

Advance Auto Parts shareholders failed to plead scienter, 4th Circuit affirms

2026 SECDBRF 0757 • By Conor O'Brien, Esq.

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(February 18, 2026) - A federal appeals court has affirmed the dismissal of a securities fraud suit alleging that Advance Auto Parts Inc. and its executives misrepresented financial results by concealing accounting errors.

City of Southfield General Employees' Retirement System et al. v. Advance Auto Parts Inc. et al., No. 25-1188, 2026 WL 438677 (4th Cir. Feb. 17, 2026).

A North Carolina district court correctly concluded that the proposed class action failed to plead that the executives acted with scienter, or deceptive intent, according to a Feb. 17 opinion by the 4th U.S. Circuit Court of Appeals.

Shareholders who appealed the lower court ruling had alleged that the defendants manipulated vendor incentive accounting in violation of Section 10(b) of the Securities Exchange Act of 1934, [15 U.S.C.A. § 78j\(b\)](#).

The panel concluded that allegations regarding executive compensation and departures, the magnitude of the accounting errors — totaling about \$100 million in losses over three years — and other factors did not support a compelling inference of fraudulent intent.

By Conor O'Brien, Esq.

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Article: Court tosses Advance Auto Parts suit alleging misrepresented financial results [2025 CORPGDBRF 0325](#)

Date: Jan. 28, 2025

Advance Auto Parts Inc. and two executives have persuaded a North Carolina federal judge to dismiss a shareholder securities lawsuit asserting that the company misrepresented its financial results, which led to a more than 50% share price drop.

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[William M. Regan](#) and [Allison M. Wuertz](#); [Hogan Lovells US LLP](#) for Defendants-appellees

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News from Bloomberg Terminal

Feb. 17, 2026, 2:36 PM PST

By Alexis Waiss

(Bloomberg Law) --

Firms representing pension funds in their \$30 million settlement with Waste Management Inc. were approved to get one-third of the settlement to cover attorneys' fees and costs.

Robbins Geller Rudman & Dowd LLP and Law Office of David Harrison PLLC are set to split \$9 million plus interest, the US District Court for the Southern District of New York said in a Tuesday order. The settlement—finalized in December 2025—resolves a shareholder class action alleging the garbage collection company misrepresented the timeline of its \$4.6 million deal acquiring Advanced Disposal Services Inc.

- The firms will first split 60% of the attorneys' fees—\$5.4 million plus interest—and then will be granted the remaining 40%—\$3.6 million with interest—after all the class members get their share of the settlement fund, Judge Lorna D. Schofield said.
- Lead plaintiffs' counsel will also be awarded \$946,662.31 in litigation costs, plus "interest at the same rate earned by the Settlement Fund," the order added.
- Seafarers Officers & Employees Pension Plan, Seafarers Money Purchase Pension Plan, and United Industrial Workers Pension Plan will be awarded \$10,000 each for the time they spent representing the class.

Baker Botts LLP represented WM.

The case is *In re Waste Mgmt. Sec. Litig.*, S.D.N.Y., No. 1:22-CV-04838, order filed 2/17/26.

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10th Circuit hangs up on DISH stockholder suit over 5G foray

 [courthousenews.com/10th-circuit-hangs-up-on-dish-stockholder-suit-over-5g-foray](https://www.courthousenews.com/10th-circuit-hangs-up-on-dish-stockholder-suit-over-5g-foray)

Amanda Pampuro

February 17, 2026

The Byron White U.S. Courthouse is in downtown Denver, Colorado. (Amanda Pampuro/Courthouse News)

DENVER (CN) — The 10th Circuit on Tuesday [agreed](#) with a lower court in [dismissing](#) stockholders' class action against DISH over claims the company misled them during a pivot from satellite TV to cellular network provider during the early 2020s.

In reviewing the case on appeal, the 10th Circuit panel backed the lower court's method of analysis and faulted the investors for failing to show how DISH statements they presented were made with the intent of deceiving. Although investors submitted 19 statements they claimed were misleading, both the lower court and the appellate panel struggled to connect the dots.

"We find no error in the district court's analytical approach under the circumstances," wrote U.S. Circuit Judge Scott Matheson in a 32-page opinion.

"Given their failure to conduct a statement-by-statement analysis in their briefing, plaintiffs could not reasonably expect the court to parse their densely-composed 24-page chart attached to their response to the motion and conduct its own statement-by-statement analysis," the Barack Obama appointee wrote.

In 2019, the satellite television company DISH sought to enter the cell and internet market, which was eating away at its core business. The company promised investors it would build a 5G wireless network, focused on corporate customers with services online in Las Vegas by the end of 2021.

But DISH's first large acquisition of Sprint's Boost Mobile network in July of 2020 came with a catch. To approve the purchase of 9 million existing customers and Sprint's spectrum licenses, the Federal Communications Commission mandated DISH promise to cover significant populations of the country with 5G by 2023 or face billions of dollars in penalties.

Investors say in their complaint the company then focused on maintaining compliance with the FCC, without bringing the network any closer to serving paying customers.

Investor Sai Naveen Lingam filed a class action against DISH on March 23, 2023, claiming violations of the Securities Exchange Act, including that company executives tried to hide their struggles to build out a 5G network from investors.

Joe Biden-appointed U.S. District Judge Gordon Gallagher [dismissed](#) the complaint on March 20, 2025, finding the investors hadn't shown DISH intentionally deceived them. In his opinion, Gallagher said the investors only showed DISH undertook "an extremely risky plan reliant on developing unproven technologies," which didn't violate the law unless the company intentionally tried to conceal the risks.

The Securities Exchange Act prohibits companies from "making any material misstatement or omission in connection with the purchase or sale of any security." But DISH argues it remained transparent about its novel venture.

Two Republican-appointed chief judges joined Matheson on the panel: Jerome Holmes, chief judge for the 10th Circuit and John Heil III, chief judge for the U.S. District of Northern Oklahoma. Heil was appointed by Donald Trump, and Holmes by George W. Bush.

Attorney Christopher Jackson, at Holland & Hart in Denver, representing the investors, did not respond to an inquiry for comment.

Brian Frawley, of Sullivan & Cromwell in New York, represented DISH on appeal.

A spokesperson for DISH declined to comment on the litigation.

In abandoning the project altogether, DISH's parent company, EchoStar, sold its spectrum licenses to SpaceX in 2025, two years after investors first sued.

Litigation

Manage Newsletters

Boeing Free of 737 Max Investor Fraud Suit Pursued by Assignee

Feb. 18, 2026, 10:06 AM PST

Summary by Bloomberg AI

AI Generated



- Judge Virginia M. Kendall said Value Recapture Partners LLC doesn't have standing to sue Boeing Co. because it didn't buy the Boeing stock itself and doesn't meet an exception to court restrictions on the assignment of securities claims.
- The case involved a securities suit over two crashes of Boeing's 737 MAX airliners, which was proceeding in parallel to a proposed investor class action in the same district.
- Value Recapture Partners purchased recovery rights from Valinor Capital Partners LP and a related fund, but the assignment is not enough to give the firm standing to bring suit under the Securities Exchange Act, Kendall said.

Boeing Co. has shed a securities suit over two crashes involving its 737 MAX airliners brought by a firm that buys recovery rights from liquidating investment funds.

Value Recapture Partners LLC doesn't have standing to sue, Judge Virginia M. Kendall said Tuesday for the US District Court for the Northern District of Illinois. The firm lacks standing because it didn't buy the Boeing stock itself and doesn't meet an exception to court restrictions on the assignment of securities claims, she said.

The case has been proceeding in parallel to a proposed investor class action in the same district, alleging Boeing and its top executives knowingly made false statements about the safety of the 737 MAX after a Lion Air crash in 2018 and an Ethiopian Airlines crash in 2019. That suit withstood a dismissal motion in 2024, and a request for class certification is pending.

"Where this case diverges from the Class Action and related litigation is the entity's ability to bring suit under the Securities Exchange Act," Kendall said, referring to Value Recapture Partners, which purchased recovery rights from Valinor Capital Partners LP and a related fund.

Assignee Standing

A 1975 US Supreme Court decision, *Blue Chip Stamps v. Manor Drug Stores*, changed the rules for standing in securities fraud suits but didn't directly address assignees, Kendall said. Subsequent appellate and district court cases on assignee standing focused on the assignment's purpose, she said.

"Value Recapture Partners states that Valinor assigned the claims to avoid delaying the administrative wind down of Valinor, which allowed for the prompt return of investment capital to Valinor's stakeholders," she said. The assignment is "less obviously tactical" than in a precedent where standing was rejected, but the result must be the same, she said.

"Value Recapture Partners' business model allows it to 'await developments on the sidelines without risk,' the deterrence of which was a motivator in the *Blue Chip* Court's reasoning," the judge said.

An appeal is pending over class certification in a Boeing investor suit over a later incident involving a 737 MAX 9 door panel that blew out on an Alaska Airlines flight.

Rolnick Kramer Sadighi LLP and Patzik, Frank & Samotny Ltd. represented Value Recapture Partners. Kirkland & Ellis LLP represented Boeing and the individual defendants.

The case is Value Recapture Partners LLC v. Boeing Co., 2026 BL 51050, N.D. Ill., No. 23 C 16550, 2/17/26.

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Securities

Manage Newsletters

Blood Storer's Former Owner Fails to Shake Investors' Fraud Suit

Feb. 18, 2026, 9:51 AM PST

Summary by Bloomberg AI

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- The former parent company of Global Cord Blood Corp. must battle allegations it participated in a scheme to defraud investors through a failed sham buyout of a Texas-based biotech firm.
- Investors allege Golden Meditech Holdings Ltd. had the motive and opportunity to defraud in order to continue to conceal that hundreds of millions of dollars had been transferred to it by Global Cord through its subsidiaries.
- The proposed class covers those who acquired Global Cord shares from June 18, 2019, through May 9, 2022.

The former parent company of Hong Kong-based Global Cord Blood Corp. must battle allegations the health-care conglomerate participated in a scheme to defraud investors through the former subsidiary's failed sham buyout of a Texas-based biotech firm.

Investors sufficiently pleaded Golden Meditech Holdings Ltd. participated in a scheme to defraud shareholders when it, through another subsidiary, "knowingly entered into a sham transaction under which it was to receive \$664 million in cash consideration" while the deal was intended to hide past monetary transfers from Global Cord, Judge P. Kevin Castel said Tuesday.

And the Global Cord investors "adequately allege that Meditech had the motive and opportunity to defraud in order to continue to conceal that hundreds of millions of dollars had been transferred to it by Global Cord through its subsidiaries," the US District Court for the Southern District of New York judge said. The judge, however, dismissed some other claims and defendants.

Two Global Cord executives and Meditech's founder failed to shed the proposed class allegations over the umbilical cord blood storer's failed Cellenkos Inc. acquisition. Castel declined to release these defendants based on their arguments of not being timely served and lack of personal jurisdiction.

But the shareholders' complaint said little about a pair of Global Cord independent directors, Castel said. He dismissed them and Cellenkos, saying the company "may have been party to a grossly overvalued transaction but it is not alleged to have engaged in a deceptive or manipulative act."

The investors also failed to adequately allege Meditech, which went private in 2020, controlled Global Cord during the proposed Cellenkos acquisition for a third claim against it.

The proposed class covers those who acquired Global Cord shares from June 18, 2019, through May 9, 2022.

Acquisition Unfolds

A week after Global Cord announced its intent to buy Cellenkos in 2022, shareholder Blue Ocean Structure Investment Co. Ltd. challenged the deal in court. Blue Ocean and its parent company had purchased Meditech's remaining 65% interest in Global Cord in 2018, the investor suit said.

A Cayman Islands court pulled the powers of Global Cord's directors and appointed outside specialists to investigate the company's affairs, and the New York Stock Exchange suspended trading of Global Cord's shares in September 2022.

Global Cord's joint provisional liquidators identified substantial payments to entities controlled by Meditech founder Yuen Kam, and disclosed he and Global Cord CEO Tina Zheng were married and had two children, among other adverse information discovered through post-class period litigation, investors said.

Glancy Prongay Wolke & Rotter LLP represents the investors. Jones Day represents the two former executives. White & Case LLP represents the two former directors. Kobre & Kim LLP represents Meditech. Fox Rothschild LLP represents Cellenkos. Morgan, Lewis & Bockius LLP appeared for Global Cord's liquidators. None of these law firms immediately responded to emails seeking comment on their clients' behalf. Morrison & Foerster LLP, which represents Kam, declined to comment.

The case is *In re Glob. Cord Blood Corp. Sec. Litig.*, S.D.N.Y., No. 1:24-cv-03071, order 2/17/26 .

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Securities

Wahlberg, Fitness Brand F45 Settle IPO Lawsuit for \$11 Million

Feb. 17, 2026, 2:47 PM PST

F45 Training Holdings Inc., several of its leaders including actor-entrepreneur Mark Wahlberg, and its underwriters have agreed to pay nearly \$11 million to settle investors' claims challenging the growth metrics in its initial public offering.

The proposed settlement provides significant benefits to investors given the wide range of estimated recoverable damages, and thus merits preliminary approval, the investors told the US District Court for the Western District of Texas Tuesday.

Shareholders alleged F45 defined a growth metric in a way that allowed overreporting of multi-unit franchise agreements, regardless of whether they opened, and used other techniques to mislead investors about its business model

Judge David Alan Ezra allowed claims to proceed in February 2025, saying investors had adequately alleged misstatements in the 2021 IPO's registration statement and prospectus

Given that class counsel believe "that F45 is not financially sound," the 5% to 43% recovery—depending on how damages are estimated—is substantial, the investors said in their filing

Labaton Keller Sucharow LLP is lead counsel for the investors. Gibson, Dunn & Crutcher LLP represents F45. Akin Gump Strauss Hauer & Feld LLP, Hughes Hubbard & Reed LLP, Blank Rome LLP, and RMWBH PC represent individual defendants. O'Melveny & Myers LLP represents the underwriters.

The case is *In re F45 Training Holdings, Inc. Sec. Litig.*, W.D. Tex., No. 1:22-cv-01291, motion 2/17/26 .

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Class Action

Manage Newsletters

Colgate-Palmolive's Pension Class Deal Nabs Lawyers \$96 Million

Feb. 18, 2026, 8:32 AM PST

Lawyers for Colgate-Palmolive Co. retirees secured more than \$96 million in attorneys' fees after negotiating a \$332 million class settlement over the consumer product maker's pension calculations.

Judge Lorna G. Schofield on Tuesday granted the lawyers' fee request, saying 29% of the settlement amount was reasonable given the complexity, magnitude, and duration of the case. Schofield, who sits in the US District Court for the Southern District of New York, also approved \$2.9 million in litigation expenses and a \$10,000 service award for named plaintiff Rebecca McCutcheon.

The decade-long lawsuit accused the company of shortchanging pension benefits by misinterpreting a 2005 plan amendment aimed at giving certain retirees a residual annuity to make up for money they forfeited by choosing a lump sum payment

A federal judge's 2020 order requiring Colgate to recalculate the benefits of more than 1,000 workers was affirmed on appeal, and the US Supreme Court declined to hear the dispute

Schofield later sided with the retirees on certain technical aspects of the calculation, and the US Court of Appeals for the Second Circuit affirmed

Gottesdiener Law Firm PLLC represents the retirees. Covington & Burling LLP represents Colgate.

The case is McCutcheon v. Colgate-Palmolive Co. , 2026 BL 51008, S.D.N.Y., No. 1:16-cv-04170, 2/17/26 .

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Securities

Manage Newsletters

Liberty Mutual Settles 401(k) Class Action for \$13.4 Million

Feb. 18, 2026, 7:29 AM PST

Summary by Bloomberg AI

AI Generated



- Liberty Mutual Group Inc. agreed to pay \$13.4 million to resolve a 50,000-person class action over its 401(k) plan management.
- The deal requires Liberty to look for new plan service providers and to instruct its 401(k) recordkeeper not to market unrelated products to plan participants.
- The case challenges two investments in Liberty's retirement plan and says plan participants were forced to overpay for recordkeeping and managed account services.

Liberty Mutual Group Inc. agreed to pay \$13.4 million to resolve a 50,000-person class action over its 401(k) plan management, a move that averted a rare jury trial.

The deal, which represents between 25% and 46% of the total damages sought by plaintiffs, also requires Liberty to look for new plan service providers and to instruct its 401(k) recordkeeper not to market unrelated products to plan participants, according to court filings submitted Tuesday in the US District Court for the District of Massachusetts. The parties first announced they'd struck a deal in January, less than one month before the case was scheduled to be tried by a jury.

Jury trials in Employee Retirement Income Security Act cases are rare, with many courts ruling that these lawsuits seek equitable remedies like removal of fiduciaries or changes to plan terms that must be tried by a judge, instead of legal remedies—like money damages—that can be submitted to a jury.

The case challenges two investments in Liberty's retirement plan: a mid-cap fund that allegedly lagged its benchmark for years and a money-market fund that workers say provided "historically abysmal returns and greater risk" than a stable value fund. It also says plan participants were forced to overpay for recordkeeping and managed account services. Judge Mark G. Mastroianni ruled in 2025 that key portions of the case were viable and could go to trial.

Hundreds of employers have been hit with allegations of retirement plan mismanagement over the past several years, and most class settlements negotiated between 2022 and 2025 were for less than \$2 million.

The Liberty plan participants are represented by Schlichter Bogard LLC and Naumes Law Group LLC, which stand to receive one-third of the settlement value as attorneys' fees if the deal is approved.

Skadden, Arps, Slate, Meagher & Flom LLP represents Liberty.

The case is Ahmed v. Liberty Mut. Grp., Inc. , D. Mass., No. 3:20-cv-30056, motion for preliminary settlement approval 2/17/26 .

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Litigation

Manage Newsletters

MetLife Settles Pension Math Class Action, Heading Off Trial

Feb. 18, 2026, 4:21 AM PST

Summary by Bloomberg AI

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- Metropolitan Life Insurance Co. and a class of retirees reached a settlement one day before the case was scheduled to go to trial.
- The lawsuit covers a class of married retirees who accuse MetLife of calculating their pension payments using life expectancy tables from the 1970s and 1980s.
- The parties have until April 10 to file details of the deal for court approval after Judge Dale E. Ho canceled the trial upon receiving notice of the settlement.

Metropolitan Life Insurance Co. and a class of retirees challenging how their pensions are calculated reached a settlement one day before the case was scheduled to go to trial.

The trial was slated to begin Tuesday before Judge Dale E. Ho of the US District Court for the Southern District of New York. It would have been the first trial in the recent series of cases challenging the actuarial and interest rate assumptions large employers use to calculate certain optional pension formats. The cases have spurred mixed results in court, with opinions focusing on whether the Employee Retirement Income Security Act requires that these assumptions be "reasonable."

Ho canceled the trial after receiving notice of the settlement and gave the parties until April 10 to file details of the deal for court approval.

The lawsuit against MetLife covers a class of married retirees who began receiving pensions that include post-death payments for their surviving spouses beginning in 2013. They accuse the insurer of calculating their pension payments using life expectancy tables from the 1970s and 1980s, which they say illegally reduces benefits in violation of ERISA by failing to account for recent increases in life expectancy.

Ho declined MetLife's request for a summary judgment victory in 2024, saying a trial was needed to determine which party's methodology for calculating retirement payments is reasonable under ERISA.

Izard, Kindall & Raabe LLP represents the plaintiffs. Proskauer Rose LLP and O'Melveny & Myers LLP represent MetLife.

The case is *McAlister v. Metro. Life Ins. Co.*, S.D.N.Y., No. 1:18-cv-11229, 2/17/26 .

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Class Action

Manage Newsletters

SAS Institute Defeats 401(k) Forfeiture, Target-Date Fund Suit

Feb. 17, 2026, 8:07 AM PST

Summary by Bloomberg AI

AI Generated



- A federal judge dismissed claims challenging the target-date funds and forfeiture usage in SAS Institute Inc.'s 401(k) plan, saying workers received all they were promised.
- The judge said the employees didn't compare the target-date funds to a meaningful benchmark and the alleged underperformance wasn't enough to support fiduciary breach claims.
- The judge also dismissed claims that SAS wrongly used 401(k) money forfeited by departing workers, saying using forfeitures to fund plan contributions provides a benefit to employees.

SAS Institute Inc. is free from a proposed class action challenging the target-date funds and forfeiture usage in its 401(k) plan, after a federal judge said workers received all they were promised.

Judge James C. Dever III dismissed claims centering on the performance of target-date funds from JPMorgan Chase & Co., which isn't a party to the lawsuit. The employees didn't compare these funds to a meaningful benchmark, Dever said, and the underperformance they alleged was 3% "at most," which isn't enough to support fiduciary breach claims under the Employee Retirement Income Security Act.

Dever's order, docketed Feb. 13 in the US District Court for the Eastern District of North Carolina, also dismissed claims that SAS wrongly put the 401(k) money forfeited by departing workers toward its own plan contributions, instead of using it to lower administrative costs. Using forfeitures to fund plan contributions provides a benefit to employees, the judge said, rejecting claims under ERISA's fiduciary duty of loyalty and its rule aimed at ensuring benefit plan assets aren't used to benefit the sponsoring employer.

"Plaintiffs do not allege that they received less than what the Plan promised," Dever said. "The duty of loyalty does not require that defendants offer more than that."

Dozens of employers have been sued over their handling of 401(k) plan forfeitures, with most early decisions favoring defendants and the US Labor Department opposing the legal theory raised by these cases. But in the past month, judges have allowed forfeiture claims to advance against Fresenius Medical Care North America, Illinois Tool Works Inc., and W.W. Grainger Inc.

Dever first dismissed the SAS workers' claims over the JPMorgan target-date funds in 2025 but allowed them to try again in a new complaint. Their amended complaint added allegations about the company's handling of 401(k) forfeitures.

Capozzi Adler PC and Matheson & Associates PLLC represented the plan participants. Morgan, Lewis & Bockius LLP and Womble Bond Dickinson (US) LLP represented SAS.

The case is *Enstrom v. SAS Institute Inc.*, E.D.N.C., No. 5:24-cv-00105, order docketed 2/13/26 .

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Litigation

Manage Newsletters

NYC Investors Seek Disclosure of AT&T Workforce Demographic Data

Feb. 17, 2026, 10:51 AM PST

Summary by Bloomberg AI

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- The New York City Employees' Retirement System and other city pension funds allege that AT&T Inc. is violating a securities law by declining to share information about the company's workforce demographics.
- The investors are seeking the disclosure of a workforce information report, specifically the Consolidated EEO-1 report, which breaks down AT&T's workforce by race, ethnicity, and gender.
- The plaintiffs claim that AT&T's decision to exclude their proposal from a shareholder proxy solicitation violates section 14 of the Securities Exchange Act of 1934 and will cause "irreparable" injury.

The New York City Employees' Retirement System and other city pension funds allege that AT&T Inc. is violating a securities law by declining to share information about the company's workforce demographics.

The investors are seeking the disclosure of a workforce information report. The telecommunications giant's decision to exclude their proposal from a shareholder proxy solicitation violates section 14 of the Securities Exchange Act of 1934, the plaintiffs told the US District Court for the Southern District of New York in a Tuesday complaint.

The court should stop AT&T from soliciting shareholder proxies for the company's 2026 annual shareholder meeting without informing shareholders of the proposal, the complaint says.

AT&T didn't immediately respond to a request for comment.

AT&T solicits proxies in advance of annual shareholder meetings to ensure a quorum of votes exists to take actions needed to conduct company business, and to allow shareholders that can't attend in person to vote their shares, the complaint says.

The plaintiffs, which own about \$209 million in stock, submitted Dec. 1 a proposal to the company asking it to disclose its Consolidated EEO-1 report, which breaks down AT&T's workforce by race, ethnicity, and gender. AT&T is required to submit this report each year to the US Equal Employment Opportunity Commission.

The report "is a cost-effective means for AT&T to demonstrate diversity performance," compare it to peers and other large companies, and assess workforce representation over time, the investors say.

The company disclosed the report from 2021 to 2023, the complaint says. The company stopped doing so in 2024 without explanation, resulting the plaintiffs' proposal in 2025, they say.

AT&T told the US Securities and Exchange Commission that it planned to omit the proposal from proxy materials, and said this action complied with a securities regulation, the complaint says.

But under SEC regulations, AT&T is required to prove it has a valid basis for excluding a proposal from shareholders that satisfy eligibility criteria, the complaint says, and the company didn't meet this burden.

AT&T's decision to omit the proposal from its 2026 proxy materials will cause "irreparable" injury, the complaint says. Wrongful exclusion will take away the funds' opportunity to inform other shareholders about the content of, and the reasons for, the proposal, the plaintiffs say.

The New York City Law Department represents the plaintiffs.

The case is N.Y.C. Emps.' Ret. Sys. v. AT&T Inc. , S.D.N.Y., No. 26-cv-1310, complaint 2/17/26 .

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Juror hospitalization pauses bellwether social media addiction trial

DJ [dailyjournal.com/articles/389783-juror-hospitalization-pauses-bellwether-social-media-addiction-trial](https://www.dailyjournal.com/articles/389783-juror-hospitalization-pauses-bellwether-social-media-addiction-trial)

The fifth day of evidence presentation in the first bellwether social media addiction trial was paused Tuesday after a juror was hospitalized over the Presidents' Day weekend.

Rather than replace that panelist with an alternate, Superior Court Judge Carolyn B. Kuhl recessed the case for a day to give the juror a chance to return, finding the brief delay would not derail the trial schedule and was the fairest approach.

Meta Platforms CEO Mark Zuckerberg is still expected to take the stand Wednesday.

"We will absolutely go forward tomorrow," Kuhl told the remaining 11 jurors.

Former Meta employees identified by the plaintiff's counsel as whistleblowers were scheduled to testify Tuesday. They are now expected to take the stand on Thursday or sometime next week.

"We've got plenty of soap, your honor. We just need to figure out which soap we're going to wash with," Lanier Law Firm founder Mark Lanier told the judge, referring to the shifting witness lineup.

After conferring with the attorneys, Kuhl - who said she first learned of the juror's hospitalization Tuesday morning - told the panel that she and the parties did not want to convene without testimony but also did not want to abruptly excuse a juror who had already devoted significant attention to the case.

"Counsel and I have thought about this a great deal over the last few minutes. On the one hand, it's not good use of your time to have you come in and not hear testimony. ... On the other hand, each of you have put a great deal of time into this case already and we are aware that the juror in seat number four has put a great deal of time into this case ... and we really don't want to waste that," Kuhl said.

"And counsel assured me that we are moving ahead with the case and are on track to finish in the amount of time that we told you we would."

Closing arguments and deliberations are estimated to begin in early March.

Outside the presence of the jury, Lanier, for the plaintiff, initially offered to excuse the hospitalized juror and seat an alternate, citing witness availability and scheduling concerns. However, after a brief meet-and-confer, both sides agreed a one-day pause was preferable to excusing an engaged juror who had not sought removal and to avoid suggesting it was easy to be excused midtrial.

Though Kuhl indicated she was prepared to proceed with the trial as scheduled, she said she would honor the parties' request.

"I would otherwise be inclined to move forward. But if that's your view ... it's your trial so we can do that," Kuhl said.

The case centers on claims that Meta and Google deliberately built their social media apps to addict and harm children. The plaintiff in this first case, a now-adult woman named Kaley, alleged heavy usage of Instagram and YouTube as a minor substantially contributed to her mental health struggles and disrupted her development. *Social Media Cases*, JCCP5255 (L.A. Super. Ct., filed Oct. 24, 2022).

The defendant companies, represented by Covington & Burling LLP and Wilson Sonsini Goodrich & Rosati LLP, argue Kaley's mental and emotional problems stemmed from events that predated her use of social media, including a detrimental home environment in which she saw and experienced abuse.

After excusing the panel Tuesday, the judge turned to a series of evidentiary disputes that signaled the issues likely to take center stage as high-profile witnesses such as Zuckerberg and YouTube CEO Neal Mohan take the stand in the coming days.

Much of the discussion centered on the scope of testimony from the alleged Meta whistleblowers and business model experts, and how far they could go in describing internal safety efforts.

Kuhl cautioned that generalized statements about safety being a corporate priority would not open the door to wide-ranging testimony about content moderation if it fell outside the design-defect theories at issue in the case.

Any rebuttal, the judge said, would have to be tethered to features plaintiffs contend were engineered to drive engagement, such as infinite scroll and algorithmic recommendations, rather than broader debates over platform content.

Jurors were instructed that the companies could not be held liable for third-party content posted on their platforms.

Covington & Burling partner Phyllis A. Jones also flagged anticipated briefing tied to Zuckerberg's expected testimony, signaling disputes over whether portions of his examination would veer into content-focused areas they contend are not relevant to the claims being tried.

Kuhl acknowledged that advance briefing can streamline objections in front of jurors but warned she would not permit last-minute or sealed filings.

The parties additionally argued over the admissibility of an internal YouTube presentation.

Lanier argued the document illustrated how engagement metrics translate into advertising dollars - a key component of the plaintiff's theory that platform design incentivizes prolonged use.

"This is just an example of YouTube using the same formula of how YouTube makes money with ads," Lanier said, explaining that the presentation tied ad revenue to watch time. "Candidly, I can't understand how the company is arguing with a straight face that this is not a business record in California."

Wilson Sonsini partner Samantha Machock countered that the document concerned YouTube Live, which she described as "a livestream feature that is totally irrelevant to this case."

Kuhl indicated the document could be used if the plaintiff's counsel established the necessary foundation.

#389783

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<https://www.wsj.com/us-news/law/meta-mark-zuckerberg-social-media-trial-0e9a7fa0>

U.S. | LAW

Mark Zuckerberg Grilled on Usage Goals, Underage Users at California Trial

Meta CEO said the company no longer issues goals for its teams for time spent by users on its platforms.

