Prosper was represented by Ali M. Abugheida of Orrick, Herrington & Sutcliffe LLP.

Breyer asked the attorneys if they had an estimate of the size of the class, which includes customers and loan applicants. Ben Barnow of Barnow and Associates PC said a high-end estimate would be around 17 million people, while Pizzirusso pointed out that Prosper's communications have put the number around 13 million.

Tom Loeser of Cotchett Pitre & McCarthy said that the number could fall anywhere between 5 million and 15 million, but that it was a unique case and could be a tricky estimate.

"No, no, no, no, no, I don't want to go into that," Breyer said.

#389775

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Class Action

Manage Newsletters

AI Is Disrupting Mass Torts With the Promise of Lower Costs

Feb. 17, 2026, 2:05 AM PST

Summary by Bloomberg AI

AI Generated



- The mass tort industry is better positioned for an AI transformation due to its reliance on millions of pieces of documents and thousands of plaintiffs per case, and AI can save money by streamlining litigation strategy.
- AI is being used in areas such as discovery to help make eDiscovery smoother and to level the playing field against big companies, and it can also be used to help root out non-meritorious cases.
- AI tools are being used to predict case outcomes, validate claims, and lower the cost of case prep, which can benefit both plaintiffs and defendants by weeding out unqualified cases and reducing costs.

The mass tort industry, with its reliance on millions of pieces of documents and thousands of plaintiffs per case, is better positioned for an AI transformation than most of the legal world.

It couldn't come at a more opportune moment, given how much artificial intelligence can save money by streamlining litigation strategy while weeding out non-meritorious cases. Mass tort attorneys have been struggling to stand out and survive in a saturated market where big-money payoffs can take years.

"How we strategize and how we look at cases, and how we understand cases better—those things are definitely changing," said Asim Badaruzzaman, co-chair of the Sbaiti & Co.'s mass tort practice group. "If you can find ways to do things more efficiently, it's a better results for your clients."

Simpler and Easier

One area of mass torts that lends itself to AI is discovery because of a large volume of documents, said Elizabeth Koenig, senior vice president, litigation consulting at ILS, a company that provides plaintiff-only eDiscovery services and litigation support. The company offers AI products for making eDiscovery smoother.

"It's often asymmetrical, so you'll have a large amount of discovery coming from the corporate defendants and a much smaller amount typically from the plaintiffs," Koenig said. "It is giving a real ability to look at mass amounts of documents in a new way, cut through the kind of junk that's out there, help make connections between documents, help interrogate the data in a really, really different way."

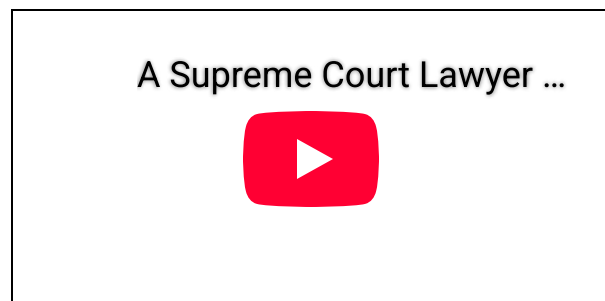
The technology could be used to help the plaintiffs' bar level the playing field against big companies, she said.

Badaruzzaman, of Sbaiti, said, "Back in the day, if you needed to do a medical chronology, you had to send it out to an outside consultant" who would get people to review thousands of pages of records and put them in chronological order. "You can do that in minutes now."

Using voice chatbots to handle the most common queries is another common usage.

"In some of the testing we have done, they're pretty good in terms of providing people with information or gather certain pieces of information," Badaruzzaman said. "It gives you the capacity to ensure consistency. It gives you the capacity to lift a little bit more with a lot more accuracy."

Still, these chatbots can only be used for very specific tasks as opposed to wider usage. "I don't think the technology is just there yet," he said.



Can AI Argue a Supreme Court Case Better Than a Human Lawyer?

Prediction Tool

A startup called Theo AI is offering a tool that can show patterns that lawyers can use to decide how many resources—money, outside counsel or time—to invest in a case.

The company's tool is based on Google's Gemini and other large language models to detect patterns in plaintiff files and determine if they're complete. It can help root out fraud, such as by detecting if there are identical signatures across multiple plaintiff files. The analysis it produces is useful for pre-screening mass torts, said Patrick Ip, co-founder and CEO at Theo AI.

The idea is to create some certainty for defendants on litigation spend. The company sells its tool to in-house counsel at Fortune 500 companies and it is 95.6% accurate, Ip said.

"The problem with legal expertise is any one experienced lawyer can do a legal prediction for a single case," Ip said. "It's much more difficult to do that for thousands of cases."

Ip said litigation funders use its tool to assess their chances of success with mass tort claims. He wouldn't disclose Theo's clients or pricing but last year the company announced a partnership with Mustang Litigation Funding. Mustang, which specializes in pre-settlement, mass tort and commercial funding, uses Theo AI to for case review and selection.

Using these tools helps real victims and claimants, said Samir Parikh, a law professor at Wake Forest University who researches business law and mass torts.

"It's great for meritorious victims and claimants, because now every dollar that goes to a non-meritorious claimant is one that's taken away from a meritorious claimant," Parikh said. "Over time, less of these non-meritorious claims will plague the system."

Lowering Costs

AI also is lowering the cost of case prep, which ultimately gets passed down to the consumer, said Ed Scanlan, the founder and CEO of AI-driven legal tech platform Bridge Legal.

The company has around 100 law firm clients involved in mass torts and assists with back office work as well as organizing and assessing data.

"It helps us validate claims more quickly so we can get sort of pattern recognition, ensuring the right plaintiffs are moving forward and getting people that are not qualified or brought out of the system early," Scanlan said. "So law firms aren't spending money and consumers don't have false hope."

He said his AI benefits both plaintiffs and defendants since it weeds out cases that are unqualified. It also benefits litigation funders, who often are the backers of mass tort law firms.

"Capital providers don't want to be funding this either, they have no desire to put money into things that aren't going to work," he said.

Bloomberg Law sells legal research tools and software.

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AI-Generated Docs Shared With Counsel Are Not Privileged, NY Fed Judge Rules in Criminal Fraud Case

Prior to his arrest, the defendant asked Anthropic's Claude AI tool about the federal government's investigation of him. He then shared the information he learned with his defense counsel at Quinn Emanuel.

February 13, 2026 at 01:11 PM By **Nicholas Malfitano**



AI on phone. Credit: Trifonenko/iStockphoto.com

In a ruling with potential far-reaching implications, a New York federal court judge issued a bench order in a multi-million dollar fraud case stating legal documents generated with artificial intelligence tools lack confidential privilege.

On Tuesday, U.S. District Judge Jed S. Rakoff ruled that 31 AI-generated documents defendant Bradley Heppner produced using AI are not privileged and therefore prosecutors can access the materials before the criminal fraud trial. Ruling from the bench, Rakoff granted the U.S. District Court for the Southern District of New York's motion filed Feb. 6 seeking to access the documents.

Rakoff did not issue a written opinion accompanying his oral bench order.

Heppner, represented by counsel from Quinn Emanuel Urquhart & Sullivan, stands accused of misappropriating more than \$150 million while serving as chairman of publicly-traded company GWG Holdings, Inc. Heppner allegedly moved the funds through a shell company he controlled, Highland Consolidated Limited Partnership, according to the Department of Justice's indictment.

Federal law enforcement arrested Heppner in Dallas, Texas on Nov. 4 and charged him with securities fraud, wire fraud, conspiracy to commit securities fraud and wire fraud, false statements to auditors, and falsification of records.

Prior to his arrest, the defendant asked Anthropic's Claude AI tool about the federal government's investigation of him. He then shared the information he learned with his defense counsel at Quinn Emanuel. The documents containing these records were discovered on electronic devices seized by the Federal Bureau of Investigation when Heppner was arrested.

In December, the government and Heppner's defense counsel mutually agreed to segregate the AI-generated documents from the evidence available to the prosecution, since the question of privilege was still open.

In a court document detailing a Feb. 2 conversation between counsel for both sides, Heppner's defense attorneys from Quinn Emanuel contended his AI searches were privileged, since he used the tool to prepare reports for the purposes of attorney-client discussion. Furthermore, Quinn Emanuel counsel said they did not direct Heppner to run these AI searches.

Last Friday, the DOJ filed a motion to remove privilege protections from Heppner's legal documents, arguing the documents were not communications between an attorney and client, the information was voluntarily shared with an AI tool, documents can't gain retroactive privilege by being given to counsel and the work product doctrine doesn't shield materials created by a non-attorney through their own independent research.

Heppner's defense counsel did not file a response to the DOJ's motion before Rakoff's Tuesday bench order.

Lead counsel for Heppner, Benjamin O'Neil of Quinn Emanuel, did not respond to phone calls and emails requesting comment.

Assistant U.S. Attorney Daniel G. Nessim declined to comment on Rakoff's order and referred inquiries to Nicholas V. Biase, Chief Public Information Officer for U.S. District Court for the Southern District of New York. Biase did not immediately return a request for comment.

Heppner's trial in U.S. District Court for the Southern District of New York is set to begin on April 6.

Litigation

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Deep Dive

Tom Goldstein's Vigorous Defense Gives the Jury a Lot to Chew On

Feb. 17, 2026, 1:45 AM PST

Summary by Bloomberg AI

AI Generated



- Prosecutors are asking jurors to draw inferences from circumstantial evidence to find Tom Goldstein guilty of intentionally dodging his taxes.
- Goldstein's lawyers have elicited testimony suggesting the government ignored or missed key evidence favorable to the defense, and raised doubts about whether Goldstein had net gambling income to report.
- The government has presented evidence that Goldstein sometimes redirected fees to satisfy his gambling debts and made inconsistent statements to IRS officials, but Goldstein claims any mistakes were unintentional or the fault of his accountants.

Prosecutors trying the government's case against high-profile US Supreme Court litigator Tom Goldstein are asking jurors to draw lots of inferences from circumstantial evidence to find him guilty of intentionally dodging his taxes.

The defense has given them lots of reasons to at least hesitate before making the leap.

In the first four weeks of his trial in the US District Court for the District of Maryland on tax evasion and other charges, Goldstein's lawyers elicited testimony from some of the government's key witnesses, suggesting it ignored or missed key evidence favorable to the defense.

They raised doubts about whether Goldstein—who won and lost millions of dollars at a time in poker games with Hollywood stars and billionaires—actually had net gambling income to report. His lawyers repeatedly said there's no evidence that Goldstein directed anyone to mischaracterize transactions as business expenses, or that he intended for income to go unreported.

And that was all before Goldstein took the stand Feb. 11, not only to explain away the prosecution's tax case but to introduce his defense to other charges he'd seemingly admitted to.

Goldstein collected two big wins before the trial even started. On the eve of trial, the government dismissed its tax evasion charges for all years except 2016, and Goldstein's lawyers were able to exclude evidence that he had multiple extramarital affairs and put several of the women on his law firm's payroll.

And while much of his defense pivoted on what was reported to whom, when and how, Goldstein and his lawyers came back to one key point: his adventures in high-stakes poker mostly cost him. And if he failed to report his gambling winnings and losses accurately, it either wasn't willful or was the fault of his accountants.

Even in 2016, a year when Goldstein reported net winnings of \$2.7 million on his tax return, he told jurors that was the result of bad math. He said he actually lost by several million, walking through records and explaining what he misunderstood when he calculated the figure he provided to his accountants in October 2017.

All told, Goldstein said he believes he's down \$10 million from his years of gambling.

"I'm a loser," he told the jury.

Accountants on Trial

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.

The government rested its case-in-chief Feb. 10 following 12 days of evidence. Goldstein testified for a day and half after that.

The government has called 34 witnesses, including ultra high-stakes gambling compatriots and their representatives, former colleagues and clients, former Goldstein & Russell PC office managers, Goldstein's former accountants, and representatives from mortgage and title companies that helped or considered helping Goldstein fund the purchase of a new home in 2021.

The appearance of Spider-Man star Tobey Maguire as a government witness lent the trial some star power, but Maguire—known for convening high-stakes poker games—testified only briefly about hiring Goldstein to help collect a gambling debt and re-directing the \$500,000 fee to cover one of Goldstein's own debts.

Goldstein failed to alert his accountants, and the income went unreported. But Goldstein testified that he instructed a firm manager to open a matter for Maguire, something he suggested would be inconsistent with trying to conceal the income.



Tobey Maguire testified in the ongoing trial of attorney Tom Goldstein in federal court in Maryland.

Photographer: Neilson Barnard/Getty Images.

Jurors heard that Goldstein's accountants, perhaps the government's most important witnesses, repeatedly made significant errors handling his taxes.

The original basis for the government's investigation was Goldstein's failure to list two foreign bank accounts on his tax returns—at least that's what law enforcement agents told him when they informed him that he was under criminal investigation in October 2020.

But the failure to report the accounts was, without dispute, the accountant's mistake. He took responsibility for it while on the stand.

Goldstein's lawyers also elicited testimony showing that after he told his accountants, via his law firm manager, to record \$500,000 in income from Malaysia that wouldn't otherwise be reflected in any bank records, they failed to do so.

It would have been "the easiest thing in the world" to hide that income from the IRS, Goldstein's lawyer Jonathan Kravis said while cross-examining Goldstein. But he didn't.

Goldstein is also accused of failing to separately report his gambling wins and losses on his tax returns, even if it would have zero impact on his tax liability. But Goldstein claims he didn't know that reporting requirement existed, and that his accountants should have.

"If there's a tax rule that I don't know or information that I don't know to give them, I need them to ask me for it," Goldstein testified. "That's why I hired them."

Government's Evidence

The government presented evidence that Goldstein sometimes redirected certain fees that should have been sent to his firm, or directly used law firm funds, to satisfy his gambling debts—leaving it for the jury to decide whether he did that to conceal them for tax purposes.

Prosecutors also introduced evidence—some of it admitted to by the defense—that Goldstein spent significant sums of money on luxury items and travel when he had outstanding taxes.

Jurors heard that Goldstein made inconsistent statements to IRS officials and others about the source of almost \$1 million in cash that he brought back from Hong Kong in a bag in 2018.

The government maintains that it's taxable income. Goldstein testified that it was a loan—one of two—from his client and fellow gambler Paul Phua. He said he'd asked to borrow the money to pay off his outstanding taxes after the IRS revenue agent who helped arrange his payment plan recommended he get a loan.

Goldstein also admitted on cross examination, without qualification, to failing to check a box on his tax return indicating that he had cryptocurrency accounts in 2020 and 2021 and failing to pick up any income from there. Prosecutors have offered evidence showing significant trading volume.

On the false statement charges related to the loan application, the government seemingly scored a key win when Goldstein and his lawyers stipulated that he had indeed told legal writer Jeffrey Toobin, for a December New York Times Magazine article, that he understated his debts on a mortgage application to prevent his now-estranged wife and partner in founding SCOTUSblog, Amy Howe, from learning about the scale of his gambling debts.

Prosecutors tried, briefly, to get Goldstein to admit on the stand that he'd also lied to his wife about his extramarital affairs.

Goldstein sidestepped that questioning, though, and challenged the prosecution's assertion that he signed the loan documents in Maryland. That was the technicality that helped former Baltimore state's attorney Marilyn Mosby overturn her conviction on a false statement charge related to mortgage documents—in a trial also presided over by the judge overseeing the Goldstein case, Judge Lydia Kay Griggsby.

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

For charges of making a false statement on a loan application, venue—the district where the charges are brought—is proper only when an "essential conduct element" of the offense took place there.

Mishandled Transactions

Goldstein hasn't denied that he sometimes used his law firm's funds to pay for personal expenses, nor did he deny having clients send their legal fees elsewhere at times. But neither of those things are illegal.

Although some of those transactions weren't properly reported or characterized on his tax returns, Goldstein said it was entirely unintentional.

For the six years at issue, the government identified a total of six personal expenditures that were improperly deducted as business expenses, and three instances where Goldstein asked a client to send fees owed to the firm to a third party.

The government hasn't produced evidence that Goldstein told his firm managers or accountants to classify personal expenditures as deductible business expenses. Instead, it's relying on jurors to infer that by failing to classify the transactions one way or another when he instructed his firm managers to make certain wires, Goldstein intended for them to be improperly deducted.

The defense plans to call a few more witnesses Tuesday—including the government's lead case agent—before resting.

After the parties deliver their closing arguments—likely after they hash out jury instructions—Goldstein's fate will be in the jury's hands, assuming the judge doesn't grant his renewed motion of acquittal.

But even then, Goldstein's story may not be over.

After the trial began, the Hollywood production company responsible for the recent biopic of rock legend Bruce Springsteen announced it picked up the rights to a movie adaptation of writer George Pendle's "Tommy Supreme and the Blitz."

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NewsRoom

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February 14, 2026

"Smoking gun:" FirstEnergy trial testimony ties
former CEO Chuck Jones to \$4.3 million bribe

Today in Ohio; cleveland.com

The FirstEnergy corruption trial this week delivered what might be the most damning testimony yet against former CEO Chuck Jones, potentially sealing his fate in the biggest corruption scandal in Ohio history.

On Friday's episode of Today in Ohio, hosts said the testimony is the smoking gun that was expected eventually surface in the trial.

Former FirstEnergy ethics chief Ebony Yeboah-Amankwa testified that then-CEO Chuck Jones personally signed off on the \$4.3 million payment that prosecutors say was a bribe to Sam Randazzo, who was about to become chair of the Public Utilities Commission of Ohio (PUCO).

"That's huge," said Leila Atssi.

"Well, it's not just that he blessed it," said Chris Quinn. "They rushed it. Even though lawyers are saying the guy didn't do the work, he doesn't deserve the money." Jones rejected the arguments to make sure Randazzo was paid fast - before he took his PUCO position.

Jones did that despite lawyers raising serious concerns that Randazzo hadn't done the work to merit the payment. Jones didn't care.

Prosecutors allege that once Randazzo assumed his position at the PUCO, he delivered favorable rulings worth millions to FirstEnergy and helped push House Bill 6, the scandal-tainted energy bailout at the center of this corruption case.

The defense is painting the payment as a legitimate contractual obligation. "So from the defense perspective, Jones signing off wasn't blessing a bribe. It was honoring this binding agreement to avoid getting sued," Atassi said. But that doesn't explain the rush to pay Randazzo before he took his seat, and without having done the work he was being paid for.

Quinn said it was like "saying we've got to pay for the car even though all we got was the tires. Hurry up, hurry up."

The implications of this testimony are significant. Will jurors see the payment for what it is? Will defense attorneys be able to through enough mud into the water to create a reasonable doubt? The trial is predicted to last for weeks.

"Common sense usually prevails with juries.," Quinn said. "A bribe's a bribe."

Listen to the discussion here.

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

---- Index References ----

Company: FIRSTENERGY CORP

News Subject: (Corruption, Bribery & Embezzlement (1EM51); Crime (1CR87); Drug Addiction (1DR84); Fraud (1FR30); Health & Family (1HE30); Smoking (1SM71); 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))

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NewsRoom

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February 17, 2026

Former FirstEnergy execs seek to dismiss case against them. Here's why:
Attorneys for former FirstEnergy executives Chuck Jones and Michael Dowling are accusing the prosecution of 'undermining the integrity of this trial.'

Patrick Williams, Akron Beacon Journal

Attorneys for former FirstEnergy executives Chuck Jones and Michael Dowling have filed a motion to dismiss the case on the grounds that the prosecution did not disclose information about witness interviews before the trial.

The defense wrote in a filing published to the case docket Feb. 17 that if Summit County Common Pleas Judge Susan Baker Ross does not dismiss the case, she should order, "at a minimum, an adverse jury instruction and an order that forces the State into compliance."

In addition to defense attorneys taking issue with prosecutors' withholding of information from interviews with witness Ebony Yeboah-Amankwah — which Dowling attorney Steve Grimes raised in court Feb. 13 — the defense said in their motion that the prosecution did not turn over materials from questioning of two other witnesses before the trial.

The two other witnesses were also granted immunity, as was Yeboah-Amankwah, defense attorneys said in their motion.

"The State has irreparably undermined the integrity of this trial in the pursuit of victory at the expense of due process," the defense wrote. "Our justice system does not tolerate that kind of intentional gamesmanship."