By [Meghan Bobrowsky](#) [Follow](#)

Feb. 18, 2026 2:15 pm ET



Meta CEO Mark Zuckerberg arriving Wednesday at Los Angeles Superior Court. KYLE GRILLOT/BLOOMBERG NEWS

Quick Summary

- Meta Platforms is facing a lawsuit in Los Angeles alleging its platforms' features harm young people.

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[Meta Platforms](#) META **-0.14%** ▼ Chief Executive [Mark Zuckerberg](#) defended the company's practices and highlighted his own philanthropy at a landmark social media trial in Los Angeles on Wednesday.

Questioning Zuckerberg, Mark Lanier, a lawyer for the plaintiff, showed an email from 2015 in which the CEO stated his goal for 2016 was to increase users' time spent by 12%.

"We used to give teams goals on time spent and we don't do that anymore because I don't think that's the best way to do it," Zuckerberg, wearing a navy blue suit and tie, said on the witness stand in sworn testimony.

Lanier also asked Zuckerberg whether he knew there were children under 13 using Meta's apps. Zuckerberg said the company's policy was that children under 13 aren't allowed on the platform and that they are removed when identified.

Lanier showed an internal Meta email from 2015 that estimated 4 million children under 13 were using Instagram. He estimated that figure would represent approximately 30% of all kids aged 10 to 12 in the U.S.

In response to a question about his ownership stake in Meta, which amounts to roughly more than \$200 billion, Zuckerberg said he has pledged to donate most of his money to charity.

"The better that Meta does, the more money I will be able to invest in science research," he said.

Meta Platforms and Google's YouTube are facing the [first of 3,000 lawsuits](#) filed against them, alleging that the companies should be held liable for building algorithmic recommendations and product features such as the infinite scroll and autoplay that make it difficult for teens to log off.

The first case is a personal-injury lawsuit filed by a woman who goes by the initials K.G.M. in court documents. She alleges that social-media use as a child and teenager led her to struggle with body dysmorphia, suicidal thoughts, anxiety, addiction and depression. Her complaint says she started using social media apps when she was 10 years old.

Meta, the parent company of Facebook and Instagram, said in a statement prior to the trial's start that K.G.M.'s lawyers "will try to paint an intentionally misleading picture of Meta with cherry-picked quotes and snippets of conversations taken out of context. The full record will show a company that has consistently put teen safety ahead of growth for over a decade."

A parallel case is also currently playing out in New Mexico state court, brought by the state's attorney general, Raúl Torrez. That lawsuit alleges that Meta designed its features and algorithms in a way that was dangerous to children and that it failed to protect them from sexual exploitation on their platforms.

To gather evidence for the case, the plaintiffs set up fake Facebook accounts of minors and tracked who engaged with them.

A spokesman for Meta said the New Mexico attorney general, Torrez, was making “sensationalist, irrelevant and distracting arguments by cherry picking selected documents” and that Meta is “focused on demonstrating our longstanding commitment to supporting young people.”

Core to the central allegations in both trials is Meta's business model. The company sells advertisements on its platforms, which it shows to users. The longer users stay on the platforms, the more ads Meta can show them.

In its most recently reported quarter, Meta posted record revenue of [nearly \\$60 billion](#).

Adam Mosseri, the Meta executive tasked with running Instagram, testified in the Los Angeles case last week. He said there is a difference between a clinical addiction to social media and what people refer to in the modern day as being “addicted” to say a TV show. He said social media isn't “clinically” addictive.

The trial, which began last week, is expected to last six weeks. [Snapchat](#) and TikTok were also originally defendants in the case but settled with the plaintiff shortly before the trial began. The details of the settlements weren't disclosed, and both remain defendants in the other lawsuits.

This is a developing story and will be updated.

Meghan Bobrowsky is a technology reporter in The Wall Street Journal's San Francisco bureau, where she covers the tech giant Meta and social media at large.

Since joining the Journal in 2021, Meghan has reported on Elon Musk's bid and subsequent takeover o...

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Zuckerberg Says 'Difficult' to Keep Kids Under 13 Off Instagram

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Riley Griffin, Madlin Mekelburg

February 18, 2026



Mark Zuckerberg arrives at Los Angeles Superior Court in Los Angeles on Feb. 18.

Photographer: Kyle Grillot/Bloomberg

By Riley Griffin and Madlin Mekelburg

(Bloomberg) --

was sharply questioned on the witness stand about whether he and other leaders at are aware of the volume of children under age 13 who use Instagram.

During a landmark trial over social media addiction, Zuckerberg described the "very difficult" task of enforcing the platform's age requirement. He said Meta has introduced some "proactive tools" to try to identify and remove accounts violating the rules.

"There are a set of people — potentially a meaningful number of people — that lie about their age," Zuckerberg told the jury in Los Angeles Superior Court, noting that it's a "challenging" problem.

The chief executive officer of Meta and the world's fifth richest person is the second executive to testify during the trial, which started Feb. 9, and centers on Kaley G.M., a 20-year-old woman who blames Meta's Instagram and 's YouTube for her years of mental health struggles.

He said there have been debates at Meta about “privacy sensitivity” related to asking individuals for their date of birth in order to create an account, something the company ultimately decided to do.

“I think we got to the right place over time,” he said. “I always wish we could have gotten there sooner.”



Mark Zuckerberg arrives at Los Angeles Superior Court in Los Angeles on Feb. 18.

Photographer: Kyle Grillot/Bloomberg

Kaley, who is also identified in court documents by her initials K.G.M., was present in court for a portion of Zuckerberg’s testimony. She has been absent for much of the trial so far after her lawyer told jurors it would be traumatic for her to sit through it.

Lanier told Zuckerberg that Kaley had an Instagram account when she was nine years old.

“You expect the nine-year-old to read all of the fine print?” Lanier said.

Meta has long argued that [age verification should happen before](#) a user downloads an app — meaning that and ’s Google, which control the world’s most dominant mobile operating systems and app stores, should be responsible for age-gating certain experiences.

Meta, Apple and Google have all lobbied in various US states to get ahead of potential legislation that could determine which companies are ultimately responsible for this type of user protection.

The trial, which is expected to run through the end of March, will serve as a critical test for thousands of other lawsuits that target not only Meta and Google, but also and The latter two companies aren't participating in the current case because they reached confidential settlements with the woman's lawyers at the Seattle-based [Social Media Victims Law Center](#) shortly before trial.

Read More: [Macron Dismisses Social Media Platforms' Free Speech Arguments](#)

While the four social media giants have denied wrongdoing and maintain they have installed robust guardrails for young users, they face billions of dollars in potential damages if juries side against them in early trials.

Lanier told jurors at the outset of the trial that he planned to "quiz" Zuckerberg about the company's goals related to attracting and retaining young users, and how he balances business interests with safety.

In questioning Wednesday, the lawyer confronted Zuckerberg over a 2015 memo in which the CEO outlined the company's goals for the coming year and said he wanted to "reverse the teen trend" and "increase time spent by 12%."



Mark Lanier, center, arrives at Los Angeles Superior Court on Feb. 11.

Photographer: Ethan Swope/Getty Images

Other [documents made public](#) years later by an employee-turned-whistleblower showed that Meta also faced declining teen usage on Facebook, its core network, forcing employees to strategize about how to "optimize" its networks for young

people. In recent years it has made [attracting young adults to Facebook a key focus](#), tweaking its algorithms to surface more content from outside a user's network of friends and family — a strategy popularized by TikTok.

Profit versus safety was a central theme in the Feb. 11 testimony of Instagram head, who Lanier peppered with questions about the company's decision to lift its ban on photo filters that replicate the effects of cosmetic surgery. Internal emails showed Mosseri and Zuckerberg supported lifting the ban even after staffers called into question whether the so-called beauty filters would do more harm than good.



Adam Mosseri arrives at Los Angeles Superior Court in Los Angeles on Feb. 11.
Photographer: Caroline Brehman/Bloomberg

Lanier also posed a series of questions to Mosseri about how much the company valued testing and studying the impact of a given product or design choice on users before releasing it to the public. The lawyer highlighted the original motto for Facebook coined by Zuckerberg, "Move fast and break things."

Meta has been criticized for years for allegedly failing to protect young people online. Internal documents unveiled in 2021 found that employees were aware that Instagram could have [negative effects on teens](#), especially girls. During a Federal Trade Commission antitrust trial in Washington last year, other internal documents showed that Instagram's automated software systems [recommended that child "groomers" connect with minors](#) on the app.

Zuckerberg has previously had to defend his company before Congress. In January 2024, during a congressional hearing over youth safety on social networks, Zuckerberg stood up and [apologized to families](#) of children who were victims of sexual exploitation on social media platforms.

The company has made efforts of late to improve its privacy settings for teen users. It debuted so-called teen accounts in late 2024 that automatically restrict content and some interactions on Instagram for kids under 18. It also [changed the default content settings](#) on Instagram in October to what it described as "PG-13" for all users under 18, and [now restricts](#) some younger teens from streaming live on Instagram.

--With assistance from .

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Zuckerberg says Meta no longer designs apps to maximize screentime

 [reuters.com/sustainability/society-equity/metazuckerbergfacesquestioningyouthaddictiontrial-2026-02-18](https://www.reuters.com/sustainability/society-equity/metazuckerbergfacesquestioningyouthaddictiontrial-2026-02-18)

Jody Godoy

February 18, 2026



- Woman sues social media companies over mental health issues
- Head of Meta's Instagram testified last week
- Meta may have to pay damages if it loses this case

LOS ANGELES, Feb 18 (Reuters) - Meta Platforms ([META.O](https://www.meta.com))  [, opens new tab](#)

CEO Mark Zuckerberg pushed back in court on Wednesday against a lawyer's suggestion that he had misled Congress about the design of its social media platforms, as a landmark trial over youth [social media addiction](#) continues. Zuckerberg was questioned on his statements to Congress in 2024, at a hearing where he said the company did not give its teams the goal of maximizing time spent on its apps.

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Mark Lanier, a lawyer for a woman who accuses Meta of harming her mental health when she was a child, showed jurors emails from 2014 and 2015 in which Zuckerberg laid out aims to increase [time spent on the app](#) by double-digit percentage points. Zuckerberg said that while Meta previously had goals related to the amount of time users spent on the app, it has since changed its approach. "If you are trying to say my testimony was not accurate, I strongly disagree with that," Zuckerberg said.

The appearance was the billionaire Facebook founder's first time testifying in court on Instagram's effect on the [mental health of young users](#). While Zuckerberg has previously testified on the subject before Congress, the stakes are higher at the

jury trial in Los Angeles, California. Meta may have to pay damages if it loses the case, and the verdict could erode Big Tech's [longstanding legal defense](#) against claims of user harm.

The lawsuit and others like it are part of a global backlash against social media platforms over children's mental health.

Item 1 of 5 Meta Platforms CEO Mark Zuckerberg arrives outside court to take the stand at trial in a key test case accusing Meta and Google's YouTube of harming kids' mental health through addictive platforms, in Los Angeles, California, U.S., February 18, 2026. REUTERS/Mike Blake

[1/5]Meta Platforms CEO Mark Zuckerberg arrives outside court to take the stand at trial in a key test case accusing Meta and Google's YouTube of harming kids' mental health through addictive platforms,... [Purchase Licensing Rights, opens new tab](#) Read more

Australia has prohibited access to social media platforms for users under age 16, and [other countries](#) including Spain are [considering similar curbs](#). In the U.S., Florida has prohibited companies from allowing users under age 14. Tech industry trade groups are challenging the law in court.

The case involves a California woman who started using Meta's Instagram and Google's YouTube as a child. She alleges the companies sought to [profit by hooking kids](#) on their services despite knowing social media could harm their mental health. She alleges the apps fueled her depression and suicidal thoughts and is seeking to hold the companies liable.

Meta and Google have denied the allegations, and pointed to their work to add features that keep users safe. Meta has often pointed to a National Academies of Sciences finding that research does not show social media changes kids' mental health.

The lawsuit serves as a test case for similar claims in a larger group of cases against Meta, Alphabet's [\(GOOGL.O\)](#)  [, opens new tab](#) Google, Snap and TikTok. Families, school districts and states have filed thousands of lawsuits in the U.S. accusing the companies of fueling a youth mental health crisis.

Over the years, investigative reporting has unearthed internal Meta documents showing the company was aware of potential harm. Meta researchers found that teens who report that Instagram regularly made them feel bad about their bodies saw significantly more "eating disorder adjacent content" than those who did not, [Reuters reported](#) in October.

Adam Mosseri, head of Instagram, [testified last week](#) that he was unaware of a recent Meta study showing no link between parental supervision and teens' attentiveness to their own social media use. Teens with difficult life circumstances more often said they used Instagram habitually or unintentionally, according to the document shown at trial.

Meta's lawyer told jurors at the trial that the woman's health records show her issues stem from a troubled childhood, and that social media was a creative outlet for her.

Reporting by Jody Godoy; Editing by David Gregorio, Franklin Paul and Nick Zieminski

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Jody Godoy reports on tech policy and antitrust enforcement, including how regulators are responding to the rise of AI. Reach her at jody.godoy@thomsonreuters.com

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Litigation

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Zuckerberg to Defend Meta's Youth Strategy at Addiction Trial

Feb. 18, 2026, 8:35 AM PST

Summary by Bloomberg AI

AI Generated



- Mark Zuckerberg will testify at a trial over social media addiction and face questions about how Meta Platforms Inc. balances protecting young users and boosting revenue.
- The trial centers on a 20-year-old woman blaming Meta's Instagram and Google's YouTube for her mental health struggles and will serve as a test for thousands of other lawsuits targeting social media companies.
- Zuckerberg's testimony will likely revisit key decisions he made about design choices for Facebook and Instagram, company strategies related to children and teens, and internal communications about the potentially addictive nature of the platforms.

Mark Zuckerberg is set to take the stand at a landmark trial over social media addiction and face a barrage of questions about how Meta Platforms Inc. balances protecting young users on its platforms and boosting revenue.

The world's fifth richest person will be the second executive to testify during the Los Angeles trial, which started Feb. 9, and centers on a 20-year-old woman blaming Meta's Instagram and Google's YouTube for her years of mental health struggles.



Mark Zuckerberg arrives at Los Angeles Superior Court in Los Angeles on Feb. 18.

Photographer: Kyle Grillot/Bloomberg

Zuckerberg's testimony Wednesday will likely revisit key decisions he made about design choices for Facebook and Instagram, company strategies related to children and teens, and internal communications about the potentially addictive nature of the platforms.

The trial, which will is expected to run through the end of March, will serve as a critical test for thousands of other lawsuits that target not only Meta and Google, but also TikTok Inc. and Snap Inc. The latter two companies aren't participating in the current case because they reached confidential settlements with the woman's lawyers at the Seattle-based Social Media Victims Law Center shortly before trial.

Read More: [Macron Says Social Media's Free Speech Arguments Are 'Bullshit'](#)

While the four social media giants have denied wrongdoing and maintain they have installed robust guardrails for young users, they face billions of dollars in potential damages if juries side against them in early trials.

Mark Lanier, a lawyer for the woman who's suing, told jurors at the outset of the trial that he plans to "quiz" Zuckerberg about the company's goals related to attracting and retaining young users, and how he balances business interests with safety.

He cited a 2015 memo, in which Zuckerberg outlined the company's goals for the coming year and said he wanted to "reverse the teen trend" and "increase time spent by 12%."

"You'll hear him admit, I hope, that the teen trend was declining and he ordered his teams to reverse it," Lanier said. "Not because it is good for the teens, but because it is necessary for the income."



Mark Lanier, center, arrives at Los Angeles Superior Court on Feb. 11.

Photographer: Ethan Swope/Getty Images

"They had a specific strategy," the lawyer went on. "They called it the 'youth strategy.'"

Other [documents made public](#) years later by an employee-turned-whistleblower showed that Meta also faced declining teen usage on Facebook, its core network, forcing employees to strategize about how to “optimize” its networks for young people. In recent years it has made [attracting young adults to Facebook a key focus](#), tweaking its algorithms to surface more content from outside a user’s network of friends and family – a strategy popularized by TikTok.

Profit versus safety was a central theme in the Feb. 11 testimony of Instagram head **Adam Mosseri**, who Lanier peppered with questions about the company’s decision to lift its ban on photo filters that replicate the effects of cosmetic surgery. Internal emails showed Mosseri and Zuckerberg supported lifting the ban even after staffers called into question whether the so-called beauty filters would do more harm than good.



Adam Mosseri arrives at Los Angeles Superior Court in Los Angeles on Feb. 11.

Photographer: Caroline Brehman/Bloomberg

Lanier also posed a series of questions to Mosseri about how much the company valued testing and studying the impact of a given product or design choice on users before releasing it to the public. The lawyer highlighted the original motto for Facebook coined by Zuckerberg, “Move fast and break things.”

Meta has been criticized for years for allegedly failing to protect young people online. Internal documents unveiled in 2021 found that employees were aware that Instagram could have negative effects on teens, especially girls. During a Federal Trade Commission antitrust trial in Washington last year, other internal documents showed that Instagram's automated software systems [recommended that child "groomers" connect with minors](#) on the app.

Zuckerberg has had to defend his company in public before. In January 2024, during a congressional hearing over youth safety on social networks, Zuckerberg stood up and [apologized to families](#) of children who were victims of sexual exploitation on social media platforms.

The company has made efforts of late to improve its privacy settings for teen users. It debuted so-called teen accounts in late 2024 that automatically restrict content and some interactions on Instagram for kids under 18. It also [changed the default content settings](#) on Instagram in October to what it described as "PG-13" for all users under 18, and [now restricts](#) some younger teens from streaming live on Instagram.

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Bayer retreats as investors sour on deal to settle Roundup litigation

 [reuters.com/sustainability/boards-policy-regulation/bayer-retreats-investors-sour-deal-settle-roundup-litigation-2026-02-18](https://www.reuters.com/sustainability/boards-policy-regulation/bayer-retreats-investors-sour-deal-settle-roundup-litigation-2026-02-18)

Reuters

February 18, 2026

[\(BAYGn.DE\)](#)  [opens new tab](#) shares slumped as much as 12% on Wednesday, wiping out the previous day's gains, as investors questioned whether a proposed \$7.25 billion settlement of cancer lawsuits over its Roundup weedkiller would mark a decisive turnaround.

The German pharmaceuticals and crop protection group said late on Tuesday it had reached an [agreement](#) to resolve tens of thousands of current and future product liability claims, after years of grappling with legal risks tied to Roundup, acquired in the 2018 takeover of Monsanto.

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The stock's 7.3% surge on Tuesday was more than reversed by a 9.6% drop as of 1335 GMT.

A chart showing Bayer's performance versus rivals.

JPMorgan analysts said the settlement moved in the right direction but noted that Bayer had not disclosed how many plaintiffs must opt in for the deal to proceed, and it was also unclear how willing they might be to accept the offer.

"There remain considerations such as the necessity for court approval and the possibility of a high rate of opt-outs," they said.

Late on Tuesday, Markus Manns, a portfolio manager at Union Investment, also warned that the proposal was "not yet the breakthrough that many investors had hoped for".

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Both JPMorgan and Manns said much still hinged on an outstanding U.S. Supreme Court ruling on the overall merits of the lawsuits.

Monsanto Co's Roundup is shown for sale in Encinitas, California, U.S., June 26, 2017. REUTERS/Mike Blake/File Photo [Purchase Licensing Rights](#) , [opens new tab](#)

Bayer has petitioned the court to invalidate the claims, which are mainly based on state law, arguing that federal regulation in its favour should take precedence.

Stephan Wulf, an analyst at brokerage Oddo BHF, cautioned that a sequence of legal hurdles must be cleared for the settlement to take effect, and that the Supreme Court's view would be an added uncertainty.

"This is not a done deal yet," he said.

A Bayer spokesperson said the group was confident of a favourable Supreme Court outcome, though it would not speculate on its chances of success.

[legal brief](#) by U.S. Solicitor General in December, which showed President Donald Trump's administration agrees with Bayer's reading of the law at issue. The move, however, gives Bayer management more wiggle room, said Union's Manns.

"Dealing with the lawsuits tied up a lot of management capacity, which can now be used for strategic issues," said Manns, suggesting portfolio changes, structural measures and faster market launches.

(\$1 = 0.8445 euros)

Reporting by Ludwig Burger, Patricia Weiss and Tom Sims in Frankfurt and Tristan Veyet in Gdansk. Additional reporting by Sanne Schimanski. Editing by Mark Potter

Litigation

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Bayer's \$7 Billion Effort to End Roundup Curse Draws Skepticism

Feb. 18, 2026, 7:51 AM PST

Summary by Bloomberg AI AI Generated



- Bayer AG Chief Executive Officer Bill Anderson's effort to resolve legal battles related to its Roundup pesticide is facing skepticism from investors.
- The proposed \$7.25 billion class-action settlement to resolve most current and future claims that Roundup causes cancer faces challenges, including court approval and participation requirements.
- Bayer has raised its litigation provisions and warned of negative free cash flow in 2026, with the deal's success contingent on factors including a US Supreme Court review and claimant participation.

Bayer AG Chief Executive Officer Bill Anderson's effort to extricate the company from the years-long legal battles related to its Roundup pesticide is facing some skepticism from investors.

The German conglomerate's proposed \$7.25 billion class-action settlement in the US announced late Tuesday to resolve most current and future claims that Roundup causes cancer – an allegation Bayer rejects but one that has haunted it since its \$63 billion purchase of Monsanto in 2018 – initially sparked optimism.

But a cold-eyed look at the challenges the plan faces is prompting investors to pull back. After rallying 7.4% on Tuesday, shares reversed course, dropping as much as 12% on Wednesday, the steepest slide in over a year.

"This is not yet the breakthrough that many investors had hoped for," said **Markus Manns**, portfolio manager at Frankfurt-based asset manager Union Investment, a Bayer investor.



Bill Anderson

Photographer: Alex Kraus/Bloomberg

The list of hurdles to the plan is long. For one, it remains contingent on court approval in Missouri. Class members can opt out, and Bayer has the right to terminate the agreement if participation falls short. Anderson has made clear the uptake needs to be "very close" to 100% participation for the framework to work.

The deal is also costly. Bayer raised its litigation provisions to €11.8 billion (\$13.9 billion) and warned that free cash flow will likely be negative in 2026 as it fronts the largest payments. It has secured an \$8 billion bridge loan facility to fund the upfront outflows and plans to refinance the debt through senior bonds and hybrid securities.

Anderson has a lot riding on the deal. The American took the helm of Bayer in mid-2023, tasked above all with finding a way to bring a close to the seemingly never-ending litigation that's already cost the group north of \$10 billion. He has vowed to largely contain the situation by the end of 2026 and is now arguing that the timing for a class-action solution is finally right. Bayer reached a point where plaintiff lawyers were willing to come to the table, he said, adding that the deal came after months of "difficult negotiations."

"This is a move to liberate the company from the litigation burden so our people can dedicate resources to cell and gene therapies, drought-resistant seed hybrids, and better ways of taking care of everyday health," Anderson said on an investor call Tuesday evening.

Anderson's rhetoric echoes that of his predecessor **Werner Baumann**, who in 2020 unveiled a sweeping settlement meant to also address future claims – only for a federal judge to reject key elements, allowing litigation to continue.

"Proposing a settlement is different to getting one across the finish line, even if the current proposal appears well thought-out," said Berenberg analyst **Sebastian Bray**. "I think the market may also be examining the potential for group higher interest costs resulting from the debt that may be used to finance a settlement."

Bayer argues this time is different. The new proposal has a longer run time with 21 years and a larger funding pool. Anderson also has leverage from the upcoming US Supreme Court review – another difference from Baumann – which may drive more claimants to settle, according to Bloomberg Intelligence analyst **Holly Froum**.

Read: [Bayer Gets High Court Hearing in Challenge to Roundup Suits](#)

Anderson said the settlement wouldn't have been possible without the US Supreme Court case. It's also critical to cover major outstanding verdicts not addressed by the settlement.

The court agreed in [January](#) to review whether federal pesticide law shields Bayer from state-level failure-to-warn claims, the legal theory underpinning most Roundup lawsuits. Oral arguments are scheduled for April 27, with a decision expected by mid-year.

If the court rules in Bayer's favor, the decision could undercut a substantial portion of claims – JPMorgan analysts estimate failure-to-warn cases account for roughly 80% of those filed. But if it rules against the company, the settlement alone may not be enough to prevent renewed litigation risk.

"Bayer is buying time, but without a favorable decision from the Supreme Court, a new wave of lawsuits could emerge in the coming years," Manns said.

Beyond litigation, Bayer has seen a rebound under Anderson's leadership, with shares doubling over the past 12 months. He has implemented an across-the-board cost-cutting program and radically slashed management layers.

The rebound in shares is also linked to improving prospects in the pharmaceutical business. While the division is grappling with generic competition for blockbuster blood thinner Xarelto, demand for kidney therapy Kerendia and cancer drug Nubeqa is strong. Bayer is also launching new growth drivers, including menopause drug Lynkuet, and it surprised the market with [strong trial results](#) for Asundexian – once seen as a failure.

Read: [Bayer Sees Pharma Growth as Unit Chief Touts Comeback Story](#)

Asked about whether Bayer's conglomerate structure – which also includes the crop science and consumer health units – could be broken up, Anderson said in Tuesday's call that for now he's focused on dealing with litigation and "making Bayer the leanest, fastest life science company in the world."

That said, he didn't rule out an eventual look at the group's composition.

"I can assure you we will be addressing the structure question in the future," he said.

--With assistance from **Tim Loh** and Jef Feeley.

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Bayer proposes \$7.25 billion plan to settle Roundup cancer cases

 [reuters.com/business/healthcare-pharmaceuticals/bayer-make-105-bln-push-settle-roundup-cases-bloomberg-reports-2026-02-17](https://www.reuters.com/business/healthcare-pharmaceuticals/bayer-make-105-bln-push-settle-roundup-cases-bloomberg-reports-2026-02-17)

Diana Jones

February 17, 2026

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- Settlement covers current and future Roundup cancer claims
- Bayer faces claims from 65,000 plaintiffs over Roundup
- Supreme Court case could limit Bayer's liability in litigation
- Shares hit highest level since September 2023

Feb 17 (Reuters) - Bayer ([BAYGn.DE](#), [opens new tab](#)) said on Tuesday its Monsanto unit had reached an agreement worth as much as \$7.25 billion to resolve tens of thousands of current and future lawsuits claiming that its Roundup weedkiller caused cancer.

The move marks a major step for the German firm, which has spent years tackling legal risks tied to Roundup, acquired as part of its \$63 billion purchase of agrochemical company Monsanto in 2018.

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The German company said the proposed nationwide settlement, filed on Tuesday in state court in St. Louis, Missouri, would establish a long-term claims program funded by capped annual payments over up to 21 years.

The company is facing claims over Roundup from approximately 65,000 plaintiffs in U.S. state and federal courts.

The plaintiffs say they developed non-Hodgkin lymphoma and other forms of cancer after using the weedkiller, either at home or on the job.

Following the announcement, Bayer shares rose as much as 7.7% to reach their highest level since September 12, 2023.

"Bayer's move will significantly reduce the legal risks. Although the settlement is very costly, it is to be welcomed as it covers future claims," Ingo Speich of Bayer investor Deko Investment said.

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Bayer said it expects its provisions and litigation liabilities to rise from 7.8 billion euros (\$9.24 billion) to 11.8 billion euros. It anticipates around 5 billion euros in litigation-related payouts in 2026, and now expects negative free cash flow for the year.

PROPOSED SETTLEMENT AIMED AT HEADING OFF FUTURE LAWSUITS

Roundup is among the most widely used weedkillers in the United States. Bayer has said decades of studies have shown Roundup and its active ingredient, glyphosate, are safe for human use.

The deal covers the bulk of the lawsuits, but requires a judge's approval and a minimum number of plaintiffs to opt in. It does not require Bayer to admit liability or wrongdoing and allows the company to back out if too many plaintiffs decline to participate.

It is also designed to head off future lawsuits, and allows people who can prove they have been diagnosed with non-Hodgkin lymphoma and were exposed to Roundup prior to Tuesday to file claims to receive a portion of the settlement up to 21 years from now.

The agreement was negotiated with Motley Rice, Seeger Weiss and other law firms that would represent a nationwide class of plaintiffs, if the court allows the deal to proceed.

The 120 metres high Bayer Cross, logo of German pharmaceutical and chemical maker Bayer AG, consisting of 1710 LED glass bulbs, is seen next to a red traffic light in Leverkusen, Germany, September 23, 2023. REUTERS/Wolfgang Rattay [Purchase Licensing Rights, opens new tab](#)

Bayer CEO Bill Anderson said on a call with investors and reporters that he is confident the proposed class action settlement will resolve the vast majority of the claims.

Attorneys who negotiated on behalf of the plaintiffs said the deal represents the best path forward. Payouts will be determined by a tiered system that considers exposure, age at diagnosis and cancer type. Individuals could receive up to \$198,000 or more, according to attorney Eric Holland.

The company said it had separately reached confidential settlements to resolve other Roundup cases with specific law firms, although the company would not name the firms or specify the amount of those deals.

SUPREME COURT TO HEAR APPEAL

Tuesday's proposed settlement comes after the U.S. Supreme Court [agreed to hear](#) an appeal in a case that Bayer argues will sharply limit its liability in the litigation.

The company said the Supreme Court case, scheduled for oral arguments at the end of April, remains essential to resolving the Roundup litigation.

Bayer is arguing that consumers should not be able to sue it under state law for failing to warn that Roundup increases cancer risk because the U.S. Environmental Protection Agency has found no such risk and requires no such warning. Bayer argued that federal law does not allow it to add any warning to the product beyond the EPA-approved label.

Markus Manns, portfolio manager at Bayer shareholder Union Investment, cautioned Tuesday's proposal was "not yet the breakthrough that many investors had hoped for."

"The settlement buys Bayer time, but without a win in the Supreme Court, a new wave of lawsuits could roll over Bayer in a few years," he said.

COMPANY PAID OUT \$10 BILLION TO SETTLE PREVIOUS LAWSUITS

The company had previously paid about \$10 billion to settle most of the Roundup lawsuits that were pending as of 2020, but failed to get a settlement then covering future cases.

It has had a mixed record with cases that have gone to trial. It prevailed in a series of Roundup trials, but has been hit with large jury awards in the past few years, including a [\\$2.1 billion verdict](#) in a case in the U.S. state of Georgia in March. The verdicts shattered both investor confidence and company hopes that the worst of the Roundup litigation was over, and put pressure on Bayer to find a comprehensive solution to the lawsuits.

(\$1 = 0.8445 euros)

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Thomson Reuters

Diana reports on product liability, litigation, mass torts and the plaintiffs' bar. She previously worked at Law360 and the Chicago Sun-Times.

Bayer proposes \$7.25 billion Roundup settlement

 [courthousenews.com/bayer-proposes-7-25-billion-roundup-settlement](https://www.courthousenews.com/bayer-proposes-7-25-billion-roundup-settlement)

Kevin Koeninger

February 17, 2026

Protesters congregate at the Iowa state capitol building in Des Moines on Monday, Feb. 10, 2025, to rally against a bill that would protect pesticide companies from lawsuits that claim its popular weedkiller causes cancer. (AP Photo/Hannah Fingerhut)

(CN) — Monsanto announced Tuesday it submitted a \$7.25 billion settlement in Missouri state court to “significantly contain” spiraling product liability litigation stemming from its glyphosate weedkiller, Roundup.

The proposed settlement includes up to 21 years of payments that Bayer, Monsanto’s parent company, says will “provide the company with both greater certainty and control regarding its litigation costs for current claims and potential future claimants.”

It will require final approval from a judge in St. Louis Circuit Court, but according to a press release, the class’s attorneys have also sought approval.

“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,” said Bill Anderson, CEO of Bayer, in a statement.

The U.S. Supreme Court case referenced by Anderson is *Monsanto Co. v. Durnell*, which was [accepted](#) for arguments by the justices in January 2026 and will determine whether claims based on state law are preempted by the Federal Insecticide, Fungicide, and Rodenticide Act.

Monsanto has been blamed by nearly 65,000 plaintiffs in various lawsuits across the United States for adverse effects, including cancer, that stem from the use of its weedkiller, Roundup.

The company has staunchly defended its use of glyphosate — classified as “probably carcinogenic” by the World Health Organization in 2015 — and emphasized in its statement the settlement will contain no admission of liability.

Any plaintiffs who claim exposure to Roundup prior to Feb. 17, 2026, and have a medical diagnosis of non-Hodgkin lymphoma now or receive such a diagnosis within the next 16 years, are eligible for payments under the proposed agreement.

Monsanto and Bayer have faced a litany of lawsuits in recent years, and not just for injuries supposedly caused by glyphosate.

The companies [settled](#) a consumer claims lawsuit in 2023, filed by more than 230,000 customers who sought to recoup overpayments based on Roundup's lack of a cancer warning label.

More recently, Bayer [settled](#) for \$38 million in a lawsuit filed by a class of shareholders who claimed the Leverkusen-based company misled investors about its buyout of Monsanto.

The \$63 billion buyout, finalized in 2018, came just months before the first jury [verdict](#) in favor of a Roundup user awarded \$250 million punitive damages, and investors claim Bayer downplayed the risks of glyphosate to prevent a stock price dip.

A federal judge previously [rejected](#) Bayer's attempts to cover future claims for \$2 billion in 2021.

The settlement payouts will be financed by a bank loan of \$8 billion, and will also "utilize senior bonds and instruments receiving equity-credit by rating agencies and not an authorized capital increase," according to Bayer's statement.

Monsanto announces \$7.25B class settlement in Roundup cancer litigation

DJ [dailyjournal.com/articles/389787-monsanto-announces-7-25b-class-settlement-in-roundup-cancer-litigation](https://www.dailyjournal.com/articles/389787-monsanto-announces-7-25b-class-settlement-in-roundup-cancer-litigation)

Bayer AG subsidiary Monsanto announced a \$7.25 billion nationwide class settlement on Tuesday aimed at resolving the longstanding legal battle over its glyphosate-based herbicide, Roundup. The proposed agreement is designed to address both current and future claims from individuals alleging they developed non-Hodgkin lymphoma due to Roundup exposure.

Under the terms of the settlement, which was filed for preliminary approval in state court in St. Louis, Missouri, Monsanto will provide funding through declining capped annual payments over a 21-year period. This longterm structure is intended to provide compensation for eligible class members diagnosed with NHL now or within 16 years following final court approval.

"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, CEO of Bayer, said in a news release on Tuesday. "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 legal saga began intensifying over a decade ago as lawsuits alleging Roundup caused cancer proliferated nationwide. A critical turning point occurred in 2015 when the International Agency for Research on Cancer classified glyphosate as "probably carcinogenic" to humans. This designation sparked a massive wave of litigation, eventually involving more than 100,000 plaintiffs. While Monsanto secured some defense victories, other trials resulted in staggering multi-billion-dollar jury verdicts. Prior to this latest agreement, the company had already committed over \$11 billion to resolve various Roundup-related claims.

To reflect the deal, Bayer has increased its total litigation provisions to 11.8 billion euros, Tuesday's announcement said.

The settlement is a key component of a broader strategy that includes a pending U.S. Supreme Court review of the *Monsanto Company v. Durnell* case examining whether state-law "failure-to-warn" claims are preempted by federal regulations--a ruling that could potentially foreclose many current and future lawsuits.

Despite the multi-billion-dollar commitment, the settlement contains no admission of liability or wrongdoing. Monsanto maintains that a robust body of science, supported by regulators such as the U.S. EPA, continues to conclude that glyphosate is safe and not carcinogenic.

The class was represented by several leading plaintiff law firms, including Seeger Weiss LLP and the Holland Law Firm. Unlike a previously rejected 2020 settlement proposal, this version is a longterm compensation program managed by a professional administrator and does not utilize an expert science panel to determine future litigation rights.

#389787

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Litigation

Manage Newsletters

Revlon, Talc Claimants Clash in Court on Missing Asbestos Trust

Feb. 18, 2026, 10:24 AM PST

Summary by Bloomberg AI

AI Generated



- Revlon defended its decision to skip creating a trust for future asbestos-related claims while in bankruptcy, while a group of people suing the company argued it hindered them from seeking relief.
- The talc claimants' attorney, David Frederick, said Revlon knew it would face future asbestos claimants but didn't invoke the trust provision in Section 524(g) of the US Bankruptcy Code to protect their due process rights.
- The case could have wide-ranging implications, with Judge Eric R. Komitee noting that notifying all potentially eligible individuals about filing a claim could be difficult in cases involving pharmaceutical products or childhood sexual assaults.

Cosmetics giant Revlon defended its decision to skip creating a trust specifically for future asbestos-related claims while it was in bankruptcy, while a group of people suing the company over allegedly contaminated talc products argued it hindered them from seeking relief.

Revlon knew it would face future asbestos claimants, but it didn't invoke the trust provision in Section 524(g) of the US Bankruptcy Code to protect the due process rights of those individuals, the talc claimants' attorney, David Frederick of Kellogg, Hansen, Todd, Figel & Frederick PLLC, said during oral arguments Wednesday before the US Court of Appeals for the Second Circuit.

The US Bankruptcy Court for the Southern District of New York in August 2024 ruled that the reorganization plan for Revlon, now RML LLC, barred 42 lawsuits brought by individuals who say products from the beauty company made them sick.

The creation of a trust specifically for asbestos claimants stems from the Second Circuit's 1988 decision upholding Johns-Manville Corp.'s Chapter 11 reorganization plan. Revlon has argued an asbestos-related trust is still optional, despite the ruling.

Unlike Johns-Manville or any other company facing asbestos-related liabilities, Revlon dealt with “broader macroeconomic factors in the wake of the pandemic,” Kannon Shanmugam of Paul, Weiss, Rifkind, Wharton & Garrison LLP said Wednesday, representing the beauty giant.

Judge Eunice C. Lee asked the parties whether 524(g) affects other provisions in the bankruptcy code that handle liability discharges.

The talc claimants appeared to argue that the bankruptcy code provision goes against the rule of construction courts use to interpret policies and laws, Lee noted.

The “specter of this case” is that Revlon may succeed in circumventing the trust provision in 524(g), despite the Second Circuit’s *Johns-Manville* ruling, Frederick said.

“If a debtor could get away with what Revlon is doing, no one would ever invoke 524(g) because you could just wipe the slate clean of all future claims,” he said.

There could be wide-ranging implications if the court agrees with the talc claimants, said Judge Eric R. Komitee of the US District Court for the Eastern District of New York, sitting on the appellate panel by designation.

In cases involving pharmaceutical products or childhood sexual assaults, for instance, notifying all potentially eligible individuals about filing a claim could be a difficult task, he said.

Shanmugam said Revlon, like defendants in other mass torts, have provided sufficient notice that reached people who might not know they have a claim.

“Individuals who had exposure could easily be on constructive notice, and part of the reason that we know that is that there were a fair number of claims that were actually filed,” he said said.

But asbestos has always been viewed as a unique problem, Frederick said.

“It may be 40 years after exposure before someone manifests disease symptoms and it was that unique asbestos problem that was designed to be dealt with in 524(g),” he said.

Judge Amalya L. Kearsse was also on the panel.

The talc claimants are also represented by Caplin & Drysdale.

The case is *In re RML LLC*, 2d Cir., No. 25-263, oral arguments 2/18/26.

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Critical Mass With Law.com's Amanda Bronstad: Bayer Reaches \$7.25B Class Settlement of Roundup Lawsuits, Meta CEO Mark Zuckerberg to Testify Today in Social Media Addiction Trial

February 18, 2026 at 10:46 AM By  Amanda Bronstad



Roundup weed killer.

Welcome to Law.com Class Actions: Critical Mass, a weekly briefing for class action and mass tort attorneys.

This week: Bayer's Roundup settlement comes one month after the **U.S. Supreme Court** agreed to take up its key preemption defense argument. **Meta CEO Mark Zuckerberg** is the latest top executive to testify in a closely watched social media addiction trial.

I'm **Amanda Bronstad**. Feel free to reach out to me with your input. My email is amanda.bronstad@alm.com. Follow me on [LinkedIn](#) or X: [@abronstadlaw](#).



Christopher Seeger of Seeger Weiss. Courtesy photo

Bayer's Roundup Settlement: 'It's Open to Everyone'

Bayer announced a \$7.25 billion class action settlement to resolve **Roundup** lawsuits across the nation.

[Here's my report](#) on the settlement, which was filed in **Missouri's 22nd Judicial Circuit Court** on Tuesday. The settlement comes one month after the **U.S. Supreme Court** [agreed to hear](#) **Monsanto's** federal preemption arguments, [backed by the](#) **U.S. Solicitor General**, in an appeal of a \$1.25 million Roundup verdict in Missouri. Supreme Court review remained critical to resolving the Roundup litigation, **Bayer CEO Bill Anderson** said during an investor conference on Tuesday. That's because a Supreme Court decision in Monsanto's favor would cover opt-outs to the settlement, which provides \$10,000 to \$160,000 for current and future claimants for the next 21 years.

[Chris Seeger](#) (**Seeger Weiss**), in a separate press conference, said the settlement allows Roundup cases to avoid Supreme Court review and eliminates the risk that Monsanto would file for bankruptcy protection. He helped negotiate the deal for the class along with **Holland Law Firm, Ketchmark and McCreight, Motley Rice, Waters Kraus Paul & Siegel** and **Williams Hart & Boundas**.

The deal comes six years after Bayer announced it would pay [\\$10.9 billion](#) to resolve most of the then-125,000 Roundup claims. That included a [\\$2 billion class action settlement](#) that **U.S. District Judge Vince Chhabria**, overseeing the Roundup multidistrict litigation, [rejected in 2021](#). But that deal involved only four years of claim payments and a controversial expert science panel—neither of which are factors in Tuesday’s settlement.

One thing left unclear is just how many Roundup cases are out there. Seeger said at the press conference that 40,000 cases had been filed. But Bayer’s executives pinned the number at 67,000.

“It’s open to everyone,” Anderson said. “We would anticipate the vast majority, almost all the plaintiffs, will opt in.”



Mark Zuckerberg, CEO of Meta, testifies before the Senate Judiciary Committee during a hearing titled "Big Tech and the Online Child Sexual Exploitation Crisis," on Wednesday, January 31, 2024. Photo: Diego M. Radzinski/ALM

Zuckerberg on the Stand: 'More Than a Legal Milestone'

Meta Platforms Inc. CEO Mark Zuckerberg plans to testify Wednesday in the closely watched social media addiction trial that began this month in **Los Angeles Superior Court**.

Meta, which operates **Instagram**, and **YouTube**, owned by **Google**, are defendants in the bellwether trial, the first of the California state court coordinated cases alleging the social media giants caused adolescent users to become addicted, leading to mental health problems. Plaintiff Kaley G.M., represented by [W. Mark Lanier](#) (**The Lanier Law Firm**), sued both companies, plus **TikTok** and **Snap Inc.**, owner of **Snapchat**, which settled prior to trial.

Instagram CEO Adam Mosseri, in [Feb. 11 testimony](#), told jurors he disagreed that people could be clinically addicted to social media platforms.

Zuckerberg has previously testified before Congress on privacy issues involving Facebook, which Meta also owns. In a statement, [Matthew Bergman](#) (**Social Media Victims Law Center**) said:

“Mark Zuckerberg’s upcoming testimony is more than a legal milestone — it is a moment that families across this country have been waiting for. For the first time, a Meta CEO will have to sit before a jury, under oath, and explain why the company released a product its own safety teams warned were addictive and harmful to children. The evidence is clear. Internal documents show that Meta understood the dangers its platforms posed to young people. Yet Zuckerberg and Meta pushed forward, choosing features designed to keep kids online longer, even when those choices put children directly in harm’s way.”



Adam Polk of Girard Sharp. Courtesy photo

Who Got the Work?

[Adam Polk](#) (Girard Sharp), [Sabita Soneji](#) (Tycko & Zavareei), and [Jason Lichtman](#) (Lieff Cabraser) were appointed co-lead counsel in the multidistrict litigation over Salesforce's data breach. On Feb. 11, **U.S. District Court Judge Jacqueline Scott Corley**, overseeing the multidistrict litigation in the **Northern District of California**, also appointed an executive committee: [Nicholas Murphy](#) (**Hausfeld**) as chairman; [Amber Schuber](#) (**Schubert Jonckheer & Kolbe**) as liaison counsel; [Thomas Loeser](#) (**Cotchett Pitre & McCarthy**); [Robert Ahdoot](#) (**Ahdoot & Wolfson**); [Mark DeSanto](#) (**Berger Montague**); and [Ryan McGee](#) (**Morgan & Morgan**)

Here's what else is happening:

Talc Award: A **Philadelphia Court of Common Pleas** jury [awarded \\$250,000](#) to the family of a woman who died of ovarian cancer after decades of using **Johnson & Johnson's** baby powder. The Feb. 13 verdict includes \$200,000 in punitive damages but is far below jury awards in other ovarian cancer trials against Johnson & Johnson. [Leigh O'Dell](#) (**Beasley Allen**), [David Dearing](#) (**Beasley Allen**) and [Richard Golomb](#) (**Golomb Law**) represented the family of Gayle Emerson, who died in 2019. [Shaila Diwan](#) (**Kirkland & Ellis**) and [Mike Brown](#) (**Nelson Mullins**) represented Johnson & Johnson.

Roblox Arbitration: **Roblox** and **Discord** [want to arbitrate](#) child exploitation lawsuits, but plaintiffs' attorneys have opposed the move, citing the **Ending Forced Arbitration of Sexual Assault and Sexual Discrimination Act of 2021**. Roblox and Discord have already filed motions to compel arbitration in at least two cases in **California's San Mateo County Superior Court**, with one judge's order rejecting the move now on appeal, but the issue is certain to arise in the newly formed multidistrict litigation, coordinated before **U.S. District Chief Judge Richard Seeborg** in the **Northern District of California**.

Paragard Plan: After the first trial over the **Paragard IUD** ended in a defense verdict this month, a federal judge is [reevaluating the planned bellwether trials](#). **U.S. District Chief Judge Leigh Martin May**, in the **Northern District of Georgia**, who is overseeing more than 3,800 cases alleging the Paragard IUD breaks while inside a woman's uterus, held a hearing Tuesday on the effectiveness of upcoming bellwether trials, which are set for March and May. After 10 days, on Feb. 3, a jury sided with **Teva Pharmaceuticals USA** in the first trial.

Thanks for reading Critical Mass! I'll be back next week.

1 Million Vehicles: Class Action Focuses on Toyota Transmissions

The attorney said he has experience going up against Toyota in another New Jersey class action as well as a related action in Canada, both alleging the company produced cars with high voltage underbody cables that were prone to corrosion.

February 17, 2026 at 02:48 PM By  **Charles Toutant**



Credit: Björn Wylezich/Adobe Stock

Toyota Motor Sales U.S.A. Inc. is facing a mounting crop of class suits alleging it produced vehicles with faulty transmissions.

A putative class action was filed against the automaker in a New Jersey federal court on Feb. 12 on behalf of people who bought Toyota and Lexus vehicles with transmissions that are prone to overheating.

And similar suits are pending in the Eastern District of New York, with one moved from Texas.

The class could encompass owners of as many as 1 million vehicles, said Joseph Santoli, the Ridgewood, New Jersey solo practitioner who filed the latest transmission suit against Toyota.

Santoli filed his suit along with Bruce Nagel of Nagel Rice in Roseland.

The suit alleges Toyota was aware that its UA 80 8-speed automatic transmissions allegedly suffer a defect that causes excess heat to build up, causing the transmission to burn fluid and the transmission to prematurely wear, ultimately leading to transmission failure and causing the vehicle to stall. The vehicles also allegedly have a software defect causing premature upshifts, causing the transmission to deteriorate faster than expected, the suit claims.



Attorney Joseph R. Santoli. Courtesy photo

The New Jersey suit was brought on behalf of those who purchased or leased one of the following Toyota models: 2017-present Highlander, 2019-present RAV-4, 2023-present Grand Highlander, 2017-2024 Camry, 2017-2020 Sienna and the 2019-2022 Avalon.

The class also includes those who purchased the following Lexus models: 2019-present ES350, 2021-present ES250, 2023-present RX350, 2022-present NX250, 2022-present NX350 and 2024-present TX350.

Santoli said he has experience going up against Toyota in another New Jersey class action as well as a related action in Canada, both alleging the company produced cars with high voltage underbody cables that were prone to corrosion. He said under the surface, Toyota vehicles have many of the same components.

"Once Toyota gets an idea in their head that they're going to do it a certain way, they do it on all their cars. And that's what they did here with this transmission. They seemed to implement it with all their cars," Santoli claimed.

In November 2025, Beasley Allen Law Firm of Montgomery, Alabama filed a suit against Toyota in the Eastern District of New York over alleged faulty transmissions., *Natale v. Toyota Motor Corporation*. Toyota is represented by King & Spalding.

Then, on Dec. 12, in the Eastern District of Texas, Steckler, Wayne & Love of Dallas filed a suit called *LeBoutheller v. Toyota Motor Sales U.S.A*. The suit raises similar claims about faulty transmissions. And on Feb. 6, that case changed its venue to the Eastern District of New York.

Toyota did not respond to a request for comment about the transmission litigation.

Former students blast Grand Canyon University over 'worthless degrees'

 [courthousenews.com/former-students-blast-grand-canyon-university-over-worthless-degrees](https://www.courthousenews.com/former-students-blast-grand-canyon-university-over-worthless-degrees)

Joe Duhownik

February 17, 2026

Grand Canyon University Arena at dusk. (GrandCanyonU/Wikimedia Commons via Courthouse News)

PHOENIX (CN) — Grand Canyon University defended itself Tuesday in a [class action](#) claiming it deceives students into enrolling in useless degree programs that don't meet common accreditation and licensure requirements.

Katie Ogdon, a resident of Fresno, California, says she enrolled in Phoenix-based GCU's Master of Science in Psychology degree program with the intention of becoming a mental health therapist in California. Two years and more than \$20,000 in student loans later, Ogdon learned the degree program GCU counselors encouraged her to pursue is not accredited in California and does not qualify her to be a licensed therapist in the state.

Ogdon says GCU uses deceptive and misleading statements about its degree programs to register as many students as it can and collect federal funding without telling students that the programs may not be useful in their desired field of work, amounting to RICO activities and unjust enrichment. She says counselors are trained to omit relevant accreditation information and have misled thousands of students into registering for unaccredited master's programs at GCU.

In a federal courtroom Tuesday afternoon, GCU argued that Ogdon has no standing to represent the plaintiff class.

Ogdon's total fees for her two years at GCU amounted to \$20,533 — less than the \$22,000 granted to her in federal student loans. Because her student loans were forgiven in 2020, just days before she filed this lawsuit, Ogdon forfeited the right to make any legal claims relating to her student loans, which cover everything Ogdon spent at GCU and more, defense attorney Derin Dickerson argued.

"All of her claims are intrinsically linked to her federal student loans, which are now forgiven," he said.

Dickerson said GCU's academic catalog clearly states that its Master of Science in Psychology degree doesn't lead to licensure. Ogdon and other plaintiffs say they relied on advice from class counselors who told them their degrees were

accredited, but GCU says those students could and should have conducted their own cursory research of public information available to them.

If a degree program is not accredited and offers no opportunity for licensure, "what value is that program to the students?" U.S. District Judge Douglass Rayes asked Dickerson.

"There would be some limited value," Dickerson replied. "It does not lead to a licensed job, but it leads to other jobs that don't require licensure."

Dickerson said those who graduate from Ogdon's master's program could go into human resources, academia or use the degree to pursue a doctorate.

Finally, Dickerson said if any of Ogdon's claims survive, they may only be for monetary relief, not injunctive relief.

Representing the plaintiff class, attorney Leonard Aragon said the only injunctive relief the plaintiffs request is an order to stop making false and misleading statements about its degree programs.

The plaintiffs argued that not all of Ogdon's claims are linked to her student loans, as some fees — like graduation, for example — she paid outside the timeframe of the loans. Because Ogdon brings her claims on behalf of a class, she still has standing to move forward even if her own claims are mooted by her loan forgiveness, plaintiff attorney Annick Persinger added.

Because neither Ogdon nor Gurjit Singh, who represents a subclass of students from New York, intends to return to GCU, the university argues that there's no risk of immediate future harm. Plaintiff attorneys said the image associated with carrying a GCU degree is harmful enough.

"There's reputational harm created by Grand Canyon continuing graduating students with these worthless degrees," Aragon said.

California Brief

Attorney in Uber Assault Cases Fined \$30,000 for Data Misuse

Feb. 18, 2026, 5:58 AM PST

An attorney for passengers suing Uber Technologies Inc. over alleged sexual assaults by its drivers must pay the company for disclosing information designated as confidential here in other litigation, a federal judge said.

Bret Stanley owes Uber \$30,000 for violating a protective order by misusing documents filed in this multidistrict litigation in another suit, the US District Court for the Northern District of California said Tuesday. Uber, however, wasn't entitled to the full \$168,573 it requested because it didn't show any significant actual or likely harm as a result of the material's disclosure, Magistrate Judge Lisa J. Cisneros said.

"Stanley's view of the Protective Order would let attorneys determine for themselves what portions of an opponent's confidential documents can and cannot be disclosed to advance a lawsuit that is not part of this MDL," Cisneros said. "That interpretation is impermissible and unreasonable, and some sanction is warranted," she said.

The rideshare company faces thousands of lawsuits consolidated in California federal court that allege Uber failed to prevent drivers from sexually assaulting passengers.

Cisneros also ordered Stanley to pay additional attorneys' fees to Uber in an amount to be determined, based on his search of MDL records to help him litigate an unrelated car accident case in Texas. At a Jan. 20 hearing, Stanley didn't dispute that he had searched the record of Uber documents and data in the sexual assaults case and found information that was relevant to his other case.

The case is *In re Uber Techs., Inc., Passenger Assault Litig.*, N.D. Cal., No. 23-md-3084, 2/17/26.

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Uber wins sanctions against lawyer for sexual assault plaintiffs

 [reuters.com/legal/litigation/uber-wins-sanctions-against-lawyer-sexual-assault-plaintiffs-2026-02-17](https://www.reuters.com/legal/litigation/uber-wins-sanctions-against-lawyer-sexual-assault-plaintiffs-2026-02-17)

David Thomas

February 17, 2026

Item 1 of 2 Uber logo is seen in this illustration taken August 5, 2025.

REUTERS/Dado Ruvic/Illustration/File Photo

[1/2] Uber logo is seen in this illustration taken August 5, 2025. REUTERS/Dado Ruvic/Illustration/File Photo [Purchase Licensing Rights, opens new tab](#)

Feb 17 (Reuters) - Uber Technologies ([UBER.N](#))  [, opens new tab](#) is owed

attorney fees after [a lawyer](#) representing passengers in litigation over alleged sexual abuse by the company's drivers used confidential corporate information in other lawsuits against the rideshare giant, a federal judge in San Francisco ruled Tuesday.

Bret Stanley of the Johnson Law Group was ordered by U.S. Magistrate Judge Lisa Cisneros to pay Uber \$30,000 within 30 days as a sanction for violating a protective order covering materials produced during evidence gathering in the case.

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Stanley is among a group of attorneys representing passengers in the consolidated litigation who accuse Uber of failing to conduct adequate background checks on its drivers or implement appropriate safety measures. Uber has denied wrongdoing, arguing in part that its drivers are independent contractors rather than employees.

Stanley violated the protective order by disclosing the confidential names of certain Uber internal policies in other, unrelated lawsuits and to other plaintiffs attorneys, Cisneros said. Uber claimed Stanley used the disclosures as roadmap for seeking evidence in other lawsuits.

In a statement, Stanley accused Uber of frequently skirting orders to produce documents in cases around the country. "Uber's tactics only delay the ability of victims to have their day in court and I am sorry that the current situation, in which I intended only to streamline discovery in other cases against Uber, has nevertheless resulted in further, unnecessary delays," he said.

An Uber spokesperson said in a statement that Stanley disregarded the law "by treating confidential discovery documents as a litigation war chest for unrelated cases."

Cisneros said it was "impermissible and unreasonable" for Stanley to determine that his opponents' confidential documents could be disclosed outside the case. "Some sanction is warranted for Stanley's unilateral disclosures," the judge wrote.

Cisneros rejected Uber's demand that Stanley pay more than \$168,000 in attorney fees, however, finding the request excessive. The judge said Uber had not shown it was harmed by Stanley disclosing the names of its policies.

"To the extent that any public exposure resulted, it occurred only temporarily on the docket of a New Jersey state trial court, with no indication that either those disclosures or that case more generally attracted any public attention," Cisneros said.

The judge said Stanley must also pay a yet-to-be-determined amount of attorney fees in connection with a second sanctions request by the company, finding that he searched through documents in the case in order to use them in a separate lawsuit.

A federal jury in the consolidated Uber litigation earlier this month [ordered the company to pay \\$8.5 million](#) to a woman who said she was sexually assaulted by a driver when she was 19.

The case is In re: Uber Technologies, Inc., Passenger Sexual Assault Litigation, U.S. District Court for the Northern District of California, 3:23-md-03084

For plaintiffs: Bret Stanley of Johnson Law Group

For Uber: Laura Vartain, Allison Brown and Jessica Davidson of Kirkland & Ellis; and Michael Shortnacy of Shook, Hardy & Bacon

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- X

Federal magistrate judge sanctions plaintiffs' lawyer in Uber MDL

DJ [dailyjournal.com/articles/389781-federal-magistrate-judge-sanctions-plaintiffs-lawyer-in-uber-mdl](https://www.dailyjournal.com/articles/389781-federal-magistrate-judge-sanctions-plaintiffs-lawyer-in-uber-mdl)

U.S. Magistrate Judge Lisa J. Cisneros sanctioned Bret D. Stanley, an attorney for several plaintiffs in the multidistrict litigation over allegations of sexual assault against Uber drivers, after finding he used confidential discovery materials from the case in another lawsuit against the company.

Uber had moved to sanction Stanley, senior counsel at the Johnson Law Group, alleging he accessed information from the MDL's discovery database that was under a protective order to make discovery requests in two separate lawsuits.

"Stanley's disclosure of that information unilaterally rendered Uber's designations meaningless, disregarding the Protective Order's process for challenging a designation if parties reasonably disagree over whether information should be protected... Nor could any difficulty obtaining discovery in other cases, or even improper obstruction of discovery by Uber in those cases, justify Stanley's violation of the Protective Order entered here." Cisneros wrote in a Feb. 17 order. *In re: Uber Technologies, Inc., Passenger Sexual Assault Litigation*, 3:23-md-03084 (N.D. Cal., filed Oct. 4, 2023).

In one instance, Uber alleges, Stanley used company policies under the protective order in the MDL to inform requests he made in discovery for a separate case. Then, in a personal injury lawsuit over an accident allegedly caused by an Uber Eats driver, Stanley accessed the MDL discovery database to find the driver's identification number, Uber says.

"He uses it as if it's his own personal library," Shook Hardy & Bacon partner Veronica H. Gromada, representing Uber, said at a Jan. 20 hearing on the motion.

Stanley argued that he's not required to simply forget the information he's learned while litigating the MDL.