The two former FirstEnergy executives are accused of bribing Sam Randazzo with a \$4.3 million payment as part of the House Bill 6 scandal before Randazzo became chair of the Public Utilities Commission of Ohio.

Jones and Dowling are on trial on multiple state charges and have been indicted in a separate federal case.

Judge orders release of grand jury transcripts to defense, witness

During a break in Yeboah-Amankwah's testimony on the morning of Feb. 17, Assistant Ohio Attorney General Matthew Meyer said prosecutors are moving to disclose grand jury transcripts to "refresh" Yeboah-Amankwah's "recollection."

Grimes and Carole Rendon, an attorney for Jones, agreed to the disclosure of the transcripts to the defense.

Noah Munyer, an attorney for Jones, said the transcripts need to also be disclosed to Yeboah-Amankwah and her attorney, which Baker Ross said was a "good point."

Baker Ross said her magistrate will send defense attorneys hard copies of the transcripts.

This is a developing story.

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?"

This article originally appeared on Akron Beacon Journal: Former FirstEnergy execs seek to dismiss case against them. Here's why:

---- Index References ----

Company: FIRSTENERGY CORP

News Subject: (Corruption, Bribery & Embezzlement (1EM51); Crime (1CR87); Criminal Law (1CR79); Financial Fraud (1FI18); 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))

NewsRoom

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February 17, 2026

In major twist, FirstEnergy execs seek to toss charges in bribery trial

Adam Ferrise; cleveland.com

AKRON, Ohio — Defense attorneys asked a judge to throw out criminal charges against two former FirstEnergy executives during the high-profile bribery trial because of accusations of prosecutorial misconduct.

Attorneys for former CEO Chuck Jones and the company's top lobbyist Michael Dowling say in a court filing made public on Monday that Summit County Common Pleas Judge Susan Baker Ross should dismiss the case because the prosecution failed to disclose conversations it had with a key witness.

If Baker Ross allows the trial to continue, defense attorneys say she should tell the jury that prosecutors didn't share all evidence with the defense.

"The State has irreparably undermined the integrity of this trial in the pursuit of victory at the expense of due process," defense attorneys wrote in the filing. "Our justice system does not tolerate that kind of intentional gamesmanship."

The Ohio attorney general's office had not responded as of Monday morning. Prosecutors previously said they never withheld anything from the defense team and called the defense request "grandstanding."

The trial is one of three criminal cases tied to the House Bill 6 scandal. Federal and state prosecutors have accused the former FirstEnergy officials bribed state officials to pass controversial legislation and give the company favorable treatment.

Jones and Dowling face 11 charges, including bribery, conspiracy and racketeering in the trial in Summit County Common Pleas Court that entered its third week.

The issues in the trial came to the forefront on Friday during the testimony of former FirstEnergy chief ethics officer Ebony Yeboah-Amankwah, who said she had three conversations with prosecutors — one before she testified in the grand jury and two other times in the lead-up to trial. The arguments were made outside the presence of the jury.

Yeboah-Amankwah testified that Jones signed off on a \$4.3 million payment at the heart of the case. Prosecutors say that payment was a bribe shortly before Sam Randazzo was appointed chairman of the Public Utilities Commission of Ohio, a powerful regulatory position that has immense sway over how much revenue FirstEnergy and other utilities can make.

She also testified that Jones made some \$18 million by selling off company stock shortly after Randazzo made regulatory decisions that caused FirstEnergy's stock prices to soar.

Defense attorneys called prosecutors' failure to share reports or recordings "egregious misconduct" that amounted to their clients receiving an unfair trial. The attorneys said that of the 62 witnesses investigators interviewed, reports or recordings were turned over for all but three, including Yeboah-Amankwah.

The other two witnesses, whose names are not listed in the filing, also had deals with prosecutors that allowed them to testify with immunity from prosecution. The defense team also asked the judge to order prosecutors turn over all recordings and reports for those two witnesses.

"The State's actions are an alarming development that cannot be cured," defense attorneys wrote. "This is the kind of due process violation and flagrant misconduct that requires dismissal of this case with prejudice, or at a minimum, an adverse jury instruction and an order that forces the State into compliance."

---- Index References ----

Company: FIRSTENERGY CORP

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

NewsRoom

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February 16, 2026

Section: News

What FirstEnergy workers have said in bribery trial
Current and former employees testify on what they heard, saw

Patrick Williams

February 16, 2026

Testimony in the criminal trial of two former FirstEnergy executives has shifted from a focus on former top Ohio utility regulator and energy attorney Sam Randazzo more toward the defendants.

Prosecutors are trying their case against former FirstEnergy CEO Chuck Jones and ex-FirstEnergy Senior Vice President Michael Dowling for allegedly bribing Randazzo with a \$4,333,333 payment before Randazzo became chair of the Public Utilities Commission of Ohio.

Defense attorneys said Jones and Dowling believed Randazzo would use the money to terminate a settlement with the Industrial Energy Users of Ohio trade group, which Randazzo represented as an attorney. However, defense attorneys said, Randazzo didn't hold up his end of the deal and kept the money.

Both the prosecution and defense said Randazzo, who died in 2024, stole from his clients.

Here are some updates from the second week of witness testimony in the Jones-Dowling trial, which is expected to last a total of eight to 10 weeks.

**1. Witness says decision
on whether to pay Randazzo rested with Jones**

An attorney who served as chief ethics officer and oversaw state and federal legal matters at FirstEnergy took the witness stand for the prosecution Feb. 12.

Ebony Yeboah-Amankwah said that at the end of 2018, when she was FirstEnergy's chief ethics officer, she remembers a discussion among company leaders about whether FirstEnergy should pay Randazzo the roughly \$4.3 million.

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 said she recalled that it was up to Jones in December 2018 on whether to pay the roughly \$4.3 million to Randazzo. Jones, she said, also helped negotiate the multimillion-dollar payout, placing it in Randazzo's consulting agreement with FirstEnergy as a settlement agreement.

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.

Yeboah-Amankwah testified she has an agreement that if she testifies truthfully in the trial, her truthful testimony will not be used against her.

2. FirstEnergy exec recalls his surprise about Jones rate case reassurances

On the witness stand for the prosecution, FirstEnergy executive Jason Lisowski said he was "surprised" that Jones said to members of the investment community in 2019 that an upcoming rate case didn't pose a risk to the company's finances.

Lisowski, vice president, controller and chief accounting officer at FirstEnergy, testified Feb. 11 that FirstEnergy "didn't have complete control" over rate case outcomes. Those decisions rested, and still do, with the Public Utilities Commission of Ohio (PUCO). Lisowski testified that he has held his FirstEnergy post since March 2018.

Ohio Assistant Attorney General Matthew Meyer asked Lisowski why the rate case, expected in 2024, was such a concern in 2019.

"That's a really good question," Lisowski said.

Regardless, Lisowski said, the rate case came up "many, many times" in conversations between FirstEnergy leaders, including himself and Jones, and members of the investment community at a November 2019 industry conference.

3. Lisowski received text citing 'critical' payment to Randazzo

Lisowski said he was asked by Dowling in early 2019 to pull up information on vendor payments to Sustainability Funding Alliance of Ohio.

The witness said he thinks the request was connected with a media report that cited links between Sustainability Funding Alliance of Ohio and Sam Randazzo.

Randazzo owned SFA-Ohio, later revealed to be a shell company to which prosecutors allege Dowling and Jones sent money to bribe Randazzo. Both prosecutors and defense attorneys agree that Randazzo skimmed money from electricity buyers when, as a private attorney, he represented Industrial Energy Users of Ohio.

The prosecutors' case against the former FirstEnergy executives largely surrounds the late 2018 and early 2019 timeframe when Randazzo sought the chair position at the PUCO. He was appointed to the regulator post in early 2019.

Lisowski said he found multiple FirstEnergy documents related to SFA-Ohio. One was a 2015 amended consulting agreement between FirstEnergy subsidiary FirstEnergy Service Co. and SFA-Ohio, which amended an earlier 2013 agreement between the two parties.

Lisowski, who objected to being photographed and visibly recorded in court, said he has not seen a signed copy of the 2015 agreement.

"In my opinion, if a contract is not signed, it's not been executed," Lisowski said.

4. Witness says he raised concerns about FirstEnergy-Randazzo agreement

A former lawyer for FirstEnergy said he wasn't sure why the company agreed to pay Randazzo hundreds of thousands of dollars each year for five years.

Mark Hayden formerly worked as an attorney at FirstEnergy Service Co., supporting the parent company's former FirstEnergy Solutions power generation subsidiary.

Hayden testified Feb. 9 that he held "a number of concerns" in the 2010s about an agreement that FirstEnergy Service Co. had with Randazzo, who at the time was a prominent attorney in the energy space. Later, in 2019, Randazzo became chair of the PUCO.

For a time, Hayden said, he approved the monthly FirstEnergy Services payments to SFA-Ohio, a shell company that Randazzo owned and controlled.

Testifying as a witness for the prosecution, Hayden said he, Dowling and others at FirstEnergy who worked with Randazzo knew about what the utility called a consulting agreement with Randazzo.

5. Dowling called Randazzo's insertion into FirstEnergy affairs 'a problem'

In an email exchange between Hayden and Dowling presented as a trial exhibit, Hayden expressed his frustration to Dowling about Randazzo's involvement in FirstEnergy affairs.

Dowling said in an email to Hayden that "this has been a problem for more than a decade and probably longer."

George Stamboulidis, an attorney for Jones, asked Hayden if Dowling's statement was in response to Hayden's concern about Randazzo being a consultant for FirstEnergy Solutions.

Hayden said he was generally concerned about the relationship that Randazzo had with the company.

The witness said he raised his issues about Randazzo to "as many people as I possibly could" at FirstEnergy.

Meyer then asked Hayden what happened to his career.

Hayden said his responsibilities at FirstEnergy lessened, to include removal from invoice approvals and from the department in which he was working.

Meyer then asked Hayden if he was "separated" from the company, and Hayden said yes.