He also said the protective order left discretion to the lawyers to determine what information should be considered confidential, and that the information was necessary for obtaining discovery in the other lawsuit. Cisneros called that explanation "impermissible and unreasonable."

"I appreciate the time and consideration by Magistrate Judge Cisneros in this matter and respect the important role the court plays in addressing discovery disputes between the parties ... Uber's tactics only delay the ability of victims to have their day in court and I am sorry that the current situation, in which I intended only to streamline discovery in other cases against Uber, has nevertheless resulted in further, unnecessary delays," Stanley said in a statement to the Daily Journal.

The judge ordered Stanley to pay Uber \$30,000 as well as some of the attorneys' fees incurred as a result of the discovery demands and motions for sanctions.

Cisneros reduced the sanction amount because she found Uber waited too long to file the motion. The company violated local rules by not requesting the sanctions as soon as was reasonably possible.

"Here, though, Uber's failure to bring--or at least foreshadow--a motion for sanctions until more than five months after Uber first became aware of Stanley's violation reduced the options available to the Court to mitigate the expenses that might be incurred in resolving the dispute," Cisneros wrote.

The judge criticized Uber for "incomplete and misleading disclosures" in discovery and said she would reduce the sanction as a result. She also deemed Uber's \$170,000 estimate of attorneys' fees to be excessive, although she didn't offer what she believed to be the proper amount.

"Uber seeks to recover fees for more than three hundred hours of work by senior attorneys, primarily partners at a large law firm, with no attorneys below the level of senior counsel having worked on even procedural matters like preparing an administrative motion to file under seal," Cisneros wrote.

Stanley said he hopes the two sides can resolve discovery disputes amicably going forward and said he plans to work with Uber's lawyers to amend the protective order.

Cisneros declined to recommend Stanley's removal from the plaintiffs' steering committee and instead referred the issue to Senior U.S. District Judge Charles R. Breyer, who oversees the MDL.

#389781

California Brief

Oracle's \$115 Million Deal Affirmed After Ad Tech Arm Shuttered

Feb. 17, 2026, 2:42 PM PST

A lower court properly approved Oracle America Inc.'s \$115 million settlement of a privacy lawsuit over its online data-collection practices despite the objections of a single class member, a federal appeals court ruled.

The lower court accurately evaluated the risks of continued litigation and didn't abuse its discretion in approving an allocation plan that would distribute settlement funds equally to all claimants, the US Court of Appeals for the Ninth Circuit said Friday.

Attorneys for Oracle, the plaintiffs, and objector Sarah Feldman didn't respond immediately to a request for comment.

Named plaintiffs Michael Katz-Lacabe, a privacy activist, and Jennifer Golbeck, a professor at the University of Maryland, alleged in the 2022 lawsuit that Oracle employed online tracking technology to collect data about consumers without their knowledge or consent and used the data to create "digital dossiers" of them for marketing purposes in its data-broker marketplace.

Oracle announced it would shut down the business units responsible for the conduct at issue in the lawsuit by September 2024. Judge Richard Seeborg of the US District Court for the Northern District of California granted the plaintiffs' motion for final approval of the settlement two months later—just over a year after he denied Oracle's motion to dismiss several of the plaintiffs' claims.

The case came up on appeal to the Ninth Circuit after Seeborg overruled Feldman's objections to the settlement.

She argued that the deal should be tossed out because the lower court failed to evaluate one of the risks of continued litigation: that aggregated statutory damages awarded at trial would be reduced on a post-trial motion.

The lower court wasn't required to assess due-process damages limits that weren't central to its assessment of the fairness of the settlement, the three-judge panel said in an unsigned opinion.

"As the court explained, the novelty of plaintiffs' claim—and the court's previous finding that the claims just 'barely survived dismissal'—justified the litigation discount," the Ninth Circuit said.

Feldman's argument that class members from California and Florida had "significantly more valuable claims" and should have received most of the settlement proceeds fared no better.

There was only one settlement class and no sub classes, the panel opinion said. The fact that some class members had more valuable claims didn't "cast doubt on the district court's conclusion as to the fairness and adequacy of the overall settlement to the class as a whole," it said.

Judges Ronald M. Gould, Michelle T. Friedland, and Eric D. Miller joined in the opinion.

Kendrick Jan of San Diego and John J. Pentz of Oro Valley, Ariz., represented Feldman. Lieff Cabraser Heimann & Bernstein LLP represented the plaintiffs and the class. Morrison & Foerster LLP represented Oracle.

The case is *Katz-Lacabe v. Oracle Am. Inc.*, 9th Cir., No. 24-7648, opinion 2/13/26 .

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Fried Frank, Thompson Coburn Face New Cybersecurity Class Actions

Fried Frank is now facing its second class action over a 2025 data breach. Thompson Coburn meanwhile plans to promptly settle a suit stemming from a 2024 breach.

February 17, 2026 at 07:48 PM By  **Amanda O'Brien**

What You Need to Know

- Fried Frank is facing a second class-action lawsuit over a cyber-incident in October 2025.
- Thompson Coburn, meanwhile, is preparing to settle a lawsuit filed Feb. 13 over a data breach incident from May 2024.

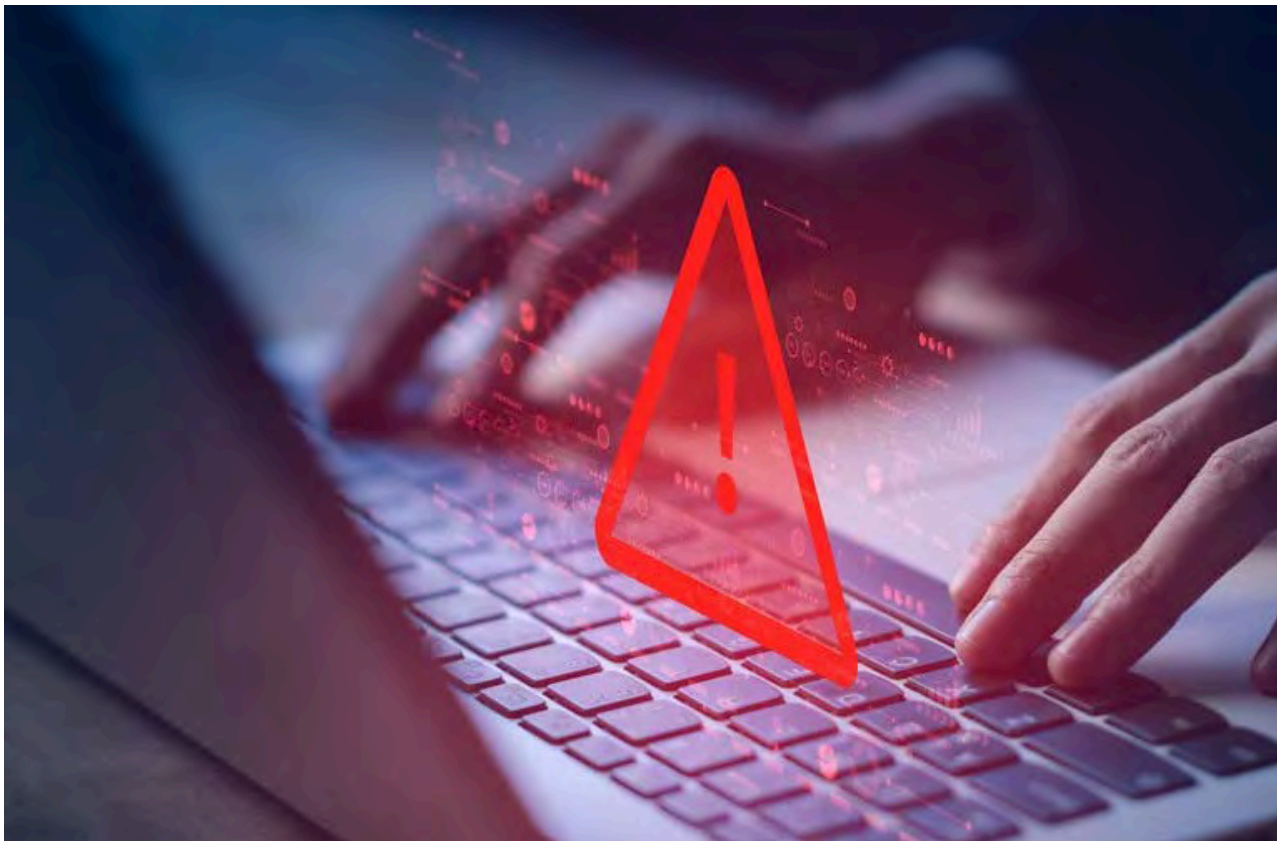


Photo: Adobe Stock

Thompson Coburn and Fried, Frank, Harris, Shriver & Jacobson are the latest law firms to face class-action lawsuits over cybersecurity breaches.

Am Law 100 firm Fried Frank was sued Saturday in New York federal court, while Am Law Second Hundred firm Thompson Coburn was sued Friday in Missouri state court.

Fried Frank now faces a second law suit stemming from a 2025 data-breach incident after being sued in December by Pennsylvania attorney Andrew Sacks over a data breach that occurred on an unknown date. That suit was sparked when Sacks received a notification letter regarding the breach from Fried Frank client Goldman Sachs.

A consumer notification of a cyber incident at Fried Frank that took place on Oct. 23, 2025, was submitted to the Maine Attorney General's Office on Jan. 30, slightly more than a month after Sacks filed his suit against the firm. The notification indicates that the firm is offering those impacted by the breach two years of credit and identity-monitoring services.

The Sacks suit, which seeks more than \$5 million in damages, accuses Fried Frank of negligence, negligence per se, breach of implied contract, unjust enrichment and breach of fiduciary duty. The latest class-action suit against Fried Frank, filed by attorneys at Fort Lauderdale, Florida, plaintiffs firm Kopelowitz Ostrow on behalf of plaintiff Alexis Franzwa, also seeks out more than \$5 million in damages and echoes those charges, except for the count of breach of fiduciary duty.

Both suits alleged the firm failed to follow FTC guidelines for protecting personal information, and both suits were filed in the U.S. District Court for the Southern District of New York.

Franzwa ultimately seeks statutory damages or penalties, prejudgment interest, restitution and other monetary relief. Sacks' suit seeks equitable relief requiring the firm to properly store private information; restitution and disgorgement of revenue; payments for no less than 10 years of credit-monitoring services; actual, compensatory and statutory damages and statutory penalties; attorneys' fees and costs; and pre- and post-judgment interest.

According to Fried Frank's data-breach notification, filed by Debevoise & Plimpton attorney Luke Dembosky, information from 46,602 individuals was impacted in the data breach. Debevoise attorneys James Pastore, Matthew Kelly and Jacob Hochberger are representing Fried Frank in the Sacks suit, which remains ongoing, while defense counsel has not yet been entered into the Franzwa case.

"As we have previously stated, Fried Frank recently experienced a data security incident. We promptly acted to contain the incident, reported the matter to law enforcement, and engaged industry-leading, external data security experts to assist in our response and in verifying the security of our systems," said a spokesperson for the firm.

"We are in the process of notifying directly those individuals whose personal information was in the affected data," the firm's statement continues. "These notifications relate to data from a

number of clients, all of whom have been contacted by Fried Frank. We have served and continue to serve our clients without disruption."

St. Louis-founded Thompson Coburn, meanwhile, faces a suit in the Circuit Court for St. Louis City that centers on a data breach that took place in May 2024.

According to the data breach consumer notification Thompson Coburn filed with the Maine Attorney General's office on Dec. 31, 2024, and April 30, 2025, the breach took place on May 28 and 29, 2024. According to the U.S. Department of Health and Human Services Office for Civil Rights Breach Portal, to which a report of the breach was submitted on Nov. 4, 2024, the breach impacted 305,088 individuals.

The Maine notice adds that the firm is providing credit-monitoring services for one year to those impacted by the breach.

The class-action suit was also filed by attorneys at Kopelowitz Ostrow, as well as Straus Borrelli on behalf of a group of plaintiffs who were patients at Presbyterian Healthcare Services, a Thompson Coburn client.

The suit alleges that the firm failed to "employ adequate security procedures and practices" to protect client data. Specifically, the suit claims that the firm failed to follow FTC and HIPAA guidelines, ultimately charging Thompson Coburn with negligence, negligence per se, breach of third-party beneficiary contract, unjust enrichment, breach of fiduciary duty of confidentiality, and violations of the Missouri Merchandising Practices Act.

The suit seeks injunctive and equitable relief, as well as actual, nominal, statutory, consequential and punitive damages; attorney fees and costs; and prejudgment interest.

In response to a request for comment, a spokesperson for Thompson Coburn said, "We anticipate soon finalizing and filing in this case a proposed settlement that will resolve all pending litigation against Thompson Coburn arising out of the May 2024 cyber event."

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2nd Circ. Questions if Attorney Testimony Warrants Nixing WeWork Fraud Conviction

Paul Hastings partner Renato Mariotti argued that U.S. District Judge Paul Engelmeyer tainted the trial of Jonathan Larmore—who made a \$77 million bid for WeWork, as it was spiraling towards bankruptcy—by allowing his former attorneys to testify about the legal advice they gave Larmore.

February 13, 2026 at 05:25 PM By **Alyssa Aquino**



Renato Mariotti, partner at Paul Hastings. Courtesy photo

An attorney for a mall tycoon found guilty of attempting to manipulate WeWork's stock price tried to convince a seemingly disbelieving U.S. Court of Appeals for the Second Circuit that the on-stand testimony of the executive's former attorney warranted overturning the conviction.

Paul Hastings partner Renato Mariotti argued that U.S. District Judge Paul Engelmeyer tainted the trial of Jonathan Larmore—who made a \$77 million bid for WeWork, as it was spiraling towards bankruptcy—by allowing his former attorneys to testify about the legal advice they gave Larmore.

According to court records, one of the lawyers consulted by Larmore testified saying, “I don’t think you can do that,” when asked about the purchase offer, which was at the heart of the fraud case.

“The testimony was admitted by the district court over the defendant's motion and objection without any meaningful guardrails at all, and it's no wonder that the end result was a trial tainted by inflammatory, problematic testimony,” said Mariotti, Larmore’s appellate counsel.

Mariotti and his fellow Paul Hastings partner, Brad Bondi, are both representing Larmore on appeal.

Larmore was represented by Bruce Udolf, a Florida-based attorney, during a one-week trial over his \$77 million bid for WeWork. The bid offered \$9 per WeWork share, at a time when WeWork was trading for less than \$1 per share.

Manhattan federal prosecutors argued that Larmore had neither the intention nor the funds to follow through on the offer and instead made the bid to drive up WeWork’s stock price for personal gain. Larmore ultimately made no money off the effort, but prosecutors argued that investors who traded after the tender offer was announced lost \$6 million.

Larmore was found guilty by jurors of tender offer fraud and securities fraud. He was later sentenced to five years in prison.

On Friday, an appeals panel didn’t seem convinced that the attorneys’ testimony tainted the conviction.

Circuit Judge Allison Nathan noted that Larmore’s trial counsel waived attorney-client privilege and accepted the instructions that Engelmeyer provided on the testimony. Fellow panelist Guido Calabresi added that after crafting a corrective instruction, Engelmeyer asked Larmore’s counsel for feedback.

“You say no,” Calabresi said. “It’s a case whereby not objecting, you keep an objection that now you’re making, saying ‘How horrible!’”

“To be clear, Judge Calabresi, I was not trial counsel,” Mariotti responded.

He added that there was a challenge to a motion to demand production of Larmore’s communications with attorneys, privileged or not.

“They were objecting to the testimony in its whole,” he said.

Assistant U.S. Attorney Justin Rodriguez argued that Engelmeyer’s limiting instruction was “very clear” and that Larmore’s trial counsel waived the issue.

Rodriguez added that the government used Larmore's legal communications after Larmore attempted to use those discussions as evidence of good faith.

"The analogy we drew at trial was what Mr. Larmore is trying to do here is akin to the situation where I see my five-year-old daughter going to the freezer to get ice cream before dinner, and she says, 'no, no, it's okay. I asked my mom,' but what she didn't say is that her mom told her no," Rodriguez said.

"Mr. Larmore wanted to hide from the jury that these attorneys, after hearing his plans, said 'You can't do that,' and the government offered this evidence not for its truth, but to counter this argument that Mr. Larmore's intent was that of somebody acting in good faith," Rodriguez said.

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Expert Opinion | **Artificial Intelligence**

Federal Judge Rules AI Is Not Your Co-Counsel When It Comes to Privilege

The Feb. 10 ruling marks the first time a federal court has squarely addressed whether a client's independent use of consumer-grade AI can be shielded from prosecutors.

February 18, 2026 at 08:51 AM By **Michael R. Lorigas**



Michael R. Lorigas, with Kozyak Tropin & Throckmorton. Courtesy photo

In a decision that sends a chilling message to the millions of Americans who use the publicly available versions of generative AI tools for their most complicated issues, a federal judge in Manhattan has ruled that the cone of silence surrounding the attorney-client relationship does not extend to popular AI chatbots.

The Feb. 10 ruling, delivered from the bench by U.S. District Court Judge Jed S. Rakoff for the Southern District of New York, marks the first time a federal court has squarely addressed whether a client's independent use of consumer-grade AI can be shielded from prosecutors. For Bradley Heppner, the embattled founder and former CEO of financial services firm Beneficient, the answer was a resounding "no."

The dispute arose from a sprawling \$150 million fraud case. Federal prosecutors allege that Heppner orchestrated a scheme to loot GWG Holdings, a public company where he served as chairman, to fund a lavish lifestyle that included a \$40 million Dallas mansion renovation.

Prior to his arrest in November 2025, Heppner allegedly used the publicly available version of Anthropic's AI tool, Claude, to run queries and generate roughly 31 documents related to the government's investigation. After his arrest, his legal team at Quinn Emanuel claimed these "AI Documents" were protected by both attorney-client privilege and the work-product doctrine, arguing they were created to consolidate Heppner's thoughts for the purpose of seeking legal advice.

Rakoff was unmoved by the technological novelty, leaning instead on centuries-old legal principles.

With respect to the attorney-client privilege, the court found the privilege inapplicable because the communications were shared with a third-party tool that did not maintain confidentiality. Rakoff noted that Claude's own terms of service expressly disclaim an attorney-client relationship and warn that the tool does not provide legal advice.

As to the work-product doctrine, because Heppner's legal team conceded that he ran the AI searches on his own initiative—and not at their behest—the court ruled the documents were merely "independent internet research."

"I'm not seeing remotely any basis for any claim of attorney-client privilege," Rakoff noted during the proceedings, emphasizing that sharing information with a commercial AI tool is inconsistent with the requirement to keep communications confidential.

With the Heppner ruling reduced to a written order on Feb. 17, an appeal to the U.S. Court of Appeals for the Second Circuit should be expected. In the meantime, lawyers around the country will be relying on the Heppner decision to discover chat histories that may reveal not only parties' legal advice and strategy but some of their most private thoughts that they would share only with counsel—until the rise of AI at least.

The precedential value of the Heppner ruling remains to be seen. Courts should limit Rakoff's ruling to the use of the publicly available versions of AI tools because there is no objectively reasonable expectation of confidentiality in that context. The same does not apply to enterprise-grade AI versions. An expectation of confidentiality is part of the bargain for enterprise-grade AI versions. With that expectation of confidentiality, it is reasonable for users to view their enterprise-grade AI versions as a confidential adviser or extension of the attorney-client relationship during litigation.

Based on our firm's knowledge and experience with the use of AI in litigation, following is some practical guidance that can generally bring value to attorneys and their clients to minimize the risk of AI-chat exposure.

The Heppner ruling suggests that while AI can be a powerful tool, it is also a potential "privilege-killer" if not managed with surgical precision. Some tips for attorneys:

- **Mandate Enterprise-Only Tools:** Ensure your firm and your clients use enterprise-grade AI versions. Unlike consumer tools, these typically include contractual guarantees that data will not be used to train models and will remain strictly confidential.
- **Formalize the "Direction of Counsel":** If a client is to use AI to assist in their defense, provide a written directive. Courts are more likely to protect AI-generated content if the prompts were specifically requested by an attorney to develop a legal strategy.
- **Audit Your Privilege Logs:** Clearly denote where AI tools were used, and the specific expectation of confidentiality involved. State explicitly if the work was done at an attorney's direction to bolster work-product claims.

For executives and individuals facing litigation, the convenience of a chatbot can be a trap. Some tips for clients:

- **Generalize the Research:** Never input sensitive facts or legal theories into a consumer AI tool (like the free versions of Claude or ChatGPT) without consulting your lawyer first. These platforms often reserve the right to use or share data with third parties.
- **Assume the "Public" Rule:** Treat a consumer AI prompt as if you were shouting it in a crowded restaurant. If you wouldn't say it in front of a third party, don't type it into a non-enterprise AI.
- **Read the Disclaimers:** Pay attention to the AI's own warnings. If a tool tells you it "cannot provide legal advice," it is effectively telling you that any "legal" conversation you have with it will likely be admissible in court.

Regardless of whether you agree with the wisdom of Judge Rakoff's decision, the Heppner ruling presents a cautionary tale on the use of AI for all lawyers and litigants. Given the rising popularity of generative AI tools, lawyers and litigants should ensure they understand its implications and take the right steps to minimize the risk of AI-chat exposure.

Michael R. Lorigas, a partner at *Kozyak Tropin & Throckmorton* who focuses his practice on complex commercial and construction litigation as well as class actions, may be reached at mlorigas@kttlaw.com.

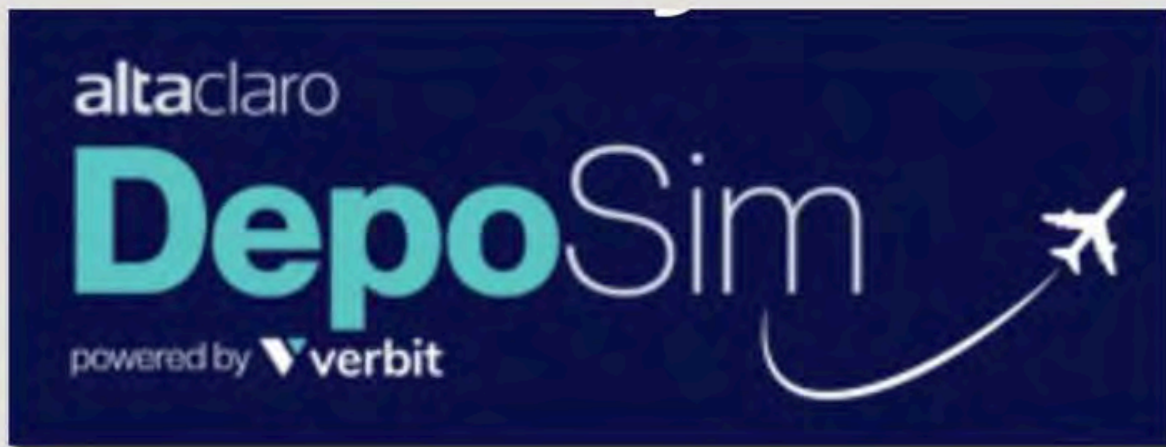
AltaClaro and Verbit Team Up to Launch AI-Powered Deposition Simulator

Developed with input from firms including Orrick, K&L Gates and McDermott, DepoSim allows users to run simulated deposition scenarios and receive feedback on their performance.

February 18, 2026 at 09:33 AM By  Benjamin Joyner  Aleeza Furman

What You Need to Know

- AltaClaro and Verbit partnered to launch an AI-powered deposition simulator called DepoSim.
- The platform acts as witnesses, opposing counsel and court reporters that respond to users' verbal questioning.
- The goal of DepoSim is to provide attorneys with training on a skill set for which there are limited opportunities to gain hands-on experience.



AltaClaro depo sim.

Legal training provider AltaClaro on Wednesday announced the launch of an artificial intelligence-powered deposition simulator developed alongside legal transcription provider Verbit.

The new tool, called DepoSim, is intended to provide attorneys with realistic deposition scenarios to practice their skills, as well as feedback on their performance in the simulation.

What It Is: DepoSim is a training tool that allows lawyers to participate in simulated depositions. The platform acts as witnesses, opposing counsel and court reporters that respond to users' verbal questioning.

The simulations can be repeated and adjusted for different difficulty levels, witness personalities and case types. For instance, opposing counsel can be set to lodge more frequent objections, and witness personality settings range from professional to overly talkative to hostile.

After the deposition takes place, the platform provides users with feedback based on a set training rubric.

"We have a section on demeanor, articulacy, how clear you are, how you could improve," AltaClaro chief learning officer Patricia Libby told Legaltech News. "It goes into both style and also substance, which is really helpful because part of the beauty of this is to allow an attorney to practice on their own and get tips and try again and also work with a partner at a firm to say, 'Hey, I'm not sure how to handle this. Let me try again.'"

Why It's Needed: The goal of DepoSim is to provide attorneys with training on a skill set for which there are limited opportunities to gain hands-on experience.

"There's this pain point around the just not being able to get the reps in for a young associate, and they're kind of waiting on the bench," Abdi Shayesteh, AltaClaro founder and CEO, told Legaltech News. "Clients are reluctant to have a young associate at a high-stakes litigation manner to depose somebody."

To provide those learning opportunities, law firms have long turned to simulations, Shayesteh explained. However, those kinds of mock depositions traditionally involve hired actors or offsite training, which can be costly and limited to one-time experiences.

According to Shayesteh, DepoSim filled a need for "something where you can continuously practice and get immediate, data-driven feedback."

Under the Hood: The platform pairs legal education materials and expertise from AltaClaro with technology such as transcription and AI agent capabilities developed by Verbit. The AI agents leverage text-to-speech, speech-to-text and large language model (LLM) capabilities to create the simulations.

"It was architected in a way where the AI is grounded and guardrailed with the materials, where it's multi-agent so that there are a number of agents working in the different personas for the

evaluation, et cetera, with different specialties,” AltaClaro co-founder and chief innovation officer Jeremy Liles explained.

AltaClaro and Verbit started working together at Legalweek 2025. They went on to launch a beta version of DepoSim in the fall of 2025, working with law firms Orrick, Herrington Sutcliff; K&L Gates; McDermott Will & Schulte; Littler Mendelson; Taft Stettinius & Hollister; and Brownstein Hyatt Farber Schreck to further develop the product.

The Competition: According to a press release announcing the launch, DepoSim is the first AI deposition simulator for attorneys.

However, AI-powered simulations have begun to crop up for other legal training purposes. For instance, Jurors.AI offers AI-powered mock juries.

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District Court Upholds Decision That Restaurants Can Coast On Vibes

A abovethelaw.com/2026/02/district-court-upholds-decision-that-restaurants-can-coast-on-vibes

Chris Williams

February 18, 2026

There are [two prominent paths](#) for explaining why words mean what they do. There are prescriptive paths that bind words to what they've meant historically, and descriptive paths that say words gain meaning based on how they're used by real people. I tend to play at being a descriptive definer — rather than the alternative of being a language hall monitor — but there are some limiting words that really bring out the grammar alt-right in me.

Take literally. Not literally, you can't take literally *literally*, but virtually. At some dark moment in our collective history the word literally, generally understood as a decidedly non-figurative "that thing right there" sort of word, became its own foil. Literally literally came to mean something closer to figuratively or virtually, because that's how ~~idiots~~ young adults on the cutting edge of culture used the word. The prescriptivist in me would jump out and say that's not what literally *literally* means, just go look in a dictionary! Alas, Merriam-Webster has given in to the decadence and [accepts literal's literal and virtual meaning](#). Around this point you might be thinking to yourself "Chris, what the hell does this have to do with the law?" My answer: it literally has to do with chicken wings. [NYT](#) has coverage:

In an opinion heavy on chicken puns, a district court judge ruled on Tuesday that the boneless wings at Buffalo Wild Wings could indeed be called wings.

The order, in a lawsuit filed by a Chicago man in 2023, was dripping with skepticism at the claims that the chain was misleading consumers about its boneless wings.

Judge John J. Tharp Jr., of the United States District Court for the Northern District of Illinois, dismissed claim by Aimen Halim, saying it "has no meat on its bones."

The judge upheld Buffalo Wild Wings' argument that the "wing" in the name doesn't refer to the anatomical wing of a chicken, but rather the style of cooking the dish. Forgive my french, but that's fucking stupid. Grinding something up, maybe battering it, then deep frying it isn't "winging" it, and we need to stop pretending like it is. Or do you mean to tell me that McDonalds can rebrand their

hash browns as "Potato Wings" and no one will bat an eye? If you ever tell some Nonna that the Arancini she's making legally qualify as risotto wings, you should fully expect a video of her beating you with a spoon to end up on the Italian equivalent of [World Star Hip Hop](#).

The judge makes the analogous argument that a patron ordering Cauliflower wings (an item offered on the menu), wouldn't think that the dish has bones in it. First, the example is very apples to oranges considering cauliflowers don't have bones. Second, this failure in reasoning has to involve ignoring the reasonable person standard. A reasonable person wouldn't think "Oh, the wing here refers to the cooking style", they'd think "This place is about to up charge me on cauliflower nuggets. I deserve this. Stupid Stupid Stupid!" Because that's what cauliflower "wings" and boneless "wings" are — glorified nuggets. It is a shame that we can't even rely on judges to speak truth to Big Chicken™.

There are many pressing issues that need to go to the Supreme Court. This is one of them.

A case came out of Ohio where a man was injured because he ate an order of Boneless wings that he reasonably presumed didn't have bones in them. The state's Supreme Court decided [that it was entirely reasonable that boneless wings could have bones in them](#). That is literally beyond all reason. We have courts telling us both the "Boneless" and the "Wings" in boneless wings are just vibe checks? Remember when the energy drink company was successfully sued for millions over [falsely advertising that Red Bull gives you wings in a New York court](#)? We used to be a proper country. Now, more than ever, we need to Make Wings Great A...damn it, the grammar alt-right in me almost seeped out again.

[Boneless Wings Are Still Wings, Judge Rules](#) [New York Times]

Earlier: ['Boneless' Wings Can Have Bones, Declare Committed Textualists](#)

Chris Williams became a social media manager and assistant editor for Above the Law in June 2021. Prior to joining the staff, he moonlighted as a minor Memelord™ in the Facebook group Law School Memes for Edgy T14s . He endured Missouri long enough to graduate from Washington University in St. Louis School of Law. He is a former boatbuilder who is learning to swim, is interested in critical race theory, philosophy, and humor, and has a love for cycling that occasionally annoys his peers. You can reach him by email at cwilliams@abovethelaw.com and by tweet at [@WritesForRent](https://twitter.com/WritesForRent).

US judge tosses Buffalo Wild Wings lawsuit that has 'no meat on its bones'

 [reuters.com/sustainability/boards-policy-regulation/us-judge-tosses-buffalo-wild-wings-lawsuit-that-has-no-meat-its-bones-2026-02-18](https://www.reuters.com/sustainability/boards-policy-regulation/us-judge-tosses-buffalo-wild-wings-lawsuit-that-has-no-meat-its-bones-2026-02-18)

Reuters

February 18, 2026

A pedestrian walks past a Buffalo Wild Wings restaurant in New York, U.S., February 6, 2017. REUTERS/Lucas Jackson [Purchase Licensing Rights](#)  , [opens new tab](#)

NEW YORK, Feb 17 (Reuters) - A U.S. federal judge threw out on Tuesday a lawsuit against Buffalo Wild Wings that alleged the restaurant and sports bar chain deceived consumers by selling boneless wings that are not actually de-boned chicken wings.

Judge John Tharp Jr. in Chicago dismissed the proposed class action lawsuit brought in 2023 by a man named Aimen Halim who claimed he was misled into purchasing the disputed menu item that is essentially a chicken nugget.

"Halim sued (Buffalo Wild Wings) over his confusion, but his complaint has no meat on its bones," Tharp wrote in his ruling.

"Despite his best efforts, Halim did not 'drum' up enough factual allegations to state a claim," the judge added.

Halim alleged that the marketing and advertising of "boneless wings" is false, duping consumers in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act, among other claims.

Tharp said reasonable consumers are not deceived into thinking boneless wings are truly made of wing meat. "If Halim is right, reasonable consumers should think that cauliflower wings are made (at least in part) from wing meat. They don't, though," the judge added.

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Despite granting the chain's request to dismiss the case, Tharp gave Halim until March 20 to amend his lawsuit to present any additional facts that would allow the case to go ahead.

Reporting by Andrew Chung in New York; Editing by Saad Sayeed

Lawyer Tom Goldstein lied to 'everyone around him,' jurors told as US tax trial winds down

 [reuters.com/legal/government/lawyer-tom-goldstein-lied-everyone-around-him-jurors-told-us-tax-trial-winds-2026-02-18](https://www.reuters.com/legal/government/lawyer-tom-goldstein-lied-everyone-around-him-jurors-told-us-tax-trial-winds-2026-02-18)

Mike Scarcella

February 18, 2026

Tom Goldstein, a top U.S. Supreme Court attorney and former publisher of the SCOTUS blog news website arrives for jury selection in his trial on charges of tax fraud, at U.S. District Court in... [Purchase Licensing Rights, opens new tab](#) Read more

WASHINGTON, Feb 18 (Reuters) - A federal prosecutor urged a jury on Wednesday to find prominent U.S. Supreme Court lawyer Tom Goldstein guilty of tax and financial crimes, as a lengthy trial wrapped up over Goldstein's accounting of millions of dollars he won and lost in his double life as a high-stakes poker player.

Goldstein, who had argued more than 40 Supreme Court cases before retiring in 2023, evaded taxes and lied on mortgage applications to obscure his poker debts, prosecutor Sean Beaty told jurors in his closing argument in the federal court in Greenbelt, Maryland.

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"Not a single tax return signed by Mr. Goldstein under penalty of perjury is correct – not one," Beaty said. He told jurors "there is no reason to believe Tom Goldstein," saying that he lied to "everyone around him."

Beaty told jurors "Mr. Goldstein is probably the smartest person in this courtroom. Smart people generally don't document their tax evasion. They hide it in the tall grass. The crime here is the concealment."

Goldstein was indicted last year for allegedly failing to report millions of dollars he won playing poker around the world and concealing debts from tax authorities and lenders.

He pleaded not guilty to 16 counts including tax evasion, aiding the preparation of false returns and lying on mortgage applications.

Jurors are expected to begin deliberating on Thursday to decide whether the government proved that Goldstein acted willfully or if, as Goldstein insists, he is guilty only of poor judgment rather than criminal acts.

Over seven weeks, jurors have heard from more than a dozen witnesses, including law firm leaders, IRS agents and other poker players from the same high-stakes circles.

Prosecutors also highlighted Goldstein's lavish spending — a \$225,000 Bentley, expensive apartments and club tabs — even as he owed the IRS millions.

Goldstein [took the stand](#) in his own defense, telling jurors he never willfully broke the law. He described himself as someone who disliked accounting and taxes, relying heavily on office managers and outside professionals.

In one exchange during Goldstein's testimony last week, Beaty pressed him on whether he viewed himself as a victim. "No, I do not think I am the victim here, sir," Goldstein replied.

"The mistakes, responsibility for those tax years is mine. I may end up continuing to pay for this for a long time," he said. "That's my responsibility. It's just very different from whether I committed a crime."

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Securities

Tom Goldstein Rests Defense in Tax, Loan False Statement Case

Feb. 17, 2026, 11:58 AM PST

SCOTUSblog co-founder Tom Goldstein rested his defense Tuesday in his trial on charges of tax fraud and making a false statement on a loan application with testimony about allegedly uncollected emails from his outside accounting firm.

The jury could begin deliberations as early as Wednesday afternoon.

Goldstein's last witness—from e-discovery company Epiq—testified about the documents produced by Goldstein's outside accounting firm to the government in response to grand jury subpoenas.

The outside firm, GRF CPAs & Advisors, produced over 2,470 emails. Only 12 of those emails reflected internal GRF communications related to Goldstein's accounts, and they were all from between 2020 and 2022, the witness said.

The evidence supports the defense's claim that the government's investigation was inadequate.

On cross-examination, the witness acknowledged he didn't know whether emails had been "manually deleted," didn't undertake any effort to try to recover any internal communications, and was unfamiliar with GRF's document retention policy, if any.

Goldstein had said he planned to call the government's lead case agent, but the parties instead agreed to a list of facts that were read to the jury. The information mostly related to statements that one of Goldstein's outside accountants made to investigators that were inconsistent with testimony he gave at trial.

The government put on a brief rebuttal case, introducing emails to help bolster its argument that venue was proper in this court for one of his three mortgage fraud counts.

The loan application at issue was signed March 1, 2021, a date on which Goldstein told jurors he was in the US Virgin Islands. The emails would appear to support the idea that Goldstein was directing activity in Maryland.

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 trial, before Judge Lydia Kay Griggsby of the US District Court for the District of Maryland, is in its sixth week. Jurors saw 15 days of evidence total, with about two days from the defense. Goldstein testified in his own defense.

Griggsby also denied the defense's renewed motion for acquittal.

Goldstein is represented by Muger Tolles & Olson LLP.

The case is United States v. Goldstein, D. Md., No. 8:25-cr-00006, 2/17/26 .

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Judge Grants Class Cert and Partial Relief in Suit Alleging 'Inhumane' Conditions at Calif. Detention Center

A California federal judge on Tuesday granted class certification and a partial preliminary injunction in a suit filed against the U.S. Department of Homeland Security, U.S. Immigration and Customs Enforcement and others over allegedly "inhuman" conditions at California's largest immigrant detention center, the California City Detention Facility in Kern County.

February 13, 2026 at 05:27 PM By  **Kat Black**

What You Need to Know

- Immigrants detained at California's largest detention facility sued the DHS, ICE and others last November, citing constitutional violations.
- A federal judge has granted class certification and a partial preliminary injunction in the case to ensure adequate health care, access to legal services and other amenities for detainees.
- The case will be transferred to the Eastern District of California.



Senior District Judge Maxine Chesney, U.S. District court for the Northern District of California. Photo: Jason Doiy/ALM

A California federal judge has granted class certification and a partial preliminary injunction in a suit filed against the U.S. Department of Homeland Security, U.S. Immigration and Customs Enforcement and others over allegedly "inhumane" conditions at California's largest immigrant detention center, the California City Detention Facility in Kern County.

The [order](#), issued Tuesday in the U.S. District Court for the Northern District of California by Senior District Judge Maxine M. Chesney, followed on the heels of a Feb. 6 motion hearing, in which Chesney also preliminarily granted the defendants' motion to transfer the case to the U.S. District Court for the Eastern District of California.

The plaintiffs, immigrants to the U.S. who are currently being detained at California City, are represented by counsel from Keker, Van Nest & Peters, the California Collaborative for Immigrant Justice, the Prison Law Office and the American Civil Liberties Union Foundation. Assistant U.S. Attorney Savith Iyengar is representing the government.

Plaintiffs sued defendants ICE, the DHS, acting ICE director Todd M. Lyons, ICE field office director Sergio Albarran and DHS Secretary Kristi Noem in a proposed [class action](#) on Nov. 12, 2025, alleging civil rights abuses and violations of the Constitution and the Rehabilitation Act.

One plaintiff, Alejandro Mendiola Escutia, told The Recorder in a [previous interview](#) that the conditions at the facility—which now houses more than 1,000 people—were worse than the treatment he received in prison during three decades of incarceration, citing detainees' lack of weather-appropriate clothing, meager portions of food and severely limited access to legal services.

The judge ordered defendants to provide access to an independent, third-party monitor to ensure compliance with the order, which required that detainees at California City be afforded the "provision of constitutionally adequate health care," "timely and confidential access to attorneys," warm clothing and blankets and access to "adequate outdoor recreation spaces." One of the preliminary injunction components that remain outstanding, said Keker partner Steven Ragland, who is representing the plaintiffs, is a request for contact visits with family members.

Cody Harris, a partner at Keker who is also representing the plaintiffs, said in an interview that he believes Judge Chesney was moved to act quickly due, in part, to the urgent medical conditions of specific detainees. During the hearing, he said, plaintiffs counsel invoked the temporary restraining order they had filed on behalf of a detainee with metastasizing prostate cancer to secure a biopsy and treatment, which the court had granted last December. The defendants, he said, failed to act on the judge's order.

"In a way, I think the government helped make our case for us," Harris said.

"And all that they needed to do was get him to a urologist, get the biopsy done, get the results and do some follow-up. And they failed at each of those steps. ... And so, the whole argument started with: They can't even, or won't even provide adequate health care to one person with a court order and a team of lawyers breathing down their neck about it, and they can't possibly be providing adequate health care to 1,100 people down there.

"And so I think the court realized something has to be done. And the things that we're asking are not the sun, the moon and the stars. The things we're asking are the basic, bare minimum of adequate health care that the government is required to provide."

Ragland added that this detainee still has not received his biopsy results or a treatment plan. Another member of the certified class, he said, is HIV-positive and was denied access to his HIV medication at California City.

"We know the situation there remains very, very dire," Ragland said. "We're hoping that that changes. ... I'm not naive enough to expect it to change overnight. ... Having this monitor is really key. So when it will really change for the better, I'm not sure; I expect the government will fight us tooth and nail every bit of the way, which is really, really unfortunate and, and just really cruel and inhumane. ... I just hope that they can find a little bit of humanity and realize that this is what the law requires and they should abide by the law."

The U.S. Department of Justice declined to comment on the judge's decision.

Tricia McLaughlin, a spokesperson for ICE, called Chesney's order "unnecessary and superfluous" in an emailed statement.

"All detainees are provided with proper meals, water, medical treatment, and have opportunities to communicate with their family members and lawyers," said McLaughlin. "All detainees receive full due process. Ensuring the safety, security, and well-being of individuals in our custody is a top priority at ICE. ICE has higher detention standards than most U.S. prisons that hold actual U.S. citizens.

"It is a longstanding practice to provide comprehensive medical care from the moment an alien enters ICE custody. This includes medical, dental, and mental health services as available, and access to medical appointments and 24-hour emergency care. This is the best healthcare than many aliens have received in their entire lives.

"False assertions like the ones in this lawsuit are contributing to our officers facing a more than 1,300% increase in assaults, a 3200% increase in vehicle attacks, and an 8000% increase in death threats."

Even A Trump Judge Knows We're In The Middle Of A Constitutional Crisis

A abovethelaw.com/2026/02/even-a-trump-judge-knows-were-in-the-middle-of-a-constitutional-crisis

Kathryn Rubino

February 17, 2026

When a Trump-appointed federal judge is telling Immigration and Customs Enforcement that it cannot simply toss the Constitution in the shredder because compliance is "inconvenient," you know things have gone seriously off the rails.

U.S. District Judge Nancy Brasel issued a blistering decision finding that ICE is violating the constitutional rights of immigration detainees held in Minnesota's Whipple Federal Building and issued a temporary restraining order telling the government to knock it off. Immediately.

"The Constitution does not permit the government to arrest thousands of individuals and then disregard their constitutional rights because it would be too challenging to honor those rights," Brasel wrote in what should be an uncontroversial statement of black-letter law but, well, 2026 makes fools of us all.

The plaintiffs, noncitizen detainees and a nonprofit that represents noncitizens, didn't come to court with vibes or hypotheticals. They came armed with detailed, specific, and damning evidence. ICE, meanwhile, showed up with what Brasel described as "threadbare declarations," vaguely insisting that everything is totally fine despite the hard evidence presented by plaintiffs.

"The gulf between the parties' evidence is simply too wide and too deep for Defendants to overcome," Brasel wrote. Yikes.

As described in the order (available in full below), what ICE has implemented at the Whipple Building reads like a system designed specifically to be hostile to constitutional rights.

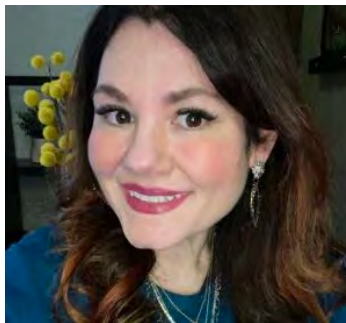
Detainees are processed and transferred almost immediately and without notice, making it virtually impossible for attorneys to know where their clients are, or how long they'll remain at any given facility. If that sounds like a nightmare for due process, welp, that seems like a feature, not a bug of the system.

But it gets worse. Phone lists provided to detainees frequently lack information identifying which organizations actually provide legal services. The phones themselves are located in open areas, where conversations can be overheard by ICE agents... because nothing says "right to counsel" like having the government listen in. Attorneys have at times been physically barred from entering the building altogether, with the government hand-waving about the "chaos" that would supposedly ensue if lawyers were allowed access to their own clients. Plus the detainees are prohibited from sending mail or email, cutting off yet another potential avenue of communication.

Judge Brasel's TRO mandates that detainees be given access to in-person visits with their lawyers seven days a week, along with free, private, and unmonitored telephone calls to counsel and family members within one hour of detention, and before any out-of-state transfer.

None of this is radical, it's pretty basic constitutional law. But the fact that a Trump appointee of all judges had to spell this out so plainly underscores just how normalized constitutional shortcuts have become in immigration enforcement.

[Dist.Minn. 0-26-cv-00749 95Download](#)



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

Supreme Court Adopts 'New' Process To Avoid Conflicts Of Interest 20 Years Too Late

A abovethelaw.com/2026/02/supreme-court-adopts-new-process-to-avoid-conflicts-of-interest-20-years-too-late

Joe Patrice

February 17, 2026

(Photographer: Stefani Reynolds/Bloomberg)

Only the Supreme Court could announce a bare minimum ethical guardrail that lower courts have used since the George W. Bush administration and act like it's a bold blow against the appearance of impropriety.

The Supreme Court [announced Tuesday](#) that it will now employ software to help the justices identify when they should probably recuse themselves from cases. We say "probably," because there's still no actually enforceable ethics code binding Supreme Court justices and the Chief Justice has made very clear that [he will ignore any attempt to impose one](#). Instead, [the Supreme Court drafted a 14-page pinky swear](#) that they will follow *some* of the same rules that bind lower court judges. According to this toothless document, the justices aren't supposed to hear matters where they have direct financial stakes in the parties. Thus, this new software package and a tweak to the filing rules to require parties include their stock ticker symbols.

To be clear, lower court judges have been using conflict-checking software since 2007. The Supreme Court first hinted that it might start using conflict-checking software in 2023. After that, the Court went silent and just continued running its recusal process with all the organization and transparency of the worst owner in your fantasy football league on draft day.

Eight hundred and twenty-seven days later: mission accomplished!

Gabe Roth of Fix the Court put a fine point on the situation:

Per their most recent disclosures, only two justices, Chief Justice Roberts and Justice Alito, own individual stocks, with the former holding shares in two companies and the latter holding shares in more than two dozen. So although the new rule is a net positive since it comes in service of the full Court's adoption of conflict-check software, it's not a major improvement, and it should not have taken 827 days post-Code to implement. That's especially true since lower court judges have been required to use software-based conflict screening for 20 years, and several justices have been rumored to continue to use it after they were elevated.

Justice Alito's stock portfolio has become a recurring subplot in the Court's ongoing ethics drama. Just last month, [Alito recused himself](#) — right before oral arguments — from the high-profile *Chevron USA v. Plaquemines Parish* case because of his holdings in ConocoPhillips, whose subsidiary Burlington Resources remained a party in the lower court proceedings. Alito holds stock in more than two dozen companies and accounts for roughly a third of all recusals at the Court. Chief Justice Roberts holds stock in two companies.

Meanwhile, the other seven justices have figured out how to manage their finances without being ethical drags upon the Court. The Supreme Court took over two years to institute a new software solution to fix a problem that exists solely because these two refuse to divest from the market as a small price to pay for being the nation's SuperLegislature.

If the justices wanted to institute a more effective change related to their ethics and their investments, they'd agree as a Court not to hold any stocks during their tenures, since all it does is cause unnecessary recusals. An investor-justice could own a blended fund, mutual fund or ETF and reap the same benefits with a far reduced conflict exposure. In fact, seven of the nine justices have made this very calculation.

When Pete Rose got banned from baseball for gambling on games, one of the popular arguments people made in his defense was that he never bet against his team. He wasn't throwing games or anything... he was just *confident* in himself! Except when he looked at the other dugout and decided to NOT bet on himself, that was a signal too. Note that Sam Alito owns ConocoPhillips and not "Happy Green Solar Farms." And while it's not an issue with the Court's current 6-3

majority, if Alito thought his fossil fuel holdings might jeopardize a ruling in favor of polluters, he could adjust his portfolio accordingly. The fact that this is even possible is that appearance of impropriety.

Speaking of gambling, our former *Above the Law* colleague [Elie Mystal of The Nation recently speculated](#) that Alito plans to retire at the end of this Term. Pointing to the announcement that Alito's new book will drop right before the next Supreme Court Term, Elie sees a clear signal that Alito is planning to be on a book tour the next time the justices convene. Dahlia Lithwick and Mark Joseph Stern [echoed this prediction](#) over at *Slate*. Then it became full-blown conventional wisdom (though our other former *Above the Law* colleague [David Lat has a counterargument](#)). Over at we're-not-a-gambling-site-except-in-the-way-that-we're-totally-a-gambling-site Kalshi, you can trace Alito's literal stock rising off Elie's musings.



Is Sam Alito out there spamming that "No" contract preparing to reap the benefits in an epic bid to own the libs like Elie? Food for thought.

Back to the topic at hand. Given the unlikelihood of a voluntary selloff, Roth pointed to [a legislative proposal](#) to ban stock ownership for justices and lower court judges alike — the latter having their [own well-documented ethical issues](#) with investments. House Republicans have already watered down this proposal with loopholes.

Roth also flagged something that often gets lost in the polite coverage of Supreme Court procedural updates:

Public service also demands public input, and it's a bit ridiculous that the Court can simply release new rules without a notice-and-comment period or opportunity for public views. It's yet another example of the Court acting exceptionally in all the wrong ways.

In the Court's defense, the majority seems hellbent on bending the rest of the government toward their state of exception. Other than the Federal Reserve — [which the majority will go to comical lengths to protect](#) — this Court seems perfectly comfortable with a dementia-addled president unilaterally rewriting the rules and regulations governing every executive agency. Why not impose Supreme Court rule changes by imperial decree?

Anyway... the Supreme Court has a new ethics process. Don't get too excited.



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

Securities

Supreme Court Embraces Tool to Flag Stock, Other Conflicts (1)

Feb. 17, 2026, 9:32 AM PST; Updated: Feb. 17, 2026, 11:19 AM PST

The US Supreme Court will begin using a new automated process to flag potential conflicts over stock ownership and other issues that could require recusal.

The court said Tuesday it will begin using software developed in-house to run automated recusal checks. The software will compare information about parties and attorneys in the case with lists created by each justice's chambers.

The change, which takes effect March 16, grew out of court adoption of its first-ever code of conduct in response to ethics controversies that undercut its standing with the public.

As part of the code adopted in 2023, Chief Justice John Roberts directed court staff to study whether the court could implement automated recusal checks, similar to systems used in some lower federal courts.

Under new rules, attorneys filing with the court will also be required to include additional information about parties involved in the proceeding, along with their respective stock ticker symbols if they are publicly traded companies.

Stock ownership over the years has been a cause for recusal. But now only Roberts and Samuel Alito or their families hold shares in publicly traded companies, according to financial disclosures.

Alito has reported stakes in more than two dozen companies during his tenure on the court. He recused from a case involving the oil industry in January due to holdings in ConocoPhillips, the parent company of one of the parties. Roberts owns shares in two companies.

Gabe Roth, executive director of the watchdog Fix the Court, called the change a "net positive" that shouldn't have taken so long to adopt.

"If the justices wanted to institute a more effective change related to their ethics and their investments, they'd agree as a court not to hold any stocks during their tenures, since all it does is cause unnecessary recusals," he said in a statement.

Justices mainly recuse for other reasons, including matters they heard while on lower courts and past or current ties to parties seeking review.

Last year, five justices recused themselves from hearing *Baker v. Coates*, which involved plagiarism accusations. While the justices did not explain their recusal, the parent company of Penguin Random House, which has published books by four sitting members of the court, was a defendant in the case.

(Adds comment from Fix the Court's Gabe Roth. A previous version was corrected to show that John Roberts also owns stock.)

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US Supreme Court adopts new technology to help identify conflicts of interest

 [reuters.com/legal/government/us-supreme-court-adopts-new-technology-help-identify-conflicts-interest-2026-02-17](https://www.reuters.com/legal/government/us-supreme-court-adopts-new-technology-help-identify-conflicts-interest-2026-02-17)

John Kruzel

February 17, 2026

The U.S. Supreme Court building in Washington, U.S. May 17, 2021.

REUTERS/Jonathan Ernst [Purchase Licensing Rights, opens new tab](#)

- Court set an ethics code for the nine justices in 2023
- Justices decide for themselves whether to recuse in a case
- Recusal urged if impartiality may reasonably be questioned

WASHINGTON, Feb 17 (Reuters) - The [U.S. Supreme Court](#) announced on Tuesday that it has adopted new software to assist in identifying whether a case poses a potential conflict of interest for the justices, who decide for themselves whether to step aside from participation in cases.

The software, created by the court's information technology office and other court staff, will compare information about lawyers and parties to a dispute to certain information provided by the offices of each of the nine justices, a court spokesperson said in a statement.

Sign up [here](#).

These "automated recusal checks" will complement existing procedures carried out by the justices for reviewing potential conflicts, the court said.

The court in 2023 [adopted](#) its first formal code of conduct governing the ethical behavior of the justices. Some critics noted the absence of any enforcement mechanism and the authority of the individual justices to decide for themselves whether to recuse, the act of withdrawing from consideration of a case.

The court's ethics code states that justices should disqualify themselves in a case where their "impartiality might reasonably be questioned."

To support the new software, the court also announced that it would be adding beefed-up requirements for certain court filings, including a more thorough list of parties involved in a case and stock ticker symbols where relevant. The new filing requirements take effect on March 16.

Gabe Roth of the advocacy group Fix the Court called the new development "somewhat positive," noting his general opposition to justices owning stocks during their tenure on the bench.

"The court wrote at the end of the code that it would 'undertake an examination of best practices' on judicial ethics, and the use of conflict-check software is a best practice," Roth said, noting software-based checks have long been used by lower courts.

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NewsRoom

2/18/26 Ohio Cap. J. (No Page)
2026 WLNR 4914210

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February 18, 2026

Everything you need to know about the FirstEnergy trial if you haven't been paying attention

Morgan Trau

Feb 18, 2026

Ex-FirstEnergy Senior Vice President Michael Dowling and former FirstEnergy CEO Chuck Jones listen during the cross examination of State witness former FirstEnergy chief ethics officer Ebony Yeboah-Amankwah during their trial in Summit County Court of Common Pleas Judge Susan Baker Ross's courtroom in Akron on Feb. 17, 2026. (Photo by pool photographer Mike Cardew/Akron Beacon Journal.)

State witnesses raised red flags about former FirstEnergy executives and their relationship with an allegedly corrupt utility regulator during the second week of the men's trial.

Former CEO Chuck Jones and VP Mike Dowling's relationship with former Public Utilities Commission Chair Sam Randazzo has been under a microscope in the Summit County Court of Common Pleas.

"It was challenging," Ebony Yeboah-Amankwah, an attorney and former chief ethics officer for FirstEnergy, testified. "Randazzo seemed to have an issue with everything."

The former PUCO chair consistently went over her head to talk to the CEO if he didn't like what she was doing, Yeboah-Amankwah said.

The state accuses Jones and Dowling of paying Randazzo \$4.3 million in bribes, along with funneling another \$61 million in bribes to Ohio lawmakers, to create and pass Ohio House Bill 6.

H.B. 6 was legislation to provide a billion-dollar bailout to FirstEnergy and other utilities.

Back in 2019, former Ohio House Speaker Larry Householder took the \$61 million in bribes in exchange for H.B. 6.

In March of 2023, a jury found that Householder and former GOP leader Matt Borges, beyond a reasonable doubt, participated in the racketeering scheme that left four men guilty and one dead.

Neil Clark, a lobbyist accused of bribery, died by suicide after pleading not guilty in 2021. Householder has now been sitting in prison for two years of a 20-year sentence, while Borges is out on parole after serving half of his five-year sentence.

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

Yeboah-Amankwah took an immunity deal and testified as a state witness, explaining that she advised against giving Randazzo the settlement, not understanding why they were giving so much money.

“We shouldn’t pay out the full amount because we didn’t get the benefit of the bargain,” she said, recalling her thoughts at the time.

The settlement deal, which the prosecution calls the “magic” consulting agreement, is a sham document “designed to confuse and conceal” money to flow from FirstEnergy to Randazzo’s shell companies.

It was a relatively blank document that no one had signed, the prosecution said.

Yeboah-Amankwah also noted that Dowling sent privileged legal documents to Randazzo, as well as contacting him while the PUCO was evaluating FirstEnergy’s case.

Dead man’s fault

Randazzo, who is now dead, was the corrupt one, not the former executives, the defense argued.

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

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

The defense said that FirstEnergy was simply paying the former PUCO chair settlement funds owed to IEU-Ohio clients, like witness Matt Brakey, but Randazzo stole that money from them.

“The organization was victimized to a pretty grand scale... There was no rational explanation for this other than misappropriating funds from the organization,” Brakey said on the stand.

The money was never intended for Randazzo, the defense said, and the men never knew about the alleged bribe.

Jones allegedly, according to his attorney, didn’t play a role in even facilitating this settlement, but Yeboah-Amankwah testified differently.

“The decision was deferred to Chuck to make,” she said.

Evidence supports Yeboah-Amankwah’s testimony that she was out of town when the defendants signed the settlement.

The judge has, on a couple of occasions, allowed witnesses to decline being recorded or photographed. Our media partners at the Akron Beacon Journal reported further on what those witnesses, like former FirstEnergy attorney Mark Hayden, have said.

The Beacon Journal reported that Hayden said Randazzo seemed to have a conflict of interest, and said that the settlement details were “so ambiguous” that they couldn’t mean anything.

What’s to come

Jurors will not be made aware that FirstEnergy, as a company, has already admitted to this bribery.

Major political leaders, like Gov. Mike DeWine and Ohio Republican U.S. Senator Jon Husted, could testify.

The trial should last four to six more weeks.

Follow WEWS statehouse reporter Morgan Trau on X and Facebook.

This article was originally published on News5Cleveland.com and is published in the Ohio Capital Journal under a content-sharing agreement. Unlike other OCJ articles, it is not available for free republication by other news outlets as it is owned by WEWS in Cleveland.

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---- **Index References** ----

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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

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February 18, 2026

Prosecutors deny misconduct in FirstEnergy trial: 'Nothing left to give'

Adam Ferrise; cleveland.com

AKRON, Ohio — Prosecutors on Wednesday sharply pushed back against claims of misconduct in the FirstEnergy bribery trial, telling a Summit County judge that defense attorneys for two former executives distorted facts about a key witness.

Assistant Ohio Attorney General Drew Wood said in a Wednesday filing that Summit County Common Pleas Judge Susan Baker Ross should deny the defense's request to dismiss criminal charges against former FirstEnergy CEO Chuck Jones and former top lobbyist Michael Dowling or, alternatively, to issue an adverse jury instruction.

Prosecutors argue they fully complied with their legal obligations and disclosed all evidence related to former FirstEnergy ethics chief Ebony Yeboah-Amankwah, whose three-day testimony triggered the defense motion.