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---- Index References ----

Company: FIRSTENERGY SOLUTIONS CORP.; FIRSTENERGY SERVICE COMPANY

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

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

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February 14, 2026

'Grandstanding' and double agent accusations: Week two of FirstEnergy trial

Adam Ferrise; cleveland.com

AKRON, Ohio — FirstEnergy CEO Chuck Jones signed off on a \$4.3 million payment to the man who was about to become the state's top utility regulator, and reaped the rewards, witnesses testified this week.

Jones ordered up the payment to Sam Randazzo in late 2018, shortly before he became the chairman of the Public Utilities Commission of Ohio. The next year, he took home \$20.8 million, mostly from cashing out stock, according to witnesses who testified in Jones' high-profile bribery trial that ended its second week on Friday.

Jones' co-defendant, former FirstEnergy top lobbyist Michael Dowling, pushed officials at FirstEnergy to quickly pay Randazzo, witnesses said. That came after a meeting with incoming Ohio Gov. Mike DeWine and Lt. Gov. Jon Husted, now a U.S. senator, where Jones and Dowling learned Randazzo would be appointed PUCO chair.

Jones and Dowling face 11 charges, including bribery, conspiracy and racketeering. Randazzo was charged in the case but died by suicide two months after he was indicted.

Here's a look at what happened this week in court:

Disclosure dispute roils proceedings

A heated clash erupted in court after defense attorney Steven Grimes accused prosecutors of failing to turn over recordings or notes from interviews with former FirstEnergy ethics chief Ebony Yeboah-Amankwah.

Prosecutors denied withholding evidence, calling the accusation "grandstanding."

Summit County Common Pleas Judge Susan Baker Ross allowed the witness to continue testifying but ordered both sides to file written arguments, raising questions about whether the dispute could complicate the trial.

\$4.3 million payment at heart of case

Testimony focused heavily on a \$4.3 million payment that prosecutors say was a bribe approved by former FirstEnergy CEO Chuck Jones and pushed forward by lobbyist Mike Dowling. According to Yeboah-Amankwah, Jones blessed the payment, which went to Sam Randazzo just before he became chair of the Public Utilities Commission of Ohio. Prosecutors say the payment secured favorable regulatory decisions worth millions to FirstEnergy. In the wake of Randazzo's rulings, FirstEnergy's stock soared and Jones cashed in some \$18 million worth of stock, Yeboah-Amankwah testified.

Immunity deal safeguards key witness

Yeboah-Amankwah testified under an immunity agreement, meaning she cannot be charged as long as she tells the truth. She is the third current or former employee to raise concerns about payments to Randazzo, bolstering prosecutors' narrative that internal red flags existed within FirstEnergy before the suspected bribe. During cross-examination, she said she opposed the payment on business grounds, not because she believed it was illegal or unethical.

At one point during cross examination, she put her head down and appeared to cry before Baker Ross called for a short break.

Witness says Jones was confident rate review would be killed

FirstEnergy's top accountant Jason Lisowski, the first current employee to testify in the case, described Jones as unusually confident in late 2019, assuring investors that a potentially damaging rate review would never occur. That happened after the \$4.3 million payment to Randazzo and shortly before Randazzo as PUCO chair killed the review, causing FirstEnergy's stock to soar.

Witnesses paint Randazzo as turncoat

Multiple witnesses portrayed Randazzo as a double agent, simultaneously consulting for FirstEnergy under a lucrative contract while representing clients opposed to the utility in the years before he was appointed PUCO chairman. Former company attorney Mark Hayden testified he was

stunned by the size and nature of Randazzo's contract, describing it as payment "to do nothing." He said he worked for years to try to get rid of Randazzo.

---- 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))

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NewsRoom

FT PROFESSIONAL

Adani Group

Bank probe reveals Adani associates' secret investments

People close to Indian conglomerate accused of market manipulation held billions of dollars' worth of shares

Dan McCrum in London

Published YESTERDAY



At the very moment India's Adani Group was accused in 2023 of manipulating its public valuation to extreme highs, two of the conglomerate's close associates secretly held billions of dollars' worth of shares in its listed companies, bank documents indicate.

A memo to executives at Italy's largest bank, Intesa Sanpaolo, sets out the conclusions of an internal investigation into clients associated with [Adani Group](#) after US short seller Hindenburg Research accused the group of "brazen stock manipulation".

The memo and other bank documents shared with the FT by the Organized Crime and Corruption Reporting Project, a network of investigative journalists, shed new light on the structures suspected of helping to briefly make Gautam Adani the world's second-richest man.

The FT and the OCCRP previously [identified two associates](#) of Gautam Adani's older brother Vinod as among the most significant secret investors in Adani Group shares in earlier years.

The newly revealed documents indicate the vast scale of the shareholdings of the associates, Taiwanese businessman Chang Chung-Ling and Nasser Ali Shaban Ahli from the United Arab Emirates, and also that they held the stakes up to the release of the Hindenburg report on January 24 2023.

The documents will fuel suspicions about soaring Adani valuations in the years before Hindenburg's January 2023 report and put renewed pressure on Indian regulators to establish whether the group broke rules intended to prevent insiders manipulating share prices.



The documents from an arm of Italy's Intesa Sanpaolo bank shed light on the structures suspected of driving up Adani group company share prices © Francesca Volpi/Bloomberg

Adani Group, which is India's biggest private thermal power company, biggest private port operator, biggest private airport operator and biggest private coal importer, strongly denies any wrongdoing.

The Securities and Exchange Board of India, the country's capital markets regulator, last year [cleared the conglomerate](#) of fraud allegations included in Hindenburg's report and has said it is investigating the now-disbanded short seller for "[unfair trade practices](#)".

But the Italian bank documents appear to support one of Hindenburg's central claims: that associates of Vinod Adani secretly held and traded large amounts of stock in the group's listed companies, in potential violation of Indian restrictions on ownership by insiders.

According to a memo prepared for the leadership of Intesa's private bank, Fideuram, staff discovered that the Dubai branch of the Swiss private bank it took over in 2020, Reyl & Cie, had three clients courtesy of the same "business introducer": Vinod Adani, Chang and Ahli.

On the day after the Hindenburg report's release, Chang held just over \$1bn and Ahli just over \$2bn in hedge fund units with "the underlying assets likely invested in Adani Group companies", according to the memo.

The memo said that the following month senior bank staff met Chang and Ahli, who confirmed they controlled the accounts, but said their wealth derived from professional activity and their Adani investments were "based on their trust in the business acumen of the members of that family".



Vinod Adani, Chang Chung-Ling and Nasser Ali Shaban Ahli were clients at the Dubai branch of Swiss private bank Reyl & Cie © Stefan Wermuth/Bloomberg

Chang and Ahli signed a statement rejecting Hindenburg's allegations or denying any involvement in the events the short seller described, according to the memo. It said they also confirmed a "willingness to diversify a portion of the investments in their portfolio in the short term . . . following a specific path to be defined together with the bank".

The bank placed restrictions on Chang and Ahli's accounts, and filed suspicious transaction reports with regulators, the memo said.

Hindenburg alleged that secret holdings controlled by associates were used to manipulate Adani's stock market valuation over several years, helped by the conglomerate's unusual structure. Instead of operating a public holding company, Adani is composed of multiple listed companies with small "free floats" of shares sold to public investors.

In the two years before Hindenburg's report the total market capitalisation of Adani's 10 listed companies quadrupled, to hit a peak of \$288bn in 2022, when Gautam Adani briefly became the world's second-richest man, according to the Forbes rich list. This year their capitalisation has totalled around \$160bn.

Adani valuations soared in the years before the Hindenburg report

Combined market capitalisation of Adani companies* (\$bn)



Source: LSEG • * Adani Enterprises, Adani Green Energy, Adani Ports, Adani

The FT previously uncovered intricate paper trails revealing how Chang and Ahli, advised by an employee of Vinod Adani, amassed and traded Adani stocks between 2013 and 2018 using an offshore fund structure that obscured their activities.

Intesa's description of them as holding "a very significant amount of shares in the same hedge funds" suggests a similar structure to that previously reported. The initials of the British Virgin Islands holding companies they used to control those investments also match those of companies they used previously.

Chang's account interacted directly with Vinod Adani's, the memo said, though the transfers involved were for "not particularly significant amounts" resulting from "disbursement and repayment of loans whose underlying nature is not yet known".

The FT previously [revealed](#) Chang's highly lucrative role as a middleman for the Adani group when importing cargoes of coal whose reported value rose sharply while at sea. In the two years to October 2023, Chang sold Adani \$2bn worth of Indonesian coal from a business registered to his home in Taipei.

An Indian government investigation launched in 2016 into allegations that Adani and other importers illegally inflated coal prices charged to state-owned power stations appears to have stalled.



Adani Group is composed of multiple listed companies with small 'free floats' of shares sold to public investors.
© Siddharaj Solanki/Bloomberg

The status of Sebi investigations into Hindenburg allegations against Adani of potential insider trading and violations of the stock market rules designed to stop insiders manipulating share prices remains unclear.

The bank documents reviewed by the FT did not include precise details of Chang and Ahli's investments, but said they were held in five Bermudian funds, four of which were managed by Elara Capital in the UK.

Hindenburg accused Elara of maintaining funds “intentionally structured to conceal their ultimate beneficial ownership”, including one in which about 99 per cent of the investments were in Adani stocks.

Days after publication of the short seller’s report, Lord Jo Johnson, brother of former UK prime minister Boris, [resigned as a non-executive director of Elara](#). Its current chair, Elara’s founder Raj Bhatt, was listed by Intesa in a compliance document as a director of one of the funds used by Chang and Ahli for their Adani holdings.

Reuters reported last year that Elara had not co-operated with Sebi requests to identify the beneficial owners of Adani shares.

A Swiss court said in 2024 that Chang was under investigation by prosecutors in the country for alleged money laundering and forgery, and that they [suspected him of being an Adani “frontman”](#).

Vinod Adani, Elara and Chang did not respond to requests for comment on the Italian documents. In a 2023 exchange with a reporter, Chang said, “I know nothing about this” when asked if he was an Adani associate who secretly purchased shares for them. He declined to say if he knew Vinod Adani. Ahli could not be reached.

Asked about the bank documents, Adani Group accused the OCCRP and FT of colluding to rehash allegations it had already adequately addressed.

Under Indian law, listed companies did not have responsibility for the source of funds of public shareholders beyond disclosures mandated by regulators, the group said.