"The State did nothing wrong in this case," Wood wrote.

Defense attorneys had accused prosecutors of withholding evidence by failing to disclose conversations they held with Yeboah-Amankwah prior to her testimony before a grand jury and in the lead-up to. They argued the supposed omission violated defendants' constitutional rights and irreparably tainted the trial.

The state disputes that claim, saying Jones and Dowling received Yeboah-Amankwah's sworn civil deposition testimony months before trial and that it was materially consistent with her courtroom testimony. Prosecutors also noted they successfully moved to unseal her grand jury testimony during trial, after the court reviewed it and found no exculpatory evidence requiring disclosure.

"Simply put, there is nothing left to give," the filing states.

Prosecutors further argue that the Brady rule — which requires them to disclose anything exculpatory or favorable to the defense — did not factor in here. According to prosecutors, the rule does not require them to record or turn over notes from witness preparation meetings, which they say are standard trial practice and protected as work product. They said Yeboah-Amankwah did not provide any new or inconsistent statements during those meetings that would have triggered additional disclosure obligations.

Jones and Dowling face 11 felony counts, including bribery, conspiracy and racketeering, in one of three criminal cases tied to the House Bill 6 corruption scandal. Prosecutors allege the former executives bribed state officials to secure favorable legislation and regulatory decisions benefiting FirstEnergy.

Yeboah-Amankwah testified that Jones approved a \$4.3 million payment prosecutors say was a bribe tied to the appointment of Sam Randazzo as chair of the Public Utilities Commission of Ohio. She also testified that Jones later made millions selling company stock after regulatory decisions boosted FirstEnergy's share price.

The defense has denied the allegations and maintains the payments were lawful business transactions.

Judge Baker Ross has not yet ruled on the defense motion. The trial, now in its third week, continues.

---- Index References ----

Company: FIRSTENERGY CORP

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

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NewsRoom

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February 18, 2026

Section: News

Dowling, Jones seek dismissal of charges

Patrick Williams

February 18, 2026

Attorneys claim the prosecution did not disclose information about witness interviews before the trial.

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.

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.

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?"

Attorneys claim the prosecution did not disclose information about witness interviews before the trial.

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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))

U.S. Senator Jon Husted met with the alleged mastermind of Ohio's largest public corruption scheme two days before scandal-ridden bribery legislation was introduced, according to his official calendar. As former FirstEnergy CEO Chuck Jones and VP Mike Dowling are on trial for bribery, their close ties to major political players continue to be revealed. "Jon's always been a really good friend of FirstEnergy," Sen. Kent Smith said. "With friends like that, I don't know if you need enemies."

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February 18, 2026



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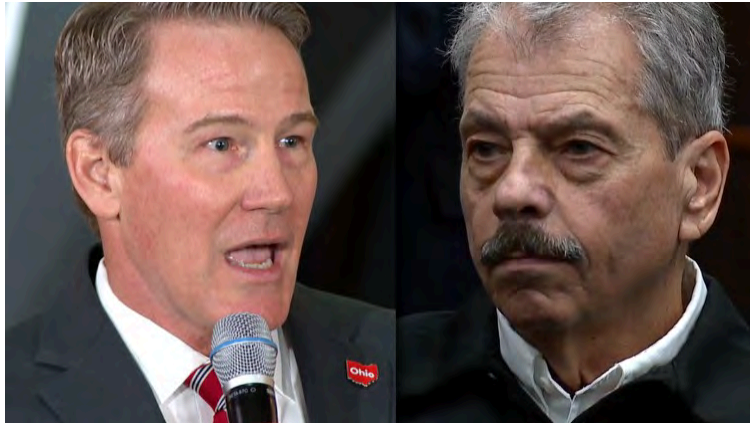


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U.S. Senator Jon Husted met with the alleged mastermind of Ohio's largest public corruption scheme two days before scandal-ridden bribery legislation was introduced, according to his official calendar.

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Securities

Teachers Unions Ask SEC to Scrutinize Apollo's Epstein Ties

Feb. 17, 2026, 12:58 PM PST

Teachers unions are asking the US Securities & Exchange Commission to consider whether a 2021 statement from Apollo Global Management Inc. about the extent of its contact with late sex offender Jeffrey Epstein could be considered materially false or misleading.

In its request to the regulator Tuesday, the American Federation of Teachers and American Association of University Professors cited a January 2021 filing that included a letter to investors from then-Apollo Chief Executive Officer Leon Black as well as an investigation report from the Dechert law firm.

There was an "apparent lack of candor on the part of Apollo while disclosing connections to Jeffrey Epstein," the unions said in a letter to the SEC that was signed by AFT President Randi Weingarten. The union said its 1.8 million members have a combined commitment to Apollo of at least \$27.5 billion.

"The Dechert report takes pains to minimize Epstein's ties with other Apollo executives," Weingarten wrote. "It concludes by claiming that Black's statements about Epstein on July 31, 2019, in which Black claimed that he 'never promoted Mr. Epstein's services to other Apollo senior executives,' were 'not false but could have been more precise.'"

A cache of documents released by the US Justice Department in recent weeks "suggests that these statements were, at the very least, misleading, and that Black and the other Apollo partners would likely have known they were misleading," Weingarten wrote.

Apollo referred comment to **Steve Lipin**, a spokesperson for the firm's current CEO, **Marc Rowan**.

With the exception of Black, no one at Apollo, including Rowan, had a business or personal relationship with Epstein, as the Dechert probe found, Lipin said. "There is nothing new here."

A representative for Black declined to comment. Dechert and the SEC didn't immediately reply to messages seeking comment.

The Justice Department files show that Epstein corresponded with Black's colleagues at Apollo, including Rowan, sometimes arranging calls and in-person meetings. In one instance, Epstein demanded through Black's assistant that Apollo's chief accounting officer be more responsive.

Read More: The Leon Black Files: Epstein Was Fixer for His Deepest Secrets

Epstein's deep ties with Black have haunted the firm since 2019, when Epstein was arrested on federal charges that he molested and exploited teenage girls.

"In select instances, Mr. Rowan provided information to Epstein in connection with his tax work for Mr. Black," Lipin said. "While Mr. Epstein sought to do work with the Apollo co-founders other than Mr. Black, it was declined at every turn."

Axios reported on the unions' letter earlier.

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Securities

SEC Chairman Aims to Curtail Executive Security Disclosures

Feb. 17, 2026, 9:15 AM PST

Letting companies disclose less about executive security measures as safety threats grow is among SEC Chairman Paul Atkins' top rulemaking priorities, he said.

Atkins said Tuesday that security measures for top executives shouldn't be treated as perks, a spending category companies must divulge to shareholders which also encompasses things like club memberships and vacations.

"Few areas exemplify the need for modernization more than the treatment of executive security as a perk," prepared remarks for his speech at Texas A&M University School of Law said.

Atkins' comments reflect business groups' argument that executive security has gone from a luxury to a necessity in an increasingly polarized environment which has bred events like the 2024 killing of UnitedHealthcare CEO Brian Thompson.

Nearly one-quarter of S&P 500 companies offer executive security perks—a five-year high, according to the most recent data from ISS-Corporate, which provides data to corporations. Permission to use company cars and jets for personal travel, as well as the installation of personal home security, are common measures outlined in annual statements.

Atkins did not specify what executive security reporting changes could entail. Shalom Huber, partner at Skadden, Arps, Slate, Meagher & Flom LLP, said the SEC could look at higher dollar thresholds for what companies must report or updated guidance on what's necessary for executive job function, among other measures.

The SEC classifies perks as things that aren't necessary for performing job duties and are personally beneficial to the executive, Huber said. For instance, office security and on-the-clock corporate jet use aren't considered perks—but home security and personal corporate jet use are.

Recent corporate shootings complicate that two-part test. Using a private jet off of company time might seem unnecessary at first blush. But a new conversation is taking root, Huber said: A company can't run effectively if something happens to its CEO.

Around-the-clock protection measures can be essential for the job, said Hope Mehlman, a Society for Corporate Governance board member. It's wrong to think protecting company leaders ends at "at 5 o'clock or 6 o'clock, when they go home," said Mehlman, who is also chief legal and corporate affairs officer at Ally Financial Inc.

Disclosing executive security spending comes with several drawbacks, attorneys say.

Security spending inflates total executive compensation figures. Companies are wary of executive pay optics, even if the expenditures are necessary, said Sonia Gupta Barros, partner at Sidley Austin LLP. Disclosure also raises its own safety concerns because potential perpetrators would have more information about executives' surroundings, Huber said.

Concerns about executive security spending disclosures are part of a larger conversation around curbing executive compensation reporting.

"This is a key priority for the SEC," Barros said. "The whole executive compensation section has become pretty lengthy and pretty unusable."

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Securities

SEC's Atkins Looks to Narrow Company Risk Factor Disclosures (1)

Feb. 17, 2026, 8:45 AM PST

The head of the Securities and Exchange Commission is considering ways to narrow the disclosures companies make about possible risks to their businesses.

"If companies are not compelled to catalog nearly every conceivable contingency to guard against hindsight litigation, then they can focus on risks that are more distinctive to their business," SEC Chairman **Paul Atkins** said in prepared remarks at a Texas A&M University School of Law event on Tuesday.

Atkins has previously said that firms' disclosures need to be modernized and public companies spend \$2.7 billion a year to file their annual reports. He told lawmakers last week that "regulatory creep" has led to a decrease in the number of publicly listed companies in the US but emphasized he does not want to "gut corporate disclosure."

The chairman said Tuesday that current risk disclosure information may not benefit investors because of volume and complexity. He said potential options for reform include the SEC maintaining a set of risks that broadly apply to most companies or offering firms a safe harbor from liability.

"The Commission could adopt a rule stating that failure to disclose impacts from publicized events that are reasonably likely to affect most companies will not constitute material omissions for purposes of some or all of the federal securities laws' anti-fraud rules," Atkins said. He added that a safe harbor could shield companies from liability for events related to those generic risks.

(Updates with additional details beginning in fourth paragraph.)

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Steve Stroth

Securities

UK Weighs Accepting Chinese Audits to Draw More Stock Listings

Feb. 17, 2026, 9:08 AM PST

The UK's accounting watchdog is considering temporarily accepting Chinese, rather than UK, audit standards for certain listings in a bid to attract more foreign firms to the London Stock Exchange.

The UK's Financial Reporting Council asked for public comments Monday on a proposal to let Chinese-registered companies use China's auditing standards when they offer global depositary receipts in London. GDRs are securities allowing foreign investment into firms listed overseas.

The FRC said the move would be temporary and is designed to encourage more Chinese companies to list in London. Currently, they must follow UK-approved auditing standards to do so.

"This consultation follows a request from the UK Government which is seeking to address a perceived barrier discouraging some Chinese-registered issuers from choosing the UK as a listing venue," the FRC said in a statement.

The proposal follows the government's decision to scrap a long-promised audit overhaul in January as the UK prioritized economic growth over tighter regulation. Some of the measures dropped would have increased "costs on business, and it would not be right to prioritise those over more deregulatory measures," Minister for Small Businesses and Economic Transformation Blair McDougall said in a statement explaining the decision.

The US, in contrast, wants to increase scrutiny over Chinese auditors. There have been several accounting scandals with US-listed Chinese companies, with Luckin Coffee fined \$180 million in 2020 for misstating revenue and net losses.

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Securities

SPAC Founders to Palm \$29 Million Despite Merger Fail, Suit Says

Feb. 17, 2026, 2:00 PM PST

A Nabors Industries Ltd.-affiliated sponsor of a special purpose acquisition company failed to secure a timely merger for the SPAC, yet the SPAC's leaders improperly plan to take \$29 million for themselves, an investment fund alleges.

Nabors, an oil and gas drilling contractor, formed the sponsor, Nabors Energy Transition Sponsor II LLC—and separate SPAC—in 2023 to raise money through the SPAC's initial public offering and to complete a merger with a startup to be identified later, Carmac Fund LP says. But a proposed combination with energy management firm e2Companies LLC fell through in a “classic case of seller's remorse” on the part of e2, according to the complaint.

Following litigation over the breakup, e2 paid the SPAC more than \$29 million as a termination fee, which its founders ultimately kept for themselves, Carmac says.

Carmac filed its proposed class action on behalf of the SPAC's investors Monday in the US District Court for the Southern District of New York.

“The structure is a boom or bust proposition,” Carmac said: The sponsor company and the SPAC's leaders—who owned “founder” shares—would own 20% of the public part of the merged company, but would lose their investment if there were no merger within two years.

After the merger fell apart, shareholders voted down two “self-interested” proposals by the sponsor and founders, the fund says. “Thereafter, having failed to obtain shareholder approval for their extension proposal, Defendants opted to simply liquidate the SPAC and keep the break-up fee assets for themselves,” it says.

The SPAC's governing documents expressly prohibit this “misappropriation,” Carmac says.

An Alleged Breach

Litigation has proliferated in recent years over so-called de-SPAC, or blank-check, mergers that resulted in allegedly under-performing merged public companies. Carmac's suit, by contrast, addresses issues stemming from a SPACs' failure to merge.

The proposed class of stockholders consists of hundreds or thousands of members, the complaint estimates.

Carmac brings a claim for breach of the sponsor agreement, and derivative claims on behalf of the SPAC for breach of contract and breach of fiduciary duties. It seeks declaratory judgment and injunctive relief, or, as an alternative, damages.

Nabors Industries didn't immediately respond to a request for comment on behalf of the sponsor and the individual defendants. Some of the individual defendants are Nabors executives who also served as executives of the SPAC.

Morris Kandinov LLP represents Carmac.

The case is Camac Fund, LP v. Nabors Energy Transition Sponsor II, LLC , S.D.N.Y., No. 1:26-cv-01289, complaint 2/16/26 .

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Securities

Winklevosses' Gemini Says Executives Leave Months After IPO (4)

Feb. 17, 2026, 10:36 AM PST

Gemini Space Station Inc., the crypto exchange founded by **Cameron** and **Tyler Winklevoss** that went public just before Bitcoin's plunge, said three top executives left the company in a sweeping leadership shakeup that followed a broad round of layoffs earlier this month.

The firm's Chief Operating Officer **Marshall Beard**, Chief Financial Officer Dan Chen and Chief Legal Officer **Tyler Meade** are all leaving the company effective immediately, New York-based Gemini said in a filing on Tuesday. Beard, who has also stepped down from Gemini's board of directors, has not resigned as a result of any disagreement with the firm, it added.

The executive departures are raising fears about the company's future, with Gemini's shares hitting a record intraday low on Tuesday, plunging nearly 15% at 1:20 p.m. in New York.

Truist Securities analyst **Matthew Coad** wrote in a note that the departures "could result in more investors becoming concerned about Gemini's solvency." A Gemini spokesperson didn't immediately respond to a request for comment on the report.

Gemini doesn't intend to appoint a successor to Beard at this time, the company's filing said. Instead, President **Cameron Winklevoss** will assume several of his duties. Danijela Stojanovic, the firm's chief accounting officer, has been named interim CFO, while Kate Freedman will become interim general counsel.

The changes come after Gemini said earlier this month that it planned to cut as much as 25% of its workforce and wind down operations in the UK, European Union and Australia. The move marked a major pullback for one of the crypto industry's longest-running exchanges and its billionaire co-founders, two of the sector's most high-profile figures.

The brothers have donated millions of dollars to causes supporting Donald Trump and the Republican Party, including a \$21 million offering in Bitcoin to their own political fundraising group for "champions of President Trump's crypto agenda," last year. Gemini has also sought to broaden its horizons beyond crypto in recent months, gaining a US license that will allow it to offer prediction markets in the country.



Tyler Winklevoss, chief executive officer and co-founder of Gemini, left, and Cameron Winklevoss, president and co-founder of Gemini, right, during the company's initial public offering in September 2025. Photographer: Michael Nagle/Bloomberg

Read More: Winklevosses' Gemini to Cut Jobs, Scale Down in Crypto Retreat

The exchange listed its shares in mid-September, spiking to a record high of \$45.89 a day after its debut. The shares have tumbled since the IPO and traded early on Tuesday down as much as 14% at \$6.50, its biggest one-day fall since Nov. 11.

The company's trajectory echoes a familiar pattern in the crypto industry: businesses go public or raise capital near the top of a cycle, only to face painful contractions when prices fall. Coinbase Global Inc., which went public through a direct listing in April 2021 near Bitcoin's previous peak, saw its shares lose more than 50% of their value over the following year.

Bitcoin has shed over two-fifths of its value since hitting a peak of \$126,251 in early October, rattling the broader cryptocurrency market as it fails to latch onto rallies elsewhere in areas like equities and gold. Gemini hasn't mentioned the declining crypto market as a factor in its cost-cutting strategy, though Bitcoin's precipitous drop has been impacting firms across the industry for months.

**Gemini
Soured**
Crypto
exchange's
stock
has
steadily
declined
since
its
September
IPO



Source: Bloomberg **Bloomberg**

Read More: Bitcoin Declines as Geopolitical Tension Adds to Risk-Off Mood

The Winklevoss brothers bought Bitcoin early on in the cryptocurrency's rise, setting up the Gemini exchange in 2014. The company came under regulatory scrutiny during the crypto-skeptic Biden administration, but its fortunes improved when Trump re-took the White House in 2024.

The company released preliminary figures for its 2025 earnings on Tuesday, stating that it expects to report an adjusted loss before tax of between \$267 million and \$257 million. Net revenue is expected to be between \$165 million and \$175 million, with approximately 600,000 monthly transacting users as of Dec. 31.

Total operating expenses are expected between \$520 million and \$530 million, compared to \$308 million a year earlier. This is primarily attributed to higher personnel-related costs and investments in technology, administrative expenses and marketing. Gemini has yet to disclose a finalized date for reporting its earnings.

--With assistance from **Olga Kharif**.

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Securities

Manage Newsletters

The 401(k) Takeover: Private Equity Muscles In on Retirement

Feb. 18, 2026, 4:00 AM PST

Summary by Bloomberg AI

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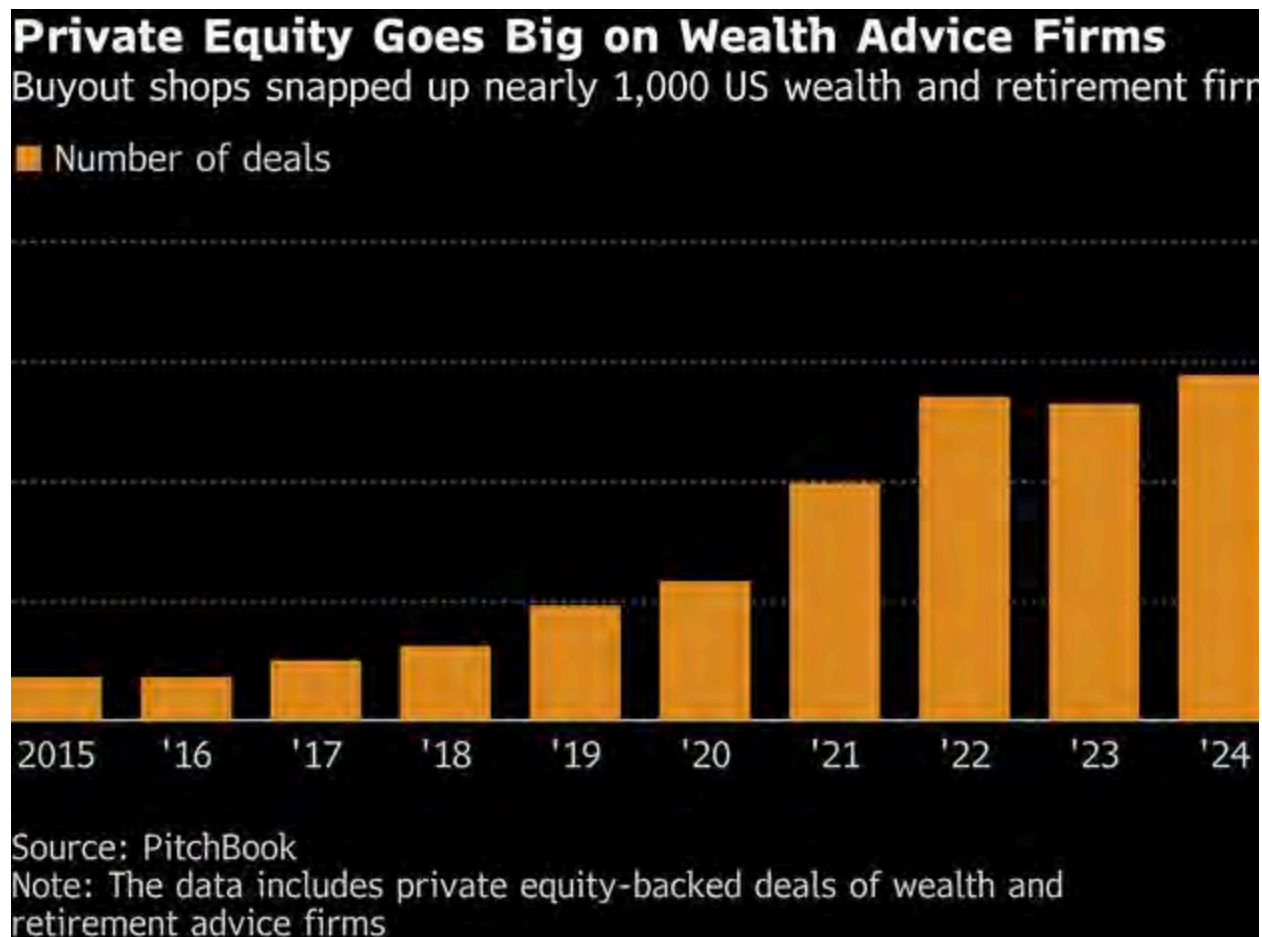
- Private equity firms are showing interest in companies that offer advice to 401(k) retirement plans, seeing the \$14 trillion market as a potential source of returns.
- The private-asset industry has been lobbying for the government to allow the inclusion of alternative investments in defined-contribution retirement plans, with some predicting 2026 as the year this effort pays off.
- Some consultants and advisers worry that alternative asset managers might try to sell losing investments to retail investors, while others say this concern is unfounded and that private assets can be a good option for some 401(k) savers.

Every time the phone rings, Erik Daley can practically hear private equity coming for America's 401(k)s.

The line has been ringing a lot lately at his modest consulting business in Portland, Oregon. For at least the past year he's been getting a half-dozen calls a week from private equity and other firms interested in his company, and even more since the start of 2026. He's gotten used to hearing the same question from the other end: How much for your firm?

What makes little Multnomah Group a hot property: It offers advice to 401(k) retirement plans. What was once a glossless business has since become a prize for buyout firms, which see the steady growth of the \$14 trillion market for US defined-contribution retirement plans as a potential source of juicy returns. Among big backers are firms such as Genstar Capital and General Atlantic.

"The primary purpose is to try and infiltrate the retail marketplace," Daley says of the overtures. To him, the endgame is obvious: to "monetize" the nation's 70 million 401(k) account holders.



These days, private equity is entering every corner of the vast 401(k) ecosystem that ordinary Americans count on for their golden years. Industry giants, which want to sell their products to everyday investors, have hired experts from traditional asset management companies and begun to win over brand-name mutual funds. They've crashed conferences, co-opted trade groups and pushed for friendly regulations, according to people with knowledge of the matter. Smaller players have bought up hundreds of independent gatekeepers – consultants, advisers and third-party administrators.

Interviews with dozens of people from across the industry, from private equity executives to individual advisers, show how broad and deep the push is. Some buyout shops see profit in handling retirement plans and ancillary businesses. Others see higher-end wealth management and its more lucrative fees as an attractive target at a time when the rich keep getting richer.



Read More: [The Lawyer Gearing Up for a Fight on Private Equity in 401\(k\)s](#)

Even for those not buying up 401(k)-related firms themselves, a new door is opening. Stalwarts such as Apollo Global Management Inc., Blackstone Inc., KKR & Co. and Carlyle Group Inc. want to sell their rarefied brand of investing to the masses, and the way is clear.

The private-asset industry has been lobbying for years for the government to bless the inclusion of alternative investments in defined-contribution retirement plans. In August, President Donald Trump signed an order aimed at easing access to private equity, real estate, cryptocurrency and other alternative assets in 401(k)s. Now, much-anticipated guidance from the administration is expected any day. New funds featuring private assets are being launched, and some in the industry are working to seed established ones with alternative investments. Executives predict that 2026 might just be the year their long campaign starts paying off.

"It's already happening," says Jonathan Epstein, founder of the Defined Contribution Alternatives Association. His trade group, founded in 2015 long before the debate became prominent, advocates adding non-traditional investments to 401(k) plans and counts among its members Goldman Sachs Group Inc., KKR and the City & County of San Francisco.

Heather von Zuben, global head of retirement solutions at Blackstone, said it's difficult to predict the speed of adoption across the industry, but the firm is "seeing increasing interest" in private markets products. KKR, Apollo and Carlyle declined to comment.

The question is whether the industry push will pay off for people dreaming of comfortable retirements.

Privately, some consultants and advisers – including ones who now find themselves working for private equity-owned companies – worry that alternative asset managers ultimately might try to keep winning investments for themselves and their institutional clients and dump losing ones on less-discerning retail investors, according to industry participants who spoke to Bloomberg. Private markets executives say the concern is unfounded.

Short term, the timing looks iffy for Main Street. Pension funds and endowments that have long powered private equity have begun to pull back. Returns don't look as good as they used to.



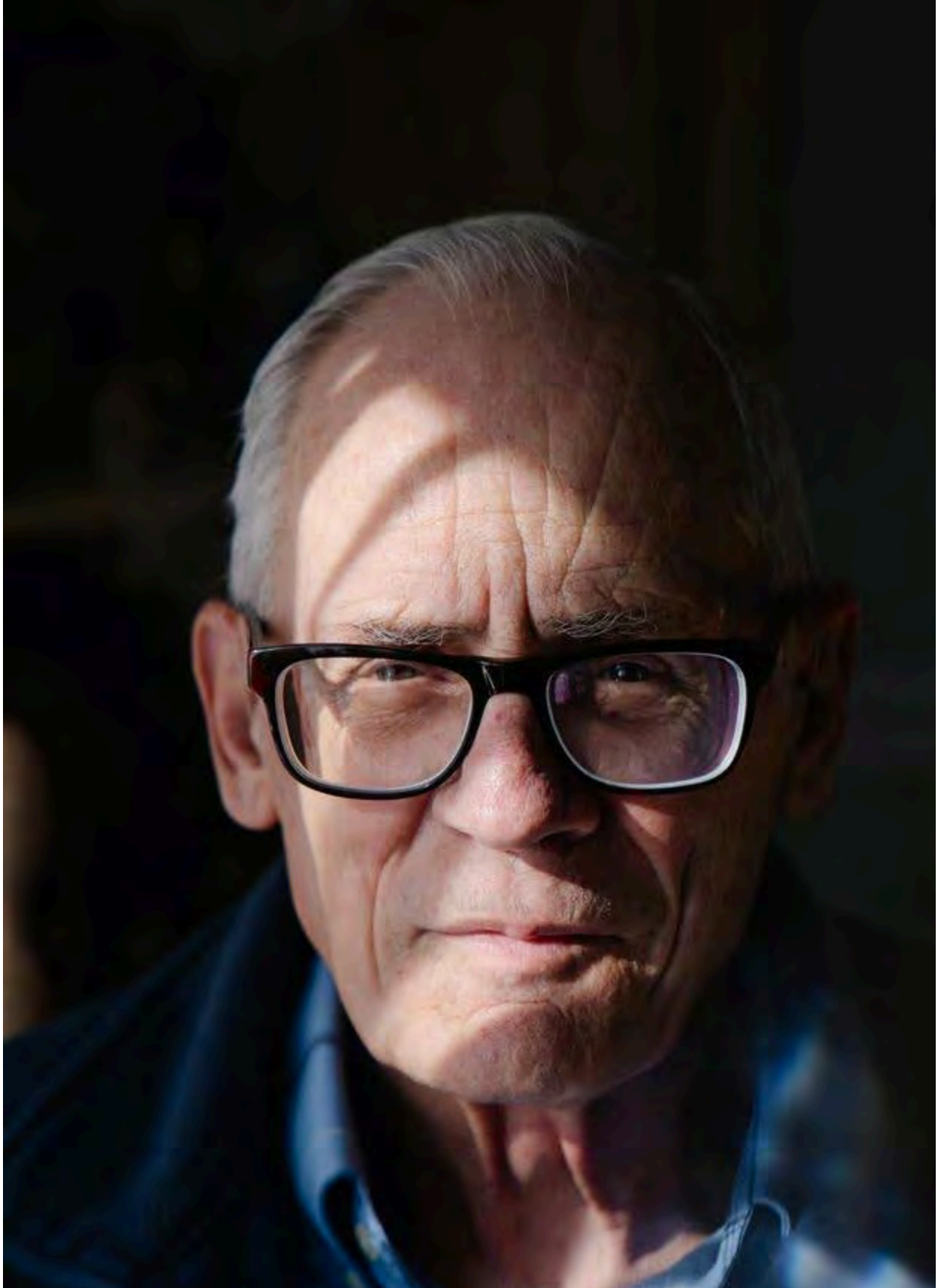
"The push for private assets into retirement plans is entirely supply-driven," George Webb, chief executive officer of advice firm Pension & Wealth Management Advisors. "Sponsors, advisers and participants are not asking for it at all."

Some of that may have to do with a run of stellar returns in the stock market, where the S&P 500 Index has notched doubled-digit gains in six of the past seven years. Private, less-liquid investments are an easier pitch when better-known strategies falter and bring the benefits of diversification into view.