“The Adani portfolio of companies remain fully compliant with all laws and disclosure requirements across jurisdictions and continues to have complete faith in due process and the rule of law,” it said.

Intesa said it was “not in a position to comment, as any disclosure is not permitted by applicable laws”.

This article has been amended to correct Lord Jo Johnson’s role at Elara.

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Securities

SpaceX Said to Weigh Dual-Class IPO Shares to Empower Musk (1)

Feb. 13, 2026, 1:19 PM PST

SpaceX is considering a dual-class share structure in its planned IPO this year, according to people familiar with the matter, mirroring a strategy its billionaire founder Elon Musk floated for Tesla Inc.

A two-tier structure would give select shareholders stock with extra voting power that would allow them to dominate decision making. The move would allow insiders such as Musk to maintain control of the company even with a minority stake.

The US rocket and satellite maker is also in the process of adding members to its board of directors, the people said, to help steer the initial public offering and drive Musk's space ambitions beyond its core rocket and satellite business.



Elon Musk, chief executive officer of Tesla Inc., during the World Economic Forum in Davos on Jan. 22, 2026.

Photographer: Krisztian Bocsi/Bloomberg

SpaceX is seeking to hold an IPO later this year, in a deal that could raise as much as \$50 billion to fund AI data centers in space and a factory on the moon. SpaceX recently acquired Musk's xAI, moving the company beyond its core businesses into artificial intelligence.

Read More: Musk's Bankers Discussing Plan to Address xAI Debt

Deliberations are ongoing and details of the IPO could change, the people said, asking not to be identified as the information isn't public.

A SpaceX representative didn't immediately respond to a request for comment.

Dual class shares are common among US technology firms including Meta Platforms Inc. and Google parent Alphabet Inc., and tend to be pitched as a way to enable founders to focus on a longer-term vision. The structure typically gives founders and insiders 10 or even 20 votes for each of their shares compared with only one vote for ordinary shares, which critics say makes them less accountable.

Under a dual-class structure that gives Musk super-voting shares, the billionaire would establish a bulwark against activist shareholders exerting changes at the company against his wishes.

What Bloomberg Intelligence Says

“Launch could drive SpaceX’s biggest gains in 2026, with Falcon liftoffs rising over 20% to 197 and boosting revenue to \$14.6 billion at full use and a per-launch price of \$74 million. We based estimates on Falcon 9 launches, providing some conservatism as Falcon Heavy could cover the shortfall from fewer launches. Research and development costs remain a headwind, pushing launch to operating losses.”

— **Melissa Balzano**, Bloomberg Intelligence analyst

[Click here to read BI’s SpaceX primer](#)

Musk has praised the tiered structure and proposed the creation of a dual class of Tesla shares to have at least 25% voting control in the company, threatening to build his AI and robotics products elsewhere if he can’t achieve that level of influence.

“That’s not so much that I could control the company, even if I go bonkers,” he said in 2024. Though he currently has about 11% of the shares, his new \$1 trillion compensation package could expand his stake to 25% or more over the next decade.

[Read More: How to Buy SpaceX: A Guide for the Eager, Pre-IPO Investor](#)

SpaceX has discussed the feasibility of a tie-up between SpaceX and Tesla, an idea that some investors are pushing, Bloomberg News has reported.

(Updates with Bloomberg Intelligence primer in ninth paragraph.)

--With assistance from **Loren Grush** and **Michael Hytha**.

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HP Investors Win Final OK For \$39M Deal, Attys Get \$11.7M

By **Dorothy Atkins**

Law360 (February 13, 2026, 5:11 PM EST) -- A California federal judge said Friday he will approve HP Inc.'s \$39 million settlement to resolve securities fraud litigation that the Ninth Circuit revived in 2023 and agreed to grant the investors' attorneys \$11.7 million from that total, commending the parties for working together to reach a "very fair" and reasonable settlement.

U.S. District Judge Jeffrey S. White's comments came during a short hearing held via Zoom on a motion for final approval of the eight-figure settlement and class counsel's request for \$130,243 in costs and 30% of the settlement, or \$11.7 million, in fees plus interest on both fees and costs.

At the start of the hearing, Judge White asked whether there have been any objections to the settlement or opt-outs.

Investors' counsel Darryl J. Alvarado of Robbins Geller Rudman & Dowd LLP said there have been no objections filed and there were only two opt-outs by a pair of investors who own a total of 2,100 HP shares of HP stock.

Alvarado noted that 2,100 shares owned by two investors represent only a "tiny fraction" of the total 81 million shares that are owned by 115,000 investors who have submitted claims to the claims administrator.

In light of those figures, Judge White told the parties that he plans to sign an order approving the deal without delay. He also commended the parties on reaching a fair settlement.

"I just want to say that I really appreciate counsel's hard work on this difficult matter," Judge White told counsel. "It certainly furthers the interest of justice when you all do this good work together, and properly represent your clients and enable the court to relatively easily see that this is a very fair and just and appropriate, reasonable settlement. So thanks and I wish you all the best. I will be signing the final order probably today at some point."

Once approved, the settlement will resolve investor litigation **launched in November 2020**, alleging that the Silicon Valley company's former CEO Dion J. Weisler and former Chief Financial Officer Catherine A. Lesjak misrepresented its business and financial condition — particularly the company's revenue, profit margin and earnings — shortly after a spinoff from Hewlett-Packard Co.

The lawsuit was filed on behalf of all purchasers of HP common stock between Nov. 6, 2015, and June 21, 2016, when, York County said, HP's leaders misrepresented and omitted facts about its supply channel inventory management and sales practices in violation of the Securities Exchange Act of 1934 and related federal regulations.

Once the truth about the state of the business came to light in late 2015 and early 2016, HP stock faced a series of sharp drops, allegedly costing investors millions of dollars in the process.

Judge White initially dismissed the claims as time-barred in March 2022, finding that the two-year statute of limitations on securities fraud claims barred the action. At the time, the judge held that the public statements, loss of profits and reductions of inventory at the heart of the suit's claims had all taken place by 2016 at the latest — four years before the suit was filed.

But in 2023, the Ninth Circuit concluded that the lower court erred and **revived the case**. The panel concluded that although the complaint alleged that most of the false statements and misrepresentations were made in 2015 and 2016, the "fact" that led the plaintiffs to assert claims of scienter was not "discovered" until September 2020, when the U.S. Securities and Exchange Commission instituted cease-and-desist proceedings against HP.

The SEC order put HP's prior statements in a new context, revealing that ostensibly innocuous statements were actually intentional misrepresentations, the panel said.

On remand, HP filed another motion to dismiss, which Judge White granted in part and denied in part. HP then asked the judge for permission to file an interlocutory appeal challenging his ruling before the Ninth Circuit. The judge granted the request and the Ninth Circuit agreed to take up the appeal in August 2024.

The parties fully briefed the appeal, but before oral arguments were set, they struck the settlement, which seeks to resolve claims by investors who purchased or otherwise acquired HP common stock between Nov. 5, 2015, and June 21, 2016.

Judge White preliminarily approved the settlement in September. Under the settlement, claimants who are entitled to receive at least \$10 per share will receive a pro rata share of the net settlement.

According to court documents, the lead plaintiff estimated that the maximum recoverable damages would have been \$155.5 million had the lead plaintiff fully prevailed on all claims and damages at trial, but the plaintiff said the eight-figure settlement is fair given the appeal and risks of litigation.

Maryland Electrical and the class are represented by Darryl J. Alvarado and Ellen Anne Gusikoff-Stewart of Robbins Geller Rudman & Dowd LLP.

HP and Weisler are represented by Lissa M. Percopo and Raena Ferrer Calubaquib of Gibson Dunn & Crutcher LLP.

Lesjak is represented by Katherine Leigh Henderson of Wilson Sonsini Goodrich & Rosati PC.

The case is York County et al. v. HP Inc. et al., case number 4:20-cv-07835, in the U.S. District Court for the Northern District of California.

--Additional reporting by Katryna Perera and Craig Clough. Editing by Stephen Berg.



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Domino's Brass Faces Derivative Suit Over Growth Walkback

By **Emilie Ruscoe**

Law360 (February 13, 2026, 2:07 PM EST) -- Executives and directors of pizza chain Domino's face shareholder derivative claims in Michigan federal court that it downplayed challenges its largest franchisee was facing, hurting investors when the company was forced to suspend its goal to open more than 1,100 new stores annually over five years.

In a Thursday **complaint**, Domino's investor Michael Walker leveled securities fraud and breach of fiduciary duty claims against executives, including Domino's CEO Russell Weiner and Chief Financial Officer Sandeep Reddy and eight of its directors, asserting they'd caused the company to understate the fallout of troubles facing the company's largest so-called master franchisee, Domino's Pizza Enterprises Ltd.

Specifically, Walker claimed, the franchisee, which accounted for 19% of its total store count at the end of 2023, was facing "significant challenges with respect to both new store openings and closures of existing stores."

The investor alleged that Domino's leadership knew or should have known that the franchisee's struggles would have hurt the company's plan to open at least 1,100 new stores annually between 2024 and 2028.

As a result of the alleged misrepresentations, the investor claimed, the company's prospects were overstated between December 2023, when the annual growth goal was announced, and July 2024, when the company said it would miss its new store goal for that year and was pausing that pursuit until it had a better read on the franchisee's impact on growth.

Walker pointed to market records showing that following that July 2024 announcement, trading prices for Domino's shares fell nearly 14%, from more than \$473 to about \$409.

Walker also made insider trading claims against Weiner, Joseph H. Jordan — Domino's president of U.S. and global services — and Arthur P. D'Elia — the company's former executive vice president for its international business — asserting they saw profits totaling \$15.2 million from selling their Domino's shares before trading prices slid following the alleged corrective disclosure about suspending its growth goals.

And the investor alleged that during the relevant time, the company spent more than \$29 million buying back over 65,000 of its shares and overpaying by a total of \$2.5 million because of the artificial trading price inflation.

Walker also pointed to a **proposed investor class action** against Domino's and some of its leadership arising from the same alleged misconduct. The investor asserted that between that suit and other fallout from the claimed misconduct, Domino's would be forced to expend "many millions of dollars."

In the securities class action, the parties have briefed a motion to **dismiss** the claims.

Alongside the breach of fiduciary duty and securities fraud claims, Walker asserts claims for control person liability and accused the defendants of unjustly enriching themselves, abusing their control of the company, grossly mismanaging the company, and wasting corporate assets.

Representatives for the parties did not respond to requests for comment Friday.

Walker is represented by Timothy Brown of the Brown Law Firm PC.

Counsel information for the defendants wasn't immediately available.

The case is Walker v. Weiner et al., case number 2:26-cv-10501, in the U.S. District Court for the Eastern District of Michigan.

--Additional reporting by Gina Kim and Isaac Monterose. Editing by Adam LoBelia.

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Expensify Inks \$9.5M Investor Deal Over Pre-IPO Claims

By **Rae Ann Varona**

Law360 (February 13, 2026, 8:50 PM EST) -- Expensify Inc. has agreed to pay \$9.5 million to resolve a proposed class of investors' lawsuit that accused the company of misleading them about its "bottom-up" business model ahead of its nearly \$263 million initial public offering, according to a motion seeking an Oregon federal court's preliminary approval of the settlement.

Investor Aleem Kanji, who the court appointed lead plaintiff, said in an unopposed **motion for preliminary approval** on Thursday that a settlement was reached with Expensify, some of its executives and directors, and underwriters for its 2021 IPO that resolves all claims investors asserted against them in exchange for a nonreverting cash payment of \$9.5 million.

Kanji said that the settlement comes after more than two years of "hotly contested litigation," an "arm's-length mediation session before an experienced mediator" and follow-up negotiations.

"If approved, the proposed settlement will recover a materially greater proportion of estimated damages for the class than usually occurs in securities fraud class actions," Kanji said. "[T]he settlement is a strong result that falls well within the range of possible approval."

Expensify investor Cody Wilhite had lodged the lawsuit against the company, its CEO David Barrett, Chief Financial Officer Ryan Schaffer and two former directors in **November 2023**, alleging violations of the Securities Act of 1933. The court appointed Kanji as lead plaintiff in March 2024, as well as Levi & Korsinsky LLP as lead counsel and Black Helterline LLP as liaison counsel.

In an amended complaint filed in May 2024 — which added several other Expensify directors, Chief Strategy Officer Daniel Vidal and underwriters for Expensify's IPO — Kanji alleged that Expensify's registration statement filed a month before its November 2021 IPO had described Expensify's bottom-up business strategy, brand, reputation, and market opportunity "as if its customer base was completely intact."

But it was not, Kanji alleged in the complaint, saying that undisclosed events had "irreparably damaged" Expensify's reputation, "forcing it to abandon its historical, lauded 'bottom-up' business model" that depended on organic growth through word-of-mouth recommendations.

Kanji alleged that in May 2020, Expensify significantly increased the price of subscriptions, which had a "material negative impact on customer retention and member expansion."

And in October 2020, Barrett sent an email to nearly 10 million Expensify users, "threatening that a vote against President Joe Biden would be a 'vote against democracy,'" Kanji alleged, saying that the email led to many customers canceling or not renewing their subscriptions.

"These events spoiled Expensify's reputation among its customers and partners, and in turn, the company was forced to abandon its traditional growth strategy in favor of a traditional top-down marketing plan," Kanji alleged.

Kanji said that the "detrimental effects" only came to light after the IPO, hurting investors. He said that from the IPO price of \$27 per share, Expensify's stock fell to under \$2 per share as of the date of the amended complaint's filing.

In **March**, U.S. District Judge Amy M. Baggio partially adopted a magistrate judge's report and recommendation to trim the suit, granting Expensify's motion to dismiss claims related to the 2020 email and violations of Items 105 and 303 of SEC Regulation S-K.

As discovery proceeded in the case, the parties went into a mediation session in November. The mediation session did not initially resolve the dispute, though after subsequent discussions, the parties accepted the mediator's recommendation to settle for \$9.5 million.

In Thursday's motion for preliminary approval of the settlement, Kanji said that he was confident that discovery would support the claims against Expensify and others but acknowledged that the "ability to ultimately prove the alleged claims, at summary judgment and trial, is always a risky proposition."

Kanji said that Expensify had vigorously defended its registration statement, prospectus and relevant public statements and contended that it did not abandon its bottom-up business model but rather incorporated additional growth strategies that could undermine claims that investors were misled about the company's growth approach.

"If defendants prevailed on any of these arguments, damages would be substantially reduced or eliminated," Kanji said.

Kanji further said that the \$9.5 million represents a "meaningful recovery" for the settlement class.

He said that while the parties disagree on the total amount of damages, the proposed settlement provides an "above-average recovery and easily falls within a range that is readily approved."

He also pointed out that Expensify had lodged an affirmative defense of "negative causation," which he said would allow the company to avoid damages attributed to any drop in the stock price that was unrelated to the alleged misrepresentations.

Kanji said the settlement represents a recovery of 27% based on the likely recoverable damages in the case.

"This recovery dwarfs the 5.7% median settlement value for similar securities class actions," he said.

According to the motion, class counsel is planning to request up to a "benchmark" fee of 25% of the settlement amount, which Kanji said has been recognized as a standard rate.

Class counsel also plans to seek reimbursement of litigation expenses of \$180,000 at most, according to the motion.

Adam M. Apton of Levi & Korsinsky LLP, lead counsel for the class, told Law360 on Friday that they are "looking forward to resolving this case with a strong result for the class."

Counsel for Expensify and the underwriters did not immediately respond to requests for comment on Friday.

The investors are represented by Michael B. Merchant of Black Helterline LLP and Adam M. Apton of Levi & Korsinsky LLP.

The Expensify parties are represented by Eryn Karpinski Hoerster of Foster Garvey PC and Melanie M. Blunschi, Daniel R. Gherardi and Jack Mitchell McNeily of Latham & Watkins LLP.

The underwriters are represented by Damon C. Elder, Charlene S. Shimada and Kevin M. Papay of Morgan Lewis & Bockius LLP.

The case is Cody Wilhite v. Expensify Inc. et al., case number 3:23-cv-01784, in the U.S. District Court for the District of Oregon.

--Additional reporting by Emilie Ruscoe and Katryna Perera. Editing by Michael Watanabe.



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Weedmaps Reaches Deal To End Investors' Stock Drop Suit

By **Mike Curley**

Law360 (February 13, 2026, 1:44 PM EST) -- Weedmaps Technology Inc. has reached a deal to end a proposed class action from investors alleging the cannabis tech company inflated its monthly average users metric after going public.

In a **notice** filed Thursday, attorneys for Weedmaps and lead plaintiff Seret Ishak said they reached a settlement agreement in principle, and they planned to formalize the deal and file a motion for preliminary approval by April 13.

They also asked the court not to rule on pending motions to dismiss and stay all proceedings as they work up the motion for preliminary approval. The notice does not include any terms of the settlement.

Ishak filed the suit in October 2024, following a cease-and-desist **order** sent by the U.S. Securities and Exchange Commission to Weedmaps, in which the SEC said the site misreported its active users by counting people who visited a third-party site and were automatically shown Weedmaps's site, but didn't engage with it.

Ishak in September **fought** dismissal bids from Weedmaps and former officers of Silver Spike Acquisition Corp.

Representatives for the parties could not immediately be reached for comment Friday.

The proposed class is represented by Laurence M. Rosen of The Rosen Law Firm PA.

The WM Technology defendants are represented by Sarah M. Lightdale, Alexandra R. Mayhugh, Maximilian Sladek de la Cal, Nicholas R. Orr and Heather M. Speers of Cooley LLP.

The Silver Spike officers are represented by Edmund Polubinski, Daniel J. Schwartz, Marie Killmond and Mary Kate Sherwood of Davis Polk & Wardwell LLP and Anjani Mandavia of Mandavia Ephraim & Burg LLP.

The case is Ishak v. WM Technology Inc. et al. case number 2:24-cv-08959, in the U.S. District Court for the Central District of California.

--Additional reporting by Katryna Perera and Jonathan Capriel. Editing by Alex Hubbard.

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Corporations Should Think Twice About Mandatory Arbitration

By **Mohsen Manesh** (February 13, 2026, 1:43 PM EST)

Editor's note: Law360 welcomes opinionated commentary and debate in our Expert Analysis section. To submit op-eds or rebuttals, or to speak to an editor about submissions, please email expertanalysis@law360.com.



Mohsen Manesh

The landscape for shareholder arbitration has recently shifted dramatically.

In September, the U.S. Securities and Exchange Commission **abandoned** its decades-long opposition to mandatory arbitration provisions in corporate charters and bylaws.[1] One month later, SEC Chairman Paul Atkins publicly **demand**ed that Delaware repeal its statutory ban on such provisions.[2] And in early December, Zion Oil & Gas Inc., a Texas corporation, became the first public company to amend its bylaws requiring shareholders to arbitrate their claims.[3]

These developments have sparked predictions that arbitration provisions will soon sweep across corporate America, effectively ending the era of shareholder class actions. But corporate counsel should approach these predictions with considerable skepticism. A sober assessment suggests that the current system of class actions — whatever its warts — provides critical advantages that would be lost in a regime of individualized arbitration for shareholder claims.

Unpredictable Outcomes

Courts provide a predictable, law-governed process that arbitration cannot match. Federal judges apply precedent, follow evidentiary rules and issue reasoned decisions subject to appellate review.

On the other hand, arbitrators are not bound by legal precedent. They need not apply rules of evidence. They face no obligation to explain their decisions. And they face no meaningful judicial review.

This lawless quality of arbitration creates risks for corporate defendants. The Federal Arbitration Act permits vacating an arbitral award only on the narrowest grounds.[4] Legal error alone provides no basis for vacatur, even when egregious.

And U.S. Supreme Court precedent forecloses parties from contractually expanding the statutorily limited grounds for reviewing an arbitral award.[5] An arbitrator's fundamental misunderstanding of securities law or misapplication of controlling authority will stand unreviewable.

For corporate defendants facing high-stakes securities litigation, the lack of judicial oversight creates significant exposure. The very unpredictability that might occasionally favor defendants will just as often produce aberrational awards impossible to correct on appeal.