Until then, one way to drum up 401(k) investors is to win over people in the 401(k) business. Apollo, Carlyle and KKR have all recently hired veterans from the retirement and fund industry. Over the past decade, smaller private-equity firms and financial companies backed by them have acquired more than 900 independent firms that provide retirement and wealth-management services, according to data collected by PitchBook. In January 2026 alone, 20 such deals were made.

Mercer, one of industry's largest consulting firms, has come out in favor of integrating private assets into 401(k) plans. Others worry that if they don't act fast, they might miss out on a big moneymaker, according to people familiar with the matter.

Trouble is, most 401(k) investors seem perfectly fine with the options they have. Only a handful of plans have said they plan to add private assets to their menus. Many advisers say the companies they work with have no interest in the debate, or lack the understanding of what private markets are.





Ted Benna, creator of the first 401(k) plan.

Photographer: Rachel Wisniewski/Bloomberg

Ted Benna says he's surprised at how many choices people have already. He ought to know: Benna is widely considered the father of the 401(k). He designed the first one, named after an obscure provision of the US tax code, way back in 1981.

Benna can hardly believe what's happened since. His simple idea – having employees contribute a portion of their pretax wages to company retirement plans and having their employers match those contributions with tax-deductible contributions – has exploded into a multitrillion-dollar industry.

Epstein's trade group, Dcalta, celebrated Benna with a lifetime achievement award last November. The venue: a conference attended by alternatives supporters. Benna says he felt honored, but he worries that people might not fully understand the array of investments they're being offered.

"We've gone from 401(k)s having only two investment options that took me two minutes to explain," Benna says, "and we're now moving to a huge complexity that participants will have to deal with."

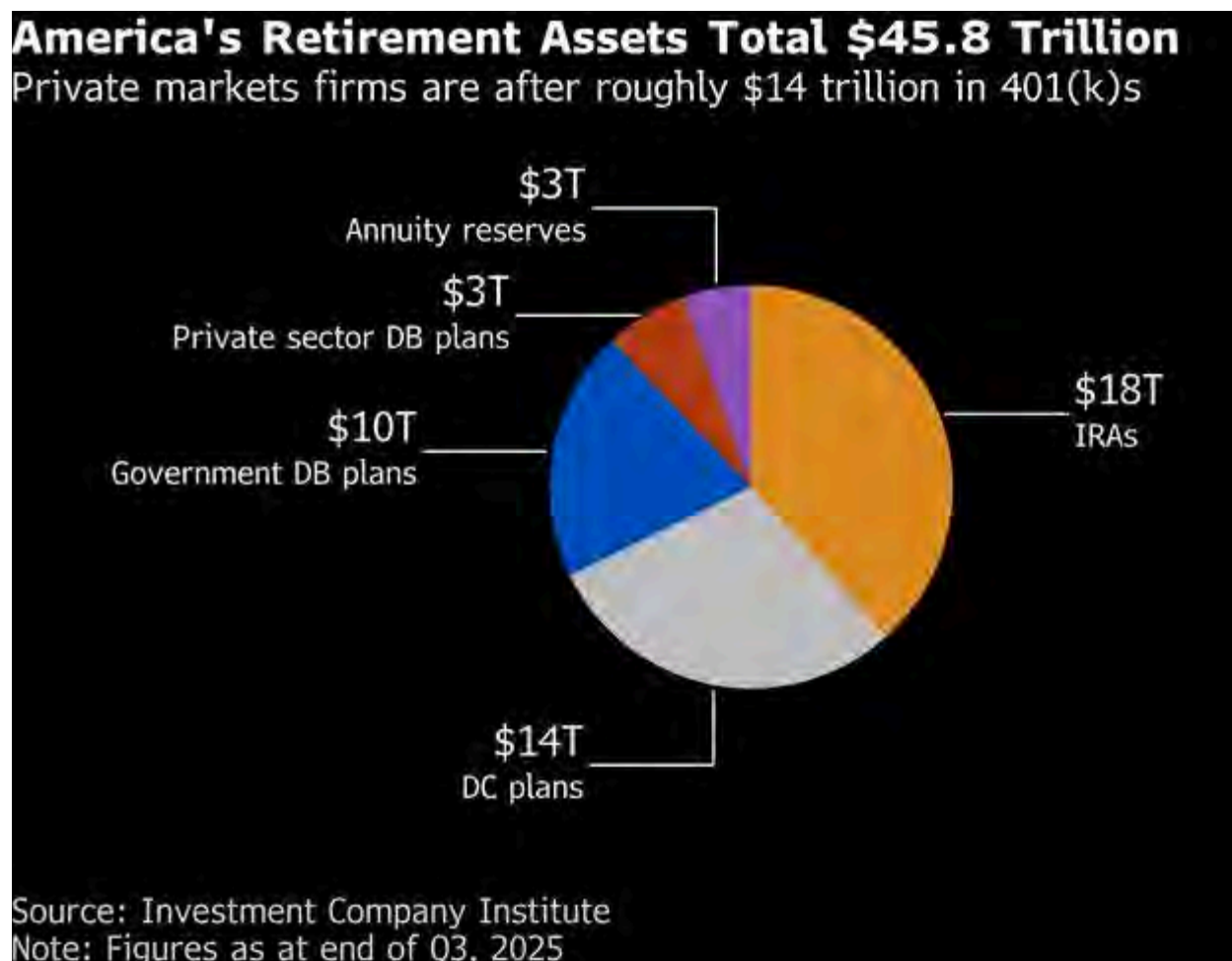
Such qualms aside, the Investment Company Institute, a trade group for asset managers, has become a leading promoter of the idea. As private equity has gained power in Washington, the trade group has made the "democratization" of private-market investments a top priority.

"We're not going out saying to Americans around the country, 'Hey, get into this now,'" says ICI Chief Executive Officer Eric Pan. "What we're saying is that we believe there's a legitimate case for retail access to private markets and we want to make sure the policy environment makes it possible for this to happen."

Even mutual-fund stalwarts like T. Rowe Price are getting into the act. Long a 401(k) fixture, Baltimore-based T. Rowe has teamed up with Goldman Sachs to create private-asset funds for retirement accounts. It's also held exploratory talks with alternative investment managers about incorporating private assets into established retirement accounts, according to people familiar with the matter. T Rowe declined to comment. BlackRock Inc., State Street Corp.'s investment arm and even Vanguard Group are launching their own private-markets funds.

Change is afoot across the retirement industry. Take insurance broker HUB International. Over the past decade, HUB has added plan consultants in California, retirement advisers in New York, wealth managers in Florida. The coast-to-coast spree has put 10,000 401(k) plans and \$178 billion of assets under its purview. A key motivator: its biggest shareholder, private-equity firm Hellman & Friedman, whose past conquests include Levi Strauss & Co. and DoubleClick Inc.

Brian Collins, chief investment officer of HUB's private wealth and retirement business, acknowledges that many people aren't all that interested in alternative investments. But HUB says private assets probably make sense for some 401(k) savers. It often raises the idea with its clients – mostly small and midsize retirement plans.



"Retirement advisers, if they're doing what they're supposed to be doing they're staying current on all the developments," Collins says. "Whether they're owned by private equity or the partners, it's common to stay abreast of it."

HUB plans to go public at some point. That would offer an exit for Hellman & Friedman – and leave behind an advisory firm that is comfortable telling private equity's story.

Another insurance brokerage and consultant under private equity ownership, OneDigital, has been working with alternative asset managers including Blackstone, Apollo and Ares Management Corp. to add private assets to a range of established adviser-managed multi-asset portfolios.

Michael Esselman, the CIO of the retirement and wealth business, says advisers like OneDigital, rather than employees, should determine what kind of investments are or aren't offered to workers.

"I don't think that choice should sit with the participant," he says about introducing alternative investments.

"They don't know what private credit is," Esselman says of 401(k) account holders. "They don't even know the difference between equities and bonds."

Another key constituency for private equity: the often unsung firms that administer retirement plans and maintain records. Administrators are a key point of contact for plan sponsors and speak regularly with consultants and advisers. When they talk, people listen.

Empower, one of the biggest around, has become a vocal champion of alternative investments. With \$2 trillion in assets under administration for more than 89,000 defined-contribution pension plans, the company has launched a series of funds in collaboration with Apollo, Partners Group and Neuberger Berman, among others. At the start of the year it also partnered with Blackstone. One of its competitors, Voya Financial, has partnered with private-markets giant Blue Owl Capital to create funds that Voya's investment arm can offer to clients. Other record keepers are warming up to the private markets push, according to people familiar with their thinking.

Back in Portland, Erik Daley insists that he isn't selling. He says he doesn't trust private-equity money to look out for 401(k) clients – selling could muddy the priorities of advisers, who would have to look out for the interests of their new owners in addition to clients.

"It creates a potential area of conflict," Daley says.

--With assistance from Edison Wu and Preeti Singh .

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Securities Group Of The Year: Robbins Geller

By **Jessica Corso**

Law360 (February 17, 2026, 4:00 PM EST) -- Robbins Geller Rudman & Dowd LLP secured one of the largest shareholder class settlements of all time in a deal with Under Armour Inc. and has defeated multiple attempts by Disney to fend off a lawsuit filed by its investors, making the firm one of the **2025 Law360 Securities Groups of the Year**.



The firm is **leading a case** accusing Disney of misleading investors about customer interest in its streaming service, Disney+, leading to a 55% stock price decline when it was discovered that its subscriber target "was a fiction."

Robbins Geller, led by partner Daniel Drosman, was able to avert two attempts by Disney to dismiss the case in the lower court, as well as a move by the company to plead for the Ninth Circuit's intervention.

The firm also got U.S. District Judge Consuelo B. Marshall to reinstate Disney CEO Bob Iger as a defendant in August, three months after the judge initially **threw out the claims** against Iger.

"So now we have an intact fraud case for Disney with all defendants and all allegations, and we're working to prepare this case for trial and discovery," Drosman said.

The 200-lawyer firm claims to have successfully tried more shareholder class actions than any other firm since the federal securities laws were modernized in 1995 under the Private Securities Litigation Reform Act.

Drosman, who also sits on Robbins Geller's management committee, said the firm's willingness to

take cases to trial is "the single biggest driver" of the large settlements it has been able to land.

"Defendants know we're not going to bluff," he said. "We'd much rather take the risk of a trial to force a big final recovery than taking an earlier, smaller exit."

That strategy was successful in January 2025, when the firm won a mid-trial, \$126.3 million settlement for Alta Mesa Resources Inc. investors who claimed to have been misled about the value of a 2017 merger.

It also bore fruit this past November with the firm negotiating a \$179 million settlement with Acadia Healthcare **on the cusp of a trial** in which it hoped to prove that the company misled investors about the strength of its U.K. operations.

Echoing Drosman, Robbins Geller partner Robert Rothman told Law360 that the large recoveries in those cases were down to a strategy of treating every case as if it were going to trial from the outset.

"When we're first retained and begin an investigation, we're looking for witnesses who will testify at trial. We're looking for what our story will be in front of the jury," said Rothman, also a member of the firm's management committee.

A third recent example of that tactic paying off came in November 2024, when a Maryland federal judge signed off on **a \$434 million Under Armour settlement** with investors that the firm secured weeks before trial. The deal, which ended a lawsuit accusing the retailer of hiding falling demand for its products, made its way onto Institutional Shareholder Services' top 100 securities class action settlements of all time. When ISS last issued its top 100 report in December, the Under Armour settlement took the 47th slot on the list.

That case represented not just the strength of the firm's trial team but also its appellate practice, Drosman said.

The case had been dismissed twice in the lower court before an appeal in the Fourth Circuit revived it following news that Under Armour's accounting practices were under investigation by the U.S. Securities and Exchange Commission and the U.S. Department of Justice.

The company later agreed to a \$9 million settlement with the SEC, in which it neither admitted nor denied that it misled investors about its revenue growth.

"So our recovery was 48 times the result achieved by the SEC, and the second-largest securities [class action] recovery ever in the Fourth Circuit," Drosman said.

Rothman also highlighted the importance of Robbins Geller's five-member appellate practice in securing major settlements for clients.

"The appellate department is our backstop that enables us to do what it is that we do [and] to get the great results that we've been obtaining," he said.

--Editing by Dave Trumbore.



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4th Circ. Won't Revive Advance Auto Parts Fraud Suit

By **Sydney Price**

Law360 (February 17, 2026, 8:52 PM EST) -- The Fourth Circuit on Tuesday declined to revive a suit by investors claiming Advance Auto Parts and its top brass misled them about the failure of a new pricing strategy and about accounting errors, ruling they failed to allege the auto parts retailer had wrongful intent.

The Fourth Circuit affirmed the North Carolina district court's January 2025 ruling that the investors' allegations do not show a malicious motive, and, therefore, do not allege scienter. The suit does not show that Advance Auto Parts' executives knew or should have known that the company's accounting was inaccurate earlier than they did, the judges said.

The suit alleged that in a May 2023 earnings call, Advance Auto Parts disclosed that its financial results for the first quarter of the year were well under expectations. The company's stock price subsequently plummeted 35% in a single day, according to the suit.

The **investors argued** that the significance of over \$100 million in unreported costs over three years that falsely inflated Advance Auto Parts' operating income "is far from trivial" and supports an inference of scienter, even though the defendants now allegedly claim that \$100 million "doesn't matter," given the company's total revenues.

But the Fourth Circuit said the complaint fails to allege facts about when, or how, the defendants learned about the accounting errors, which is fatal to the suit.

"[T]he 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," U.S. Circuit Judge Albert Diaz wrote for the panel.

The Fourth Circuit also said that even though losing \$100 million over three years "is certainly significant in the abstract," it is a "relatively small sum" for a company generating about \$33 billion in revenue over that same period.

"Indeed, the accounting corrections increased Advance Auto's cost of sales by only 0.39% and its selling, general, and administrative expenses by 0.09%," the opinion states. "Viewed holistically, these facts don't support a strong inference of scienter."

The suit alleged the company withheld the negative impacts from its "strategic pricing initiative," which it had announced in November 2022 with the aim of boosting margin growth.

According to the complaint, the company told investors at the end of 2022 that the pricing initiative had succeeded. Advance Auto also allegedly downplayed the effects of inflation on sales, creating the false impression that inflation and other economic factors did not have a real impact on the company's margins.

The judges also said on Tuesday the fact that shareholders voted on former Advance Auto Parts CEO Thomas Greco and former Chief Financial Officer Jeffrey Shepherd's pay packages only about a week before Advance Auto Parts disclosed the first round of accounting errors does not show the executives were motivated by the vote to conceal errors.

Advance Auto Parts' board of directors calculated Greco's and Shepherd's pay packages in part based on the company's performance in 2021, so at least some of the compensation was based on

performance before the start of the class period, the judges noted.

"Greco and Shepherd lost money by holding onto their Advance Auto stock," the order states. "That, too, militates against a strong inference of scienter."

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

U.S. Circuit Judges Albert Diaz and Roger L. Gregory and U.S. District Judge Gina M. Groh sat on the panel for the Fourth Circuit.

The investors are represented by Christopher M. Wood and Ashley M. Price of Robbins Geller Rudman & Dowd LLP, Robert N. Hunter Jr. of Higgins Benjamin PLLC and Hyland Hunt and Ruthanne M. Deutsch of Deutsch Hunt PLLC.

Advance Auto Parts and the individual defendants are represented by Jacey Lara Gottlieb and Christine Jiha of Hogan Lovells and Clifton L. Brinson of Smith Anderson.

The case is City of Southfield General Employees' Retirement v. Advance Auto Parts, Inc., case number 25-1188, in the U.S. Court of Appeals for the Fourth Circuit.

--Editing by Michael Watanabe.

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Merger Materials Hid Portland Project Woes, Investors Say

By **Nate Beck**

Law360 (February 17, 2026, 5:47 PM EST) -- Defending against a dismissal motion, Broadmark Realty Capital shareholders are claiming proxy materials for a 2023 merger between Broadmark and Ready Capital failed to mention multifamily loan distress or cost overruns for a Portland, Oregon, project backed by a \$460 million loan in Ready Capital's portfolio.

Investors led by plaintiff Brian Grant claimed on Friday in a lawsuit filed in Washington federal court that the omissions tainted approval of the \$787 million merger. The proposed class in the filing opposed a motion to dismiss filed by the companies in January.

The proposed class, led by Robbins Geller Rudman & Dowd LLP, argued on Friday they have shown enough at this stage to **continue their arguments** that the boards of both companies approved the merger despite Ready Capital's financial flaws.

"Undisclosed in the proxy and thus unbeknownst to Broadmark investors at the time, it is now clear that Ready Capital stood on the brink of catastrophic failure in the months leading up to the merger," the investors argued on Friday.

Following completion of the 2023 merger, the combined entity operated as Ready Capital. On March 3, 2025, Ready Capital announced it would cut its dividend in half after reporting a nearly \$300 million increase in its allowance for loan losses.

Ready Capital shares that Broadmark stockholders received in the merger ultimately dropped from \$10.11 each on the day of the deal to less than \$2.50 per share, prompting the investors to sue.

On Friday, the investors claimed proxy materials left out important details about Ready Capital's performance, urging a judge to disregard a motion to dismiss.

The Broadmark Capital investors argued Ready Capital's largest loan before the merger was a \$460 million contribution to a Portland mixed-use tower called Block 216, which houses the city's Ritz-Carlton hotel. Ready Capital took on the loan when it acquired Mosaic Real Estate Capital in 2022.

At the time of Ready Capital's proposed merger with Broadmark, stockholders of Broadmark were unaware Mosaic's loan portfolio was mostly made up of the Portland loan. Legal filings later showed Ready Capital and Broadmark knew the loan became out of balance due to hundreds of millions in cost overruns just before the merger, according to the shareholders.

Additionally, they claimed Ready Capital tripled its balance of loans tied to multifamily properties in 2021 and 2022. Ready Capital in 2023 and 2024 then saw a dramatic increase in delinquency and defaults on its multifamily loans.

The investors argued the proxy materials for the merger failed to mention the distress in Ready's multifamily portfolio. The materials also didn't note that many multifamily borrowers were unable to find new financing and that Ready faced significant increases in delinquency, default and foreclosure rates.

"Defendants improperly fabricate 'conclusory' allegations and cite to extrinsic documents in order to conjure up disclosures that were never made. This fails," the investors said. "The complaint, as

written, amply states actionable claims under the securities laws."

Counsel for the defendants and the proposed class counsel did not immediately respond to requests for comment on Friday.

The proposed class is represented by David A. Knotts, James I. Jaconette, Michaela Park, Brian E. Cochran, Francisco J. Mejia and Samuel H. Rudman of Robbins Geller Rudman & Dowd LLP and Juli E. Farris and Keil M. Mueller of Keller Rohrback LLP.

The defendants are represented by Michael J. Ewart and Alexander M. Wu of Hillis Clark Martin & Peterson PS and Andrew Sumner, Cara Peterman, Elexa E.D. Mayo, Carissa Lavin and Charles W. Cox of Alston & Bird LLP.

The case is Grant et al. v. Broadmark Realty Capital Inc et al., case number 2:25-cv-01013, in the U.S. District Court for the Western District of Washington.

--Additional reporting by Isaac Monterose and Sydney Price. Editing by Philip Shea.

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10th Circ. Won't Revive Dish Investors' 5G Rollout Suit

By **Katryna Perera**

Law360 (February 17, 2026, 8:26 PM EST) -- The Tenth Circuit on Tuesday declined to revive a proposed class action brought by Dish Network investors claiming the company misled shareholders about the success of its 5G network rollout, finding the district court correctly analyzed the suit's claims and its ruling.

Dish Network Corp. investors urged the appeals court last month **to revive the suit**, saying a Colorado federal court erred by **permanently throwing out** the complaint after examining only two of a total 19 challenged statements Dish made.

However, the Tenth Circuit's three-judge panel said Tuesday that the district court's holistic analysis was correct as it aligned with the way the parties framed their arguments on the motion to dismiss.

According to the **published opinion**, Dish's dismissal motion grouped the alleged misstatements into two categories: network development and deployment, and enterprise demand for network functionality.

The investors also divided the 19 alleged false and misleading statements into two similar categories, and they did not emphasize any particular statement.

"Faced with the parties' two-category approach and finding that 'none of [the 19 statements] stood out as particularly important or definitive,' the district court reviewed the [second amended complaint] 'taken as a whole' and 'focus[ed] its analysis on one statement representing each category that appear[ed] to have the best chance of meeting the required [pleading] standards,'" the opinion stated.

"In doing so, the court followed 'the principle of party presentation,' under which the parties' frame the issues for decision' while the court serves as 'neutral arbiter of matters the parties present,'" the opinion added. "We see no reason to fault the court for taking this course."

According to the opinion, the investors argued that the district court did not provide any reasoning for selecting the two statements it analyzed, but the panel noted that the investors on appeal also did not argue that the district court chose the wrong statements to analyze.

"Also, given their failure to conduct a statement-by-statement analysis in their briefing, plaintiffs could not reasonably expect the court to parse their densely-composed 24-page chart attached to their response to the motion and conduct its own statement-by-statement analysis," the opinion said.

The Tenth Circuit judges also agreed with the district court's finding that both categories of alleged misstatements fell short of the relevant period standards, and the investors failed to adequately plead scienter.

The investors claimed Dish made false statements when it said it completed a successful field validation of its 5G Open-Ran wireless network. In truth, Dish sent only one text message and didn't send data, voice, or any other "essential attributes" of the network, according to investors.

The panel said Tuesday that it agrees with the district court that none of Dish's statements about carrying out a "successful field validation" would deceive investors into believing that they had ... validated ... all essential elements of network functionality including data and voice."

Investors filed their proposed class action in February 2024, claiming Dish ultimately revealed in corrective disclosures that it did not have a fully integrated and functional network as previously represented.

According to the suit, Dish affirmed to the Federal Communications Commission in 2019 that it would build a nationwide 5G network covering 20% of the U.S. population by June 2022 and 70% by June 2023. If Dish failed to meet the FCC deadlines, it would be subject to \$2.2 billion in cash penalties and forfeiture of its spectrum licenses, the investors said.

Investors said Dish "secretly abandoned" its attempt to build a functioning network to focus on meeting the FCC's June 2022 deadline, and the defendants' misstatements ultimately led to a 62% decline in Dish's share price over the two-year class period.

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

U.S. Circuit Judges Jerome A. Holmes, Scott M. Matheson Jr. and U.S. District Judge John F. Heil, sitting by designation, sat on the panel for the Tenth Circuit.

The investors are represented by Christopher Jackson of Holland & Hart and Shannon Hopkins, David Jaynes and Gregory Potrepka of Levi & Korsinsky LLP.

Dish and the individual defendants are represented by Brian Frawley, Matthew Seelig and James Vincenti of Sullivan & Cromwell LLP, and Kelley Duke of Ireland Stapleton Pryor & Pascoe PC.

The case is Sai Naveen Lingam et al. v. Dish Network Corp. et al., case number 25-1157, in the U.S. Court of Appeals for the Tenth Circuit.

--Additional reporting by Rachel Konieczny. Editing by Kristen Becker.

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Boeing, Ex-CEO Escape Fund's 737 Max Fraud Suit

By **Linda Chiem**

Law360 (February 17, 2026, 5:12 PM EST) -- An Illinois federal judge on Tuesday tossed a securities fraud suit accusing Boeing of misrepresenting the safety of its 737 Max 8 jets after two deadly crashes overseas, saying a Massachusetts-based investment fund cannot pursue claims purportedly assigned to it by a defunct assignor.

U.S. District Judge Virginia M. Kendall **granted** the Boeing Co. and former CEO Dennis Muilenburg's **motion to dismiss** Value Recapture Partners LLC's amended lawsuit alleging they misrepresented the overall safety of the jets in the wake of the October 2018 crash of Lion Air Flight 610 and the March 2019 crash of Ethiopian Airlines Flight 302.

Value Recapture filed suit in 2023, alleging that misleading public disclosures from Boeing and Muilenburg and the company's overall mishandling of the 737 Max crisis caused Boeing's stock price to plummet and led to significant investment losses. Muilenburg was Boeing's president, CEO and chair of the board at the time of the accidents but was ousted in late 2019. Value Recapture accused them of violations of Section 10(b) of the Securities Exchange Act of 1934 and Securities and Exchange Commission Rule 10b-5.

Judge Kendall determined that the securities fraud claims are not freely assignable.

The U.S. Supreme Court's 1975 decision in **Blue Chip Stamps v. Manor Drug Stores**  adopted the so-called Birnbaum rule, which limits standing to bring securities fraud claims to actual purchasers and sellers of the stock.

And the Fifth Circuit in 1992's **Smith v. Ayres**  applied Blue Chip to "tightly restrict the availability of Rule 10b-5 actions," foreclosing securities fraud claims brought by purported assignees for lack of standing.

Value Recapture never actually purchased or sold a single share of Boeing stock. Rather, two investment funds — Valinor Capital Partners LP and Valinor Capital Partners Offshore Master Fund LP, both managed by Valinor Management LP — bought Boeing stock in about a dozen separate transactions between June 2019 and March 2020. Those now defunct funds purportedly assigned any claims arising out of those purchases to Value Recapture Partners in July 2020, according to court documents.

"Value Recapture Partners states that Valinor assigned the claims to avoid delaying the administrative wind down of Valinor, which allowed for the prompt return of investment capital to Valinor's stakeholders," Judge Kendall said in her order.

"In other words, it contends its express purpose is 'to return investment capital to stakeholders' and not a 'sham' purpose, as in Smith," the judge added. "But Value Recapture Partners' explicit business is 'purchasing recovery rights from pooled investment vehicles.' Value Recapture Partners argues that there is 'nothing problematic about this,' which is completely correct as a general matter. The issue is specific to 10b-5 standing because 'litigation under Rule 10b-5 presents a danger of vexatiousness different in degree and in kind from that which accompanies litigation in general,' thus requiring a limited private remedy even if it potentially 'prevents some deserving plaintiffs from recovering damages.'"

The scenario in this case is one "where relative risks and roles in the market sit outside the parameters of the express assignment," Judge Kendall said, adding: "If anything, Value Recapture

Partners' business model allows it to 'await developments on the sidelines without risk,' the deterrence of which was a motivator in the Blue Chip court's reasoning."

As such, the judge dismissed the first amended complaint on standing grounds but gave Value Recapture a chance to refile another amended complaint by March 6.

Value Recapture **accused** Boeing and Muilenburg of making misleading public statements about the 737 Max 8's safety and reliability, regulatory compliance, production rate and backlog, and the true nature of an automated flight-control software feature that was unique to that line of jets.

Following the two crashes, the 737 Max 8 jets were **grounded globally** until November 2020. The jets were outfitted with a unique automated feature called the Maneuvering Characteristics Augmentation System, which affected the plane's flight control system. Accident investigators and other official review panels have since determined that the MCAS was vulnerable to faulty sensor readings that could inadvertently trigger the system and push the plane to nose-dive.

Over the years, Boeing has been hit with a number of securities fraud suits alleging it waged a disinformation campaign by reassuring investors and the public that the 737 Max 8 jets were safe, despite knowing and failing to disclose that the jets were flawed and wouldn't easily clear sharp regulatory scrutiny following the two accidents.

Value Recapture raised similar allegations in a consolidated proposed class action, known as In re: the Boeing Company Aircraft Securities Litigation, that is **pending** in Illinois federal court.

Boeing, meanwhile, has maintained that it made general statements about its commitments to safety and core values, and repeatedly cautioned investors and the public about the potential duration of the grounding and production stoppages while the 737 Max 8 jets awaited the all clear from aviation regulators.

Counsel or representatives for the parties could not immediately be reached for comment Tuesday.

Value Recapture is represented by Lawrence M. Rolnick, Marc B. Kramer, Michael J. Hampson and Nicole T. Castiglione of Rolnick Kramer Sadighi LLP and Jordan A. Finfer of Patzik Frank & Samotny Ltd.

Boeing and Muilenburg are represented by John F. Hartmann, Brenton A. Rogers and Kenneth Monroe of Kirkland & Ellis LLP.

The case is Value Recapture Partners LLC v. Boeing Co. et al., case number 1:23-cv-16550, in the U.S. District Court for the Northern District of Illinois.

--Editing by Nick Siwek.



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Musk Can't Be 'Tried On His Political Beliefs,' Judge Says

By **Bonnie Eslinger**

Law360 (February 17, 2026, 11:49 PM EST) -- A certified class of former Twitter investors accusing Elon Musk of tanking the social media platform's stock during acquisition negotiations can't bring up the billionaire's political beliefs during the trial scheduled to start next month if it's outside the 2022 time period at issue, a California federal judge ruled Tuesday.

U.S. District Judge Charles R. Breyer made the decision during a pretrial conference for the case, first filed in November 2022 and alleging that Musk made materially false and misleading statements and engaged in a fraudulent scheme from mid-May to early October 2022 to artificially depress the price of Twitter stock and options. The three-week trial is scheduled to start March 9.

Among motions in limine heard by the court Tuesday, Musk asked the court to exclude all evidence of his political activities in 2024 and 2025, arguing that it was prejudicial and not relevant to the case. The judge agreed, saying Musk would not be pressed on anything political that occurred after Oct. 4, 2022.

"He is not to be tried on his political beliefs. He is not to be tried as a referendum on the president of the United States," Judge Breyer said. "They're highly inflammatory."

Such issues are divisive with members of the public having strongly held positions on both sides, the judge said, adding, "So that's out."

In their written opposition to Musk's motion, the investors said Musk's political interest was one of the reasons that he bought Twitter.

Musk "almost invariably talked about politics whenever he talked about Twitter, and the intersection of free speech and political beliefs came up regularly when Musk and Twitter were mentioned in the same conversation," the investors wrote in their Jan. 29 filing.

In court Tuesday, a lawyer for the plaintiffs, Gia Jung of Cotchett Pitre & McCarthy LLP, said precluding reference of anything to do with politics after the close of class period would be difficult to navigate at trial.

"We're not seeking to introduce inflammatory evidence," Jung said.

Jung said one example of evidence that the investors want to introduce at trial involves an 2023 interview that Musk did with the BBC, U.K.'s public service broadcaster. In addition to saying that he thinks he "overpaid" for Twitter, Musk made numerous references to politics, the American public's First Amendment rights and Twitter being a "town square," Jung told the court.

Judge Breyer told Jung if they had a particular piece of evidence that they wanted to introduce, they'd have to run it by Musk's legal team first and then come to the court if there are still disagreements.

The judge also said he'd rather not have political opinions expressed within the 2022 class period brought into trial.

"My preference is that they're out," Judge Breyer said. "Take a look and see whether it really has

some probative value that clearly outweighs its prejudicial effect."

During Tuesday's hearing, Judge Breyer also rebuffed the investors' request to have the court block Musk from making any reference to an expected total of aggregate damages.

Judge Breyer said he thought the plaintiffs would want to ask potential jurors during voir dire if they would consider, if the evidence warranted it, ordering a high dollar amount award.

"You do have a right to exclude from the jury people who would not consider a large award," the judge said.

A lawyer for Musk, Phillip Jobe of Quinn Emanuel Urquhart & Sullivan LLP, said the defense didn't want the jury to go through the trial thinking that the case was over a small dollar amount.

"If you're asking questions in voir dire about making sure people understand that this is a case that could involve a large recovery, I think it moots the issue," Jobe said.

Judge Breyer said with evidence in the case saying that it involved 77 million Twitter shares and a transaction involving \$44 billion, jurors would likely understand the high stakes.

Jung told the court that the investors' motion was not about jury selection.

"What plaintiffs are asking for ... is to prevent Musk's counsel from speculating on the ultimate amount of aggregate damages during examination or argument," she said.

Judge Breyer said he wouldn't make a ruling at this juncture on the trial arguments.

Jung noted that Musk has written in court filings that the case seeks a multibillion-dollar recovery.

"We don't actually know that this would end up that much, after the claims administration process," Jung said.

In its Jan. 13 motion in limine, the investor class said that damages in the case, as is typical in securities fraud class actions, will be calculated on a per-share basis "by determining the amount of artificial deflation that Musk created in Twitter's stock price" and that the jury has no need to know an aggregate damages figure to determine that.

In a written opposition to the motion, filed on Jan. 29, Musk said preventing the jury from hearing information about the aggregate amount of damages "would leave jurors with a materially incomplete understanding" of the investors' theory and "improperly insulate that theory from meaningful scrutiny."

The suit accuses Musk of attempting to **drive down** Twitter's stock price to back out of a promise to buy the social media company or to renegotiate a lower price. Musk first tried to back out of the promised \$44 billion purchase but later **agreed to close** the deal after the company sued him in Delaware.

In 2023, Judge Breyer ruled that the investors had plausibly alleged Musk violated securities laws with a series of tweets that said the deal was "temporarily on hold" pending details about data regarding the number of alleged fake Twitter accounts but that he was "still committed to acquisition." Musk also stated that fake and spam accounts make up at least 20% of Twitter's users, but investors said the statement misled the investing public to believe that Musk had received bot user data from Twitter, when in fact he had not.

In September 2024, the judge **certified** a class of investors who sold the publicly traded stock or call options, or purchased put options of Twitter, from May 13, 2022, through Oct. 4, 2022.

And then back in October of last year, Judge Breyer **denied** the parties' cross-motions for an early win in the case.

The investors are represented by Joseph W. Cotchett, Mark C. Molumphy, Tyson C. Redenbarger, Gia

Jung, Elle D. Lewis and Caroline A. Yuen of Cotchett Pitre & McCarthy LLP and Francis A. Bottini Jr. and Aaron P. Arnzen of Bottini & Bottini Inc.

Musk is represented by Alexander B. Spiro, Ellyde R. Thompson, Jesse A. Bernstein, Stephen A. Broome, Matthew Alex Bergjans, Phillip Jobe and Michael T. Lifrak of Quinn Emanuel Urquhart & Sullivan LLP.

X Corp. is represented by Eric Meckley, Ashlee N. Cherry and Christopher Boran of Morgan Lewis & Bockius LLP.

The case is Giuseppe Pampena v. Elon R. Musk, case number 3:22-cv-05937, in the U.S. District Court for the Northern District of California.

--Additional reporting by Jack Karp and Katryna Perera. Editing by Jay Jackson Jr.

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Reddit Fights Investor Suit Over Google AI Impact

By **Sydney Price**

Law360 (February 17, 2026, 8:00 PM EST) -- Reddit wants out of a proposed investor class action accusing it of downplaying the impact that Google's artificial intelligence-generated search results have had on the forum website's traffic and ad revenues, arguing it has always been up-front with the public about the potential competition from Google.

In its **motion to dismiss** filed Friday, Reddit said it has provided its investors with "real-time information" regarding the potential negative impact of Google AI on Reddit's business. Reddit said it "proactively" disclosed the risks associated with Google AI and algorithmic updates before and during the class period, which begins in October 2024.

"Defendants' statements did not downplay or deny risk in any way, and certainly cannot be found misleading in the context of Reddit's overall disclosures and market awareness of Google update risk," Reddit said.

According to plaintiff Anthony Joseph Tamraz Jr., much of Reddit's user traffic comes from people seeking answers to questions using Google, but in 2024, Google introduced a feature that uses generative AI to provide concise search results, giving users an answer without needing to click through to another website.

The investor alleged Reddit failed to disclose that Google's "AI Overview" and its search algorithm were causing users to stop their query on Google; that the "zero-click search reality" was significantly reducing traffic to Reddit in a way the platform was not able to overcome in the short term; and that the defendants lacked a reasonable basis for their outlook on user rates and ad revenues.

But Reddit said Friday it explicitly said during an earnings call that "some [changes] help, some hurt," and that it "sees volatility from Google all the time."

Additionally, Reddit said the suit does not plead scienter since it does not show "motive or opportunity" to commit fraud.

"Plaintiff identifies no specific facts supportive of its theory that Defendants' 'outlook on user rates and advertising revenues' was misleading," the company said. "Plaintiff pleads no motive, no unusual stock trades, and no specific facts suggesting that Reddit's executives feared Google updates would 'dramatically reduce traffic to Reddit.'"

According to the complaint, Reddit issued an earnings release for the third quarter of 2024 in October, reporting that its "daily active unique," which measures unique users visiting the website or using the app in a 24-hour period, had increased 47% year-over-year to 97.2 million. The company also reported a revenue growth of 68% year-over-year to \$384.4 million, according to the suit.

On May 1, 2025, Reddit issued an earnings release for its first quarter, reporting its daily active unique increased 31% year-over-year to 108.1 million and revenue grew 61% year-over-year to \$392.4 million, the complaint states.

The daily active unique figures in May 2025 marked Reddit's third consecutive quarter slowdown in daily active user growth, which increased uncertainty around the sustainability of growth, the suit stated.

During an earnings call in May, CEO Steven Huffman acknowledged "short-term bumps," but

reassured investors that such impacts would not affect the company's long-term strategy or opportunities, according to the suit.

The following day, the price of Reddit's stock fell from \$118.79 per share to \$113.83 per share, or about a 4.2% decline, the suit states.

But Reddit said Friday it performed in line with or ahead of its own forecasts and market expectations, and that its revenues and users grew at the end of 2024 and the beginning of 2025, negating the suit's allegations.

The purported corrective disclosures and stock drops cited in the suit, including the May 2025 analyst call, do not establish loss causation, Reddit said.

After the earnings report, Reddit's stock price initially rose, it said. Then, following the May 1 earnings call, the market reacted to new information about April daily active unique growth and forward-looking statements like Reddit's warning to stockholders of "'bumpy' DAUq for the year ahead," Reddit said.

"A corrective disclosure 'must 'relate back to the misrepresentation and not to some other negative information about the company,'" Reddit said. "It is not sufficient that the market reacts to new information that does not reveal a fraud."

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

Tamraz is represented by Scott A. Edelsberg of Edelsberg Law PA and Andrew J. Shamis of Shamis & Gentile PA.

Reddit is represented by Jonathan K. Youngwood, Laura K. Lin and Stephen P. Blake of Simpson Thacher & Bartlett LLP.

The case is Anthony Joseph Tamraz Jr. v. Reddit Inc. et al., case number 3:25-cv-05144, in the U.S. District Court for the Northern District of California.

--Editing by Lakshna Mehta.



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Catching Up With Delaware's Chancery Court

By **Jeff Montgomery**

Law360 (February 17, 2026, 5:14 PM EST) -- Cryptocurrency and artificial intelligence disputes continued their slow weave into Delaware Court of Chancery and state Supreme Court dockets last week, with jurists and litigants grappling over how — or if — the courts' old-school equity jurisdiction and fiduciary duty hooks apply to new kinds of deals.

Here's what you might have missed from the court.

Top News

The Delaware Supreme Court **affirmed** a Chancery Court ruling that barred Fortiline Inc. and its parent, Patriot Supply Holdings Inc., from recovering damages for breaches of no-compete and non-solicitation agreements that had already been deemed unenforceable.

Decisions

Vice Chancellor Bonnie W. David **tossed a suit** accusing cryptocurrency entities of engineering a \$16 million "pump and dump" scheme, a decision that deemed the case to involve only old-school legal claims for fraud, breach of contract and conversion. Absent were equity or corporate veil-piercing claims of the sort that distinguish Chancery's jurisdiction and body of law.

Delaware's Supreme Court on Friday **affirmed the Court of Chancery's** rejection of claims that Canadian video gaming company Kixeye Inc. was unfairly denied a \$30 million "earnout" bonus in its \$90 million sale in 2019 to an acquisition entity of global gaming company Stillfront Group. A three-justice high court panel rejected Fortis' claims that Kixeye qualified for a bonus and that the disagreement was wrongly put to an allegedly conflicted arbitration rather than a "narrow expert determination."

A pro se investor lost a bid in Chancery Court to preemptively block **potential litigation** by Brazil Tower Co. LP, ruling that the court lacks subject matter jurisdiction to issue an anti-suit injunction based on a speculative threat and a contract provision that governs law, not forum. Magistrate in Chancery Danielle Gibbs concluded that the suit failed to show an imminent, wrongful foreign action or a contractual basis that would justify equitable relief.

Sorting Out Truth Social

Battling over who got, or gets, a piece of the action from the special purpose acquisition company venture that produced **Donald Trump's Truth Social** social media company rumbled on in the Supreme Court last week. Attorneys for one founding investor camp told Delaware's justices that a vice chancellor erred in requiring the venture to "prove a negative" in calculations of investor stakes in the SPAC transaction.

New Cases

A real estate development and management company **sued its former general counsel** in Chancery Court, alleging that document-drafting work was used to include invalid ownership stakes in several related companies, despite a lack of valid membership or economic interests in the companies.

A New York investment firm has **sued the developers** of a luxury Manhattan condominium tower in

Chancery Court, seeking either title to a unit in the building or more than \$3.5 million in principal and returns that the investor says it is owed under a pair of agreements. MS Group and Holdings LLC alleges that 50 Lex Development LLC and its controlling members breached a capital contribution agreement tied to The Centrale, a 124-unit condominium at 138 E. 50th St.

Unsatisfied by California-based artificial intelligence communication company Airship Group Inc.'s **response** to a books and records demand, a stockholder of the company has sought Chancery Court intervention, citing allegedly scant production. Stockholder Scott Allen says in his complaint that Airship responded with a narrow offer without justifying denial of access to essential, annual financial statements

Settlements

Activision founder Howard Marks will **pay \$18 million** to LRN Corp. Chairman Dov Seidman and two others to exit a Delaware Superior Court defamation lawsuit over statements he made as class representative in a separate Court of Chancery shareholder case, according to a filing. The deal ends a dispute that began nearly six years ago after Marks was named putative class representative in a shareholder suit over a stock buyback Seidman and others orchestrated prior to LRN's merger with private equity firm Leeds Equity Partners.

The Court of Chancery rejected **a temporary restraining order** that would have barred enforcement of an artificial intelligence-augmented software company's capital call. Those who sued alleged the deal was intended as a "forfeiture device" to squeeze out the company's co-founder and chief tech officer. Vice Chancellor J. Travis Laster deemed the order unwarranted but observed that the court can respond if the cash demand supports "wrongful expenditures."

Quotable: "It's not clear to me what ARC is trying to accomplish with the argument. Is this a search about the truth or is this an argument to create factual issues to avoid the inevitable?" John L. Reed of DLA Piper while arguing before Delaware's Supreme Court on an appeal in litigation surrounding the special purpose acquisition company transaction that took now-President Donald Trump's **Truth Social** media site public.

--Editing by Orlando Lorenzo.



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Cohen Milstein To Rep Perrigo Investors In Formula Biz Suit

By **Emilie Ruscoe**

Law360 (February 17, 2026, 4:55 PM EST) -- Cohen Milstein Sellers & Toll PLLC will represent a proposed class of Perrigo Company PLC investors who allege the company failed to disclose critical issues with infant formula operations that it purchased from Nestlé and caused stock prices to drop as the issues came to light.

In a Friday order in Manhattan federal court, U.S. District Judge Margaret M. Garnett appointed Cohen Milstein lead counsel for the proposed class, finding that the firm's pension fund client had the greatest financial interest in the suit with about \$2.8 million in alleged losses.

"[The International Brotherhood of Teamsters Local No. 710 Pension Fund]'s selected counsel, Cohen Milstein, is an established firm with significant experience representing plaintiffs in complex securities fraud class actions, there is no evidence that Teamsters 710 has interests adverse to the class, and the court is confident that the nearly \$2.8 million in claimed losses will motivate Teamsters 710 to vigorously prosecute the case," Judge Garnett said Friday.

Cohen Milstein's client beat out three other would-be lead plaintiffs for the chance to represent the class.

Those lead plaintiff movants included individual investor Tanner French, a client of the **recently renamed** firm Glancy Prongay Wolke & Rotter LLP, who **filed** the suit in November 2025.

It also included the DeKalb County Pension Fund, which is represented by Faruqi & Faruqi LLP, and a pair of associated movants, the Nova Scotia Public Service Superannuation Plan and the Nova Scotia Teachers' Pension Plan, which are represented by Pomerantz LLP.

French and the DeKalb County fund withdrew their lead plaintiff bids, and the Nova Scotia pension funds have notified the court that they don't oppose appointment of the Teamsters fund.

The Teamsters fund will now lead claims that trading prices for Perrigo shares were artificially inflated starting in February 2023, when Perrigo allegedly understated how much it would need to spend on infant formula remediations and overstated how much revenue the formula business was expected to make.

The investor alleged Perrigo trading prices remained artificially inflated through November 2025, when the company announced it was "initiating a strategic review of its infant formula business" and slashed its earlier earnings projections for its 2025 fiscal year, "due primarily to infant formula industry dynamics."

Following those disclosures, French said, trading prices for Perrigo shares fell more than 25%, from over \$20 to just over \$15, hurting investors.

Alongside the company, the complaint names current Perrigo CEO Patrick Lockwood-Taylor, and Chief Financial Officer Eduardo Bezerra and former CEO Murray Kessler.

On Tuesday, Carol Gilden, an attorney for the pension fund, told Law360 via email that "We are pleased the court appointed our client Teamster 710 Pension Fund as lead plaintiff and approved the firm as lead counsel."

"We look forward to pursuing this action and holding Perrigo and its officers accountable for the allegedly false and misleading statements made to investors regarding the company's infant formula business," Gilden said.

Representatives for Perrigo did not immediately respond to requests for comment Tuesday.

The International Brotherhood of Teamsters Local No. 710 Pension Fund is represented by Michael Eisenkraft, Carol V. Gilden, Steven J. Toll and Claire Marsden of Cohen Milstein Sellers & Toll PLLC.

Perrigo and the individual defendants are represented by Marc De Leeuw, John L. Hardiman and Michael P. Devlin of Sullivan & Cromwell LLP.

The case is French v. Perrigo Company PLC et al., case number 1:25-cv-09596, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Katryna Perera and James Mills. Editing by Emily Kokoll.

Update: This article has been updated to include a comment from counsel for the lead plaintiff.

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9th Circ. Clears Way For Nev. Gaming Action Against Kalshi

By **Alex Lawson**

Law360 (February 17, 2026, 8:31 PM EST) -- The Ninth Circuit on Tuesday denied Kalshi's request to keep its sports event contracts safe from Nevada gaming regulators, clearing the way for the state to bring a civil enforcement action against the online trading platform.

Kalshi is hoping to keep its sports offerings afloat while its broader case against the state over their legality moves ahead. However, in a one-page order, the Ninth Circuit refused the company's bid for an administrative stay, heeding the state's warning that the company's significantly expanding sports contracts would inflict irreparable harm as unlicensed sports betting.

In a letter to the court last week, attorneys for the state's gaming board said that while they had held off on moving to block Kalshi even with a district court ruling in its favor, they would bring a civil case against the platform on Tuesday in state court.

"Kalshi is the only prediction market currently operating in Nevada. Its continued operation harms the state and the public every day and poses an existential threat to the state's gaming industry," Nevada's Chief Deputy Solicitor General Jessica E. Whalen told the court.

For its part, Kalshi told the court that the state reneged on a deal they had to not bring an enforcement action while its appeal was live at the Ninth Circuit. Kalshi stressed that it would suffer "numerous irreparable harms" by taking its sports contracts off the market in Nevada, cutting off its customers and exposing itself to "significant unrecoverable costs" and "severe reputational harms."

Attorneys for the state and representatives for Kalshi did not immediately respond to requests for comment Tuesday.

A copy of the state's suit against Kalshi was not immediately available Tuesday, but Kalshi quickly filed a motion to remove it to federal court, reiterating its argument that its sports contracts are covered by the federal Commodity Exchange Act, a question that is already being litigated in the underlying case.

"The state's rush to file this action ignores this court's guidance that the question of whether the CEA preempts Nevada gaming regulations 'raise[s] serious questions,' that are currently before the Ninth Circuit. And these serious questions have divided the federal courts," Kalshi wrote.

Kalshi sued Nevada's Gaming Control Board last year after receiving cease-and-desist letters from the regulator that said its sports event contracts should have gone through the state's sports gambling regulatory channels. After Kalshi secured an injunction that kept its sports offerings live, U.S. District Judge Andrew Gordon **wiped it away** in a November decision, finding that Kalshi's sports contracts amounted to an "attempt to evade state regulation."

Kalshi and other prediction market platforms are locked in a series of fierce court battles over the legality of their sports contracts, with the platforms generally arguing that their offerings should be treated as swaps or derivatives that should be centrally regulated by the Commodity Futures Trading Commission, rather than the patchwork of state regulators who police sports betting.

Tuesday proved to be an eventful day in that maze of litigation, as the CFTC itself **entered the fray** by backing the prediction markets. Chair Michael Selig penned a forceful Wall Street Journal op-ed

touting the agency's "exclusive jurisdiction" over prediction markets, a position the agency later formalized with an amicus brief filed on behalf of a related case involving sports contracts offered by Crypto.com.

The Ninth Circuit's decision against Kalshi also came down soon after a Massachusetts appeals court **threw the company a lifeline** by pausing a lower court's order that would have ceased its sports offerings in the Bay State.

Kalshi is represented by Paul C. Williams and Dennis L. Kennedy of Bailey Kennedy LLP and Neal Katyal, William Havemann, Samantha Kinsella Ilagan, Grant R. Mainland, Joshua Brooks Sterling, Andrew Leighton Porter and Davis Benjamin Campbell of Milbank LLP.

The state is represented by Devin Antuan Oliver, Jessica E. Whelan and Sabrena Clinton of the Nevada Attorney General's Office and Minh Nguyen-Dang, Nicole A. Saharsky and Rory Keith Schneider of Mayer Brown LLP.

The case is KalshiEX LLC v. Hendrick et al. case number 25-7516, in the U.S. Court of Appeals for the Ninth Circuit.

--Editing by Drashti Mehta.

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Educator Unions Call For SEC Probe Of Apollo's Epstein Ties

By Sarah Jarvis

Law360 (February 17, 2026, 9:02 PM EST) -- The American Federation of Teachers and American Association of University Professors on Tuesday urged the U.S. Securities and Exchange Commission to investigate statements made by Apollo Global Management concerning the private equity firm's alleged ties to convicted sex offender Jeffrey Epstein.

The presidents of the two unions penned a **letter** to the SEC's director of enforcement calling for the agency to investigate Apollo's investor communications, which the groups say "currently give an inaccurate and incomplete picture of the firm and its partners' connections to Epstein."

"We are troubled by Apollo's seeming inability to be forthcoming about the extent to which Epstein was a personal, social and professional associate of the firm and its partners," the letter reads. "We don't know exactly what motivates that lack of candor, but it should be investigated."

The AFT and AAUP pointed to the U.S. Department of Justice's Jan. 30 release of a tranche of files related to the disgraced financier, who died in jail in 2019 of an apparent suicide while awaiting trial on federal sex trafficking charges. Included in those files is evidence indicating that Apollo CEO Marc Rowan and firm co-founder Joshua Harris "appear to have consulted with Epstein on numerous personal and professional matters," the unions allege.

In response to a comment request sent to Apollo, a spokesperson for Rowan told Law360 via email that neither Rowan "nor anyone else at Apollo (excluding [co-founder and former CEO Leon] Black) had either a business or personal relationship with Jeffrey Epstein, as was confirmed by an independent, transparent and thorough investigation in 2021."

"There is nothing new here," Rowan's spokesperson said. "Mr. Black previously retained and compensated Mr. Epstein for personal tax advice. In select instances, Mr. Rowan provided information to Epstein in connection with his tax work for Mr. Black. While Mr. Epstein sought to do work with the Apollo co-founders other than Mr. Black, it was declined at every turn."

The SEC declined to comment Tuesday.

The AFT and AAUP say the latest wave of Epstein files undercuts a 2021 investigative report from the law firm Dechert LLP, which found that neither Harris nor Rowan "hired Epstein or consulted with him on their personal matters."

"The batch of Epstein documents released by the Department of Justice on Jan. 30, 2026, suggests that these statements were, at the very least, misleading, and that Black and the other Apollo partners would likely have known they were misleading," the unions say. "As the Epstein files make clear, Apollo partners Rowan and Harris appear to have consulted with Epstein on numerous personal and professional matters."

The Epstein files also suggest Apollo may have had financial dealings with Epstein, the unions allege.

The unions say that when allegations of Black's ties to Epstein were first raised, multiple Apollo limited partners expressed concern that they faced "headline risk" by investing in the firm.

"Clearly, there is material risk in this association with Apollo's business, and its investors deserve to

be accurately informed about that matter," the letter reads.

The two unions say in their letter that they represent thousands of members harmed by Rowan's promotion of the Trump administration's proposed Compact for Academic Excellence in Higher Education, which offers schools preferred access to grants and other benefits if they agree to certain practices around admissions, tuition and foreign enrollment.

--Additional reporting by Patrick Hoff. Editing by Alanna Weissman.

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Goldstein Tax Trial Heads To Closing Args As Defense Rests

By **Jared Foretek**

Law360 (February 17, 2026, 10:28 PM EST) -- Jurors in SCOTUSblog founder Thomas Goldstein's tax fraud trial will hear closing arguments Wednesday, after the final two witnesses in the monthlong proceeding took the stand, and new emails regarding Goldstein's efforts to conceal poker debts came to light Tuesday.



The tax fraud trial of Thomas Goldstein, seen in 2022, is set for closing arguments on Wednesday after the jury hear from more than 25 witnesses across more than four weeks. (AP Photo/Jeff Chiu)

Attorneys for Goldstein rested his defense after calling to the stand Jason Bell-Masterson of Epiq, a legal services provider specializing in electronic discovery. Bell-Masterson briefly discussed the dearth of internal emails produced by Goldstein's outside accounting firm regarding the longtime U.S. Supreme Court lawyer's taxes.

According to Bell-Masterson, the accounting firm, Gelman Rosenberg & Freedman, produced more than 2,400 emails from 2016 to 2022 in discovery. But he said only 12 of those were internal to GRF employees specifically.

Jurors previously heard about the issue when an accounting firm employee testified that it originally misunderstood its duty to produce internal emails in response to a government subpoena and then changed its document retention policy. Goldstein's defense has centered around the argument that GRF

accountants repeatedly erred in preparing and filing the tax returns at issue for Goldstein and his law firm.

After the defense rested its case Tuesday, Goldstein's lawyers tried to keep several 2021 emails between Goldstein and his wife, SCOTUSblog co-founder Amy Howe, from coming in during the government's rebuttal case. In his second day of direct examination last week, Goldstein said he was in the Caribbean when he submitted the mortgage applications at issue in the government's two charges against him for lying on the forms.

It was the first the jury had heard about his core defense on the charges, with Goldstein claiming venue was crucial for mortgage charges in Maryland. He otherwise admitted to keeping millions of dollars in poker-related debts off the applications, saying he didn't want Howe to know "the full scope" of his debt.

On Tuesday, over the defense's objections about potential spousal privilege, U.S. District Judge Lydia Kay Griggsby ruled that redacted portions of the emails could be introduced. In them, Goldstein forwards Howe several emails inviting her to "consent and access electronic disclosures and notices" related to a loan application. The documents were then submitted in the following minutes, according to an FBI agent called to testify.

The jury, having heard from more than 25 witnesses across more than four weeks, was sent home and told to return for closing arguments Wednesday. The sides then worked through the bulk of their respective objections on jury instructions with Judge Griggsby. The instructions will be finalized Wednesday morning before the jury is brought in.

The trial reached a dramatic crescendo last week when Goldstein took the stand. Under direct examination from lead defense attorney Jonathan Kravis, he portrayed himself as a self-made Supreme Court attorney who fought for "the little guy" and developed a penchant for high-stakes poker. While he conceded he was responsible for his tax returns, he said any errors were either honest mistakes or the fault of his GRF accountants. He also **claimed to have lost millions** playing poker in 2016, contrary to a central point of the government's case — that Goldstein on his tax returns that year understated his net poker winnings by more than \$1 million.

But on cross-examination, U.S. Department of Justice trial attorney Sean Beaty accused him of lying about losing money in 2016, and for the first time **told the jury** of claims Goldstein was having "many, many affairs" during the height of his poker playing. He also hammered Goldstein on his lavish spending in the years he was well behind on his taxes.

The jurors likely won't begin deliberations until Thursday, when they will have to decide on 16 combined counts of tax evasion, assisting in false tax returns, willful failure to pay and making false statements on loan applications.

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

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

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

--Editing by Kristen Becker.



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SEC's Atkins Floats Litigation 'Safe Harbor' For Public Cos.

By **Jessica Corso**

Law360 (February 17, 2026, 7:27 PM EST) -- U.S. Securities and Exchange Commission Chairman Paul Atkins on Tuesday put forth a raft of ideas for encouraging shorter corporate disclosures, including a possible "safe harbor" for publicly traded companies looking to avoid shareholder lawsuits for failing to report the impact of highly publicized events on their businesses.

Atkins detailed some of the corporate disclosure reforms that he has directed SEC staff to explore in public remarks at an event hosted by the Texas A&M School of Law at the Federal Reserve Bank of Dallas.

One thing Atkins said he'd like to address is the section on annual reports where company executives discuss factors that make investment in their companies risky.

He said that while he supported adopting the regulation that created the section when he was a commissioner in 2005, he believes it is due for a reexamination because the volume of risk factors companies report has grown beyond the anticipated two- to three-page summary to sometimes over 15 pages.

One of the reasons corporations may hesitate to shorten the risk disclosure section is fear of litigation, but the SEC could remedy that by providing a "liability safe harbor," Atkins said.

"The commission could adopt a rule stating that failure to disclose impacts from publicized events that are reasonably likely to affect most companies will not constitute material omissions for purposes of some or all of the federal securities laws' anti-fraud rules," he said.

The agency announced last month that it was conducting a comprehensive review of corporate disclosure requirements under Regulation S-K, and asked for public feedback on ways that the regulation might be amended.

In Dallas on Tuesday, Atkins detailed some of the possible reforms he has instructed staff to consider.

Other than providing a possible litigation safe harbor, the chairman said the SEC may also lessen the amount of information that companies must provide on executive compensation.

For instance, compensation information for C-suite employees beyond the CEO may be capped, he said, highlighting comments the SEC received from panelists at an agency-sponsored roundtable last summer.

"I agree with commenters that we should reconsider the number of executives for whom compensation information is provided to appropriately calibrate the level of disclosure with the cost," Atkins said.

He also said he has asked staff to explore possible reductions to the pay-versus-performance rule. **Adopted in 2022** and mandated by the Dodd-Frank Act, the rule requires public companies to justify executive pay to shareholders by comparing it with the company's financial performance.

Atkins said the current requirements are so complex that they often necessitate additional disclosures to address any confusion to make them intelligible to investors.

"A regime that requires additional disclosure to explain the original disclosure is a signal that simplification is overdue," the chairman said. "I agree with commenters that we should look for ways to make [pay-versus-performance] disclosure simpler for companies to prepare and more straightforward for investors to understand."

He also discussed potentially removing a requirement that corporations disclose executive security details as a corporate perk, which he said may now be a necessity for the highest corporate officers and not just a luxury.

Atkins on Tuesday also praised **corporate reforms** adopted by the Texas Legislature last year and appeared to encourage the Lone Star State to go further by adopting a law allowing corporations domiciled in the state to include mandatory arbitration clauses in their bylaws.

Noting that the SEC made it clear **late last year** that it would not stand in the way of newly public companies making use of such clauses, Atkins said it is now up to the states to act.

"Before companies can adopt mandatory arbitration