No Screening Mechanisms

The Private Securities Litigation Reform Act fundamentally transformed securities class actions through procedural mechanisms that systematically favor defendants. Heightened pleading standards require plaintiffs to plead fraud with particularity before discovery. Automatic discovery stays prevent plaintiffs from conducting fishing expeditions. The lead plaintiff mechanism consolidates duplicative

actions and channels control to sophisticated institutional investors with substantial stakes.

These advantages would be lost in arbitration. Arbitration typically precludes dispositive motions. Plaintiffs asserting claims that would never survive a motion to dismiss in federal court could proceed directly to discovery in arbitration.

The loss of early dismissal mechanisms means corporate defendants would face protracted proceedings in far more matters, including many lacking merit. Each such proceeding could generate substantial expense and create settlement pressure — precisely the dynamic the Private Securities Litigation Reform Act was designed to prevent.

Multiple Proceedings, No Coordination

Class actions, whatever their ills, centralize and resolve large-scale disputes efficiently. A securities class action funnels large investor groups into a single proceeding, streamlining discovery, motions and adjudication before one tribunal applying uniform standards.

Mandatory arbitration operates differently. Individual shareholder claims would proceed independently before different arbitrators, each applying their own standards and procedures.

The same alleged disclosure deficiency that would generate a single class action would instead spawn dozens or hundreds of separate arbitration proceedings. Each would progress on its own timeline. Each would demand separate discovery. Each could reach different conclusions on identical legal and factual questions.

This fragmentation would impose substantial burdens on corporate defendants. Company executives would face multiple discovery requests and multiple depositions on the same events. Document productions would need to be coordinated across numerous unrelated proceedings. Counsel would be forced to manage parallel arbitrations with no procedural mechanism to reconcile conflicting rulings on shared issues.

The emerging phenomenon of mass arbitration — in which a plaintiffs firm floods a single company with hundreds or thousands of demands for individualized arbitration — amplifies these concerns. What began as a tactic deployed against consumer-facing companies now threatens any business vulnerable to coordinated claims. Securities litigation would provide a target-rich environment for such tactics.

No Finality

Perhaps most significantly, arbitration offers no path to the comprehensive resolution that class actions routinely provide. A classwide settlement binds all members who fall within the class definition, extinguishing all related claims in a single resolution. Corporate defendants obtain complete finality and broad releases.

Arbitration provides no comparable mechanism. Because an arbitral award binds only the individual claimant, companies would remain vulnerable to successive claims by other investors until the relevant statute of limitations expires.

Settling early arbitrations would do nothing to preclude later claims by other shareholders. No procedural vehicle exists for achieving the comprehensive peace that class settlements deliver.

This perpetual exposure presents serious challenges. Even after settling with the most aggressive plaintiffs firms and the largest institutional shareholders, a company would face years of potential claims from smaller investors. The absence of finality means continuing liability exposure, ongoing defense costs and extended reputational harm.

Why the Floodgates May Stay Closed

The SEC's policy reversal has eliminated the primary legal barrier to shareholder arbitration. Even if Delaware maintains its statutory prohibition on arbitration provisions, companies could simply incorporate elsewhere, in a state where no similar barriers exist.

But the fact that arbitration is now legally possible does not make it wise. The current system of shareholder class actions, shaped by the Private Securities Litigation Reform Act and refined through decades of judicial precedent, provides predictability, significant procedural advantages and the possibility of comprehensive finality.

Arbitration offers none of these benefits. It substitutes consolidation for fragmentation, global resolution for perpetual exposure and settled law for unpredictable arbitral discretion.

These practical disadvantages help explain why companies have historically shown little interest in shareholder arbitration — and why that pattern may well continue despite the changed regulatory environment. Add to this the strong opposition from institutional investors and proxy advisory firms, and the obstacles to widespread adoption become clear.

Following the SEC's reversal, companies plainly can adopt shareholder arbitration. Whether corporate counsel should embrace it is another question.

Mohsen Manesh is the L.L. Stewart Professor of Business Law at the University of Oregon School of Law.

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[1] <https://www.sec.gov/newsroom/press-releases/2025-120-sec-issues-policy-statement-clarifying-mandatory-arbitration-provisions-will-not-affect>.

[2] <https://www.sec.gov/newsroom/speeches-statements/atkins-10092025-keynote-address-john-l-weinberg-center-corporate-governances-25th-anniversary-gala>.

[3] https://www.sec.gov/ix?doc=/Archives/edgar/data/0001131312/000143774925036533/znog20251201_8k.htm.

[4] <https://www.law.cornell.edu/uscode/text/9/10>.

[5] <https://www.oyez.org/cases/2007/06-989>.

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Bayer AG Unveils \$7.3B Deal For Roundup Users

By **Carla Baranauckas**

Law360 (February 17, 2026, 12:21 PM EST) -- Bayer AG unit Monsanto has agreed to pay up to \$7.25 billion over as many as 21 years to resolve current and future claims that exposure to the weedkiller Roundup caused non-Hodgkin lymphoma, under a proposed nationwide class settlement filed Tuesday in Missouri state court in St. Louis.



The long-term settlement program proposed Tuesday would resolve current and future claims that exposure to Roundup caused non-Hodgkin lymphoma. (AP Photo/Haven Daley, File)

The long-term program, which requires court approval, would make declining, capped annual payments and allow claimants diagnosed before or within 16 years of final approval to seek compensation.

The settlement is one part of a broader strategy that also hinges on the U.S. Supreme Court's review of *Durnell v. Monsanto*, a case that could determine whether state failure-to-warn claims are preempted by federal pesticide-labeling rules, according to the company. A favorable ruling could sharply limit future litigation, while the class program is intended to resolve claims that would persist regardless of the court's decision.

"The proposed class settlement agreement, together with the Supreme Court case, provides an essential path out of the litigation uncertainty and enables us to devote our full attention to furthering the innovations that lie at the core of our mission: Health for all, Hunger for none," Bill Anderson, chief executive of Bayer AG, which acquired Monsanto in 2018, said in a news release.

"This litigation and the resulting cost underscore the need for guidance from the Supreme Court on clear regulation in American agriculture. The class settlement and Supreme Court case are both necessary to help bring the strongest, most certain and most timely containment to this litigation," the announcement said.

In addition to the Roundup class proposal, Monsanto disclosed separate confidential settlements resolving other glyphosate cases and eight remaining PCB verdicts tied to a Washington state school.

--Editing by Alyssa Miller.

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Bannon, Epshteyn Sued Over 'Let's Go Brandon' Coin Promos

By **Katryna Perera**

Law360 (February 13, 2026, 6:54 PM EST) -- Stephen Bannon and Boris Epshteyn, a senior aide to President Donald Trump, have been hit with a proposed class action in Washington, D.C., federal court over their promotion of the "Let's Go Brandon" crypto coin, named after the infamous anti-Biden meme.

Plaintiff Andrew Barr, who invested in the meme coin and claims he lost more than \$58,000, filed a **complaint** Thursday claiming Bannon and Epshteyn leveraged their "prominence, credibility, and loyal following" to market the coin as a "stable, secure, and functional alternative to traditional currency — while concealing material facts about the token's true risks, governance, and economics."

The coin at issue is inspired by the "Let's Go Brandon" meme, in which the phrase serves as a stand-in for a profane statement of distaste for former President Joe Biden.

The meme originated in October 2021, when a TV news reporter interviewed stock car racer Brandon Brown after a race at the Talladega Superspeedway in Alabama. As the interview took place, the news reporter mistakenly described chanting from the crowd in the background as "Let's go, Brandon," an expression of support for Brown.

The complaint says that in December 2021, the coin's founders, who are not named in the class action, "secretly" transferred control of the coin to Bannon and Epshteyn through an undisclosed sale agreement funded by investor fees.

"Bannon and Epshteyn did not pay cash or other consideration to acquire \$FJB. Instead, the agreement structured the transaction so that defendants' acquisition would be financed through ongoing transaction fees paid by retail investors, rather than through capital contributions by defendants themselves," the complaint states.

None of the terms of the sale agreement were disclosed to investors, Barr says, and Bannon and Epshteyn publicly characterized their involvement with the coin as a "strategic partnership," which created the misleading impression that they were contributing value and capital to the project.

"In reality, the agreement ensured that defendants assumed total control of FJB with minimal financial risk, while retail investors bore the economic burden of funding the acquisition through transaction fees extracted from their trades," the complaint contends.

From the time they assumed control of the coin through early 2025, the suit says, the defendants promoted FJB as a decentralized payment ecosystem that would protect users from economic instability because the token was purportedly a safer alternative to fiat currency and immune to account freezes and restrictions imposed by traditional financial institutions.

"In reality, defendants retained — and exercised — centralized authority to restrict trading, manage supply, and control liquidity, while exempting insider wallets from those same constraints," the complaint states.

Additionally, the complaint asserts that the defendants "failed to build any functioning payment ecosystem, failed to deliver the promised utility, and devoted minimal and declining effort to promoting or developing the project — despite repeatedly reassuring investors that they remained

committed and would double down."

To fund their purchase of the token, Barr says the defendants "deliberately" targeted investors who were deeply politically aligned with them and trusted their judgment and motives.

"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 complaint argues.

When investors began to raise concerns about missing funds, liquidity, and the token's price collapse, the complaint states that the defendants responded with reassurances and delays, and made promises of ongoing investigations while continuing to hide information about insider control, fee usage and preferential sales practices.

According to the complaint, the defendants "abruptly" disabled trading of the token in February 2025, announced the project's closure and promised a liquidity distribution that never occurred.

Barr seeks to represent a class of all individuals and entities who purchased or acquired FJB coins between Dec. 6, 2021, and Feb. 12, 2025.

The suit seeks disgorgement, rescission of all unlawful sales of FJB, restitution damages, attorney fees and a jury trial.

In a statement to Law360 on Friday, Constantine Economides of Dynamis LLP, said, "Millions of Americans use cryptoassets and blockchain technology in legitimate ways that benefit our society and economy, and bad actors — who use misrepresentations, fraud, or schemes — should not be tolerated. Dynamis LLP will vigorously prosecute these claims so that these defendants are held accountable to their victims."

Representatives for the defendants did not immediately respond to requests for comment.

Another suit, brought by purchasers of the coin is ongoing in Florida federal court. In December, a federal judge **said a jury must decide** whether people purchased the token because they expected profits or because the coin was pitched as "a meme coin for advocacy of conservative values."

Barr is represented by Eric S. Rosen, Constantine P. Economides and Yusef Al-Jarani of Dynamis LLP.

Counsel information for the defendants was not immediately available.

The case is Barr v. Bannon et al., case number 1:26-cv-00452, in the U.S. District Court for the District of Columbia.

--Editing by Kristen Becker.



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Cheap Costco Chicken Made At Tainted Plant, Suit Says

By **Emily Field**

Law360 (February 13, 2026, 7:13 PM EST) -- Costco on Thursday was hit with a proposed class action alleging that its highly popular rotisserie chickens — one of the wholesaler's staple loss leaders — are processed at a plant systematically tainted with salmonella.

The \$4.99 Costco chicken is well-known across the country as an inexpensive, healthy way to get meals on the table quickly, plaintiff Lisa Taylor said. Like Costco's famously cheap hot dogs, the wholesaler sells the chicken at a low price to drive store traffic, according to Taylor's suit.

But what Costco fails to disclose is that the chickens are processed at a plant that has been "persistently plagued" by systematic salmonella contamination since its opening in 2019, Taylor said.

"Sadly, Costco's drive to minimize costs has come at the expense of basic food safety: the company's choices in genetics, husbandry, and processing have created fertile conditions for salmonella to spread, resulting in poultry products riddled with dangerous bacteria," Taylor said. "What began as a strategy to keep prices low has spiraled into a serious public health concern."

Salmonella is one of the main causes of foodborne illness in death in the U.S. and chicken is the top cause of salmonella-related illness, according to the complaint.

The Costco poultry facility in Nebraska has garnered the U.S. Department of Agriculture's worst food safety rating, Category 3, in about 92% of reporting periods since 2019, according to the complaint.

That means the plant has effectively failed the USDA's salmonella safety tests, Taylor said.

"From a regulatory standpoint, companies in the poultry industry are generally not held directly accountable by government agencies for animal welfare or for salmonella in raw meat, and Costco has taken full advantage of that lack of accountability," Taylor said. "But consumer protection law does not turn a blind eye when a company's practices make its food hazardous and its marketing misleads customers about safety. "

Costco built the \$450 million poultry facility to vertically integrate chicken production, from breeding chickens to processing and distributing them, in order to keep the price low by cutting out the middlemen, according to the complaint.

"This unprecedented level of vertical integration means Costco wields complete control over how its chickens are bred, fed, housed, and processed, with no third-party supplier to blame," Taylor said.

The length of the plant's Category 3 classification is indicative of repeated failures to prevent salmonella contamination during processing, Taylor said.

"Failures at any stage of the slaughter process, including sanitation, temperature control, or equipment capacity, can permit salmonella present in a portion of the flock to contaminate a substantially larger volume of product," Taylor said

The public has begun to take notice, as shown by a 2021 shareholder lawsuit alleging that Costco's directors breached their fiduciary duties by tolerating animal cruelty in the company's supply chain, Taylor said.

"Costco has not implemented any customer notification or enhanced testing program, even as data shows its contamination issue is persistent," Taylor said. "In short, Costco has put its head in the sand — continuing to sell its 'cheap Costco chicken' while hoping consumers remain ignorant of the unreasonable risks that come with it."

Taylor said she wouldn't have bought the rotisserie chickens had she known they came from a plant with long-standing salmonella contamination rates. She seeks to represent a national class of Costco customers.

Representatives for the parties didn't immediately respond to requests for comment Friday.

Counsel information for Costco wasn't immediately available Friday.

Taylor is represented by Kaleigh N. Boyd of Tousley Brain Stephens PLLC, Steven A. Schwartz, Beena M. McDonald and Dylan D. Altland of Chimicles Schwartz Kriner& Donaldson-Smith LLP and James J. Rosemergy of Carey Danis & Lowe.

The case is Taylor v. Costco Wholesale Corp., case number 2:26-cv-00528, in the U.S. District Court for the Western District of Washington.

--Editing by Stephen Berg.

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Stanford Prof Tells Jury Studies Confirm Social Media Addiction

By **Craig Clough**

Law360 (February 13, 2026, 10:57 PM EST) -- A Stanford University professor of psychiatry and addiction returned to the witness stand Friday in a California bellwether trial over claims that social media companies harm young people's mental health, saying studies have concluded that addiction to platforms such as YouTube and Instagram is real and can hurt mental health.

Anna Lembke, a professor of psychiatry and addiction medicine at the Stanford University's Addiction Medicine Dual Diagnosis Clinic, was the landmark trial's **first witness** earlier in the week, but took a break from testifying before returning Friday morning. In between her appearances, Instagram CEO Adam Mosseri told the jury on Wednesday he **does not believe** social media addiction is real.

Lembke, however, walked the jury through peer-reviewed academic studies that concluded social media addiction can cause or worsen symptoms like depression, anxiety, insomnia and suicidal thoughts in users or in minors.

A recent study funded by the National Institutes of Health tracked social media use by more than 11,000 children and adolescents for one year, Lembke said. It found that "kids who use a lot of social media who are not depressed will become depressed" after using social media a lot, but that kids who were depressed at the beginning of the study did not gravitate toward more social media use, she said.

"The reason that's important is because a lot of people will say, 'Well, kids who are on social media all the time and are found to be depressed, it's not that social media caused them to be depressed, they were depressed anyway, and then they just used a lot of social media,'" she continued. "But in fact, what this study stands for is that kids who use a certain amount of social media, who aren't the depressed, will become depressed."

The bellwether is the first of at least nine that are planned out of thousands of cases consolidated in the courtroom of Superior Court Judge Carolyn B. Kuhl, with the idea being the parties may reach a settlement in the rest of the cases based on the outcome of the bellwethers.

The social media companies behind TikTok, Snapchat, YouTube and Instagram are accused of purposely inducing young people to compulsively use their products with allegedly addictive features, such as infinite scroll, autoplay, notifications and reward systems.

Pretrial rulings by Judge Kuhl reduced the litigation to be about claims that the platforms' features are addictive, and not the actual third-party media posted to the platforms. The companies are facing failure-to-warn claims alongside negligence and concealment allegations.

The plaintiff in the case, known in court as Kaley G.M., is 20 years old now but alleges a social media addiction in her youth caused her to suffer mental health problems. TikTok and Snap were also named defendants in her case and many others, but she recently settled with them, although the settlement did not resolve other consolidated personal injury cases in the Judicial Council Coordination Proceedings pending before Judge Kuhl.

Lembke is the author of "Dopamine Nation" and "Drug Dealer MD," and has testified before Congress multiple times on opioid addiction and social media addiction. She has also testified as an expert witness in some of the trials around the country over the opioid epidemic.

Phyllis Jones of Covington & Burling LLP, who represents Instagram parent company Meta Platforms Inc., quizzed Lembke on cross-examination Friday about certain passages in "Dopamine Nation," including where she admitted to having an addiction to vampire romance novels and romance novels in general after reading "Twilight," and that gaining easy access to the novels through a Kindle device fueled her addiction.

Jones appeared to try to establish that Lembke oversimplifies and perhaps trivializes the topic of addiction, and she asked her if it is true she found "Twilight" to be a "gateway drug."

Lembke said she did, and the Kindle created "instant access to a whole universe of those kinds of romance novels, and I did develop a compulsive, excessive problem of reading romance novels in my life."

"I would never want to trivialize the life-threatening addictions that people have to drugs and behavior that I do not experience," she added. "What I was trying to do was to humanize the ways in which we are now all vulnerable to compulsive overconsumption because of the way in which all of these stimuli around us have been made more accessible."

Lembke further explained that romance novels are "socially sanctioned pornography for women. As I built up tolerance to romance novels, I found myself over time that I needed more and more graphic sex scenes to find them interesting at all."

The professor also confirmed she has said Amazon is a drug dealer for offering free samples of romance novels, and that being a workaholic is also a form of addiction.

Jones further asked if it's possible that the content on social media is what's addictive, but Lembke disagreed. Content can play "a role" in social media addiction, but when a person is engaging in excessive use of social media, the content becomes "irrelevant" because "people will watch things that they don't even like or enjoy."

Ariel Anaba of Wilson Sonsini Goodrich & Rosati PC, who represents YouTube's parent company Google, asked Lembke about her knowledge of how to turn off features on the platform she claims are addictive, such as notifications and autoplay. Lembke had testified that many parents found it difficult to figure out how to turn off those features.

When Anaba asked Lembke if she ever tested out how to turn off notifications between 2010 and 2020, Lembke pushed back and said she didn't have a time machine to go back and test the features during that time period. Instead, she said she researched how the platform worked in the past, and that she doesn't "need to test cocaine to understand how it works" or to try other drugs "to opine on their addictiveness."

Anaba argued that notifications and autoplay are easy to turn off with just a few screen taps. As she continued on the subject, Lembke said that the focus of her expert report was on the addictive nature of the features, not on how to turn them off.

"I did not focus on how to make the features go away, that's fair," she said.

During the proceedings Friday, a rally was held about one block away from the courthouse in front of Los Angeles City Hall and Gloria Molina Grand Park, which included parents who say their children have died because of social media.

The rally unveiled the Lost Screen Memorial, an art installation featuring large smartphone displays with the faces and information about of 50 children whose deaths are purportedly linked to harms from social media platforms.

The trial is scheduled to resume Tuesday.

The plaintiffs are represented by Mariana A. McConnell of Kiesel Law LLP, W. Mark Lanier, Sarah Lanier and Rachel Lanier of The Lanier Law Firm, Rahul Ravipudi of Panish Shea Ravipudi LLP, Adam S. Davis of Wagstaff & Cartmell LLP, and Joseph VanZandt of Beasley Allen Law Firm.

Meta is represented by Phyllis Jones, Paul W. Schmidt, Andrew Stanner and Michael Imbroscio of Covington & Burling LLP.

YouTube is represented by Luis Li, Ariel Anaba and Lauren Gallo White of Wilson Sonsini Goodrich & Rosati PC.

The case is Social Media Cases, case number JCCP5255 and lead case number 22STCV21355, in the Superior Court of the State of California, County of Los Angeles.

--Editing by Adam LoBelia.

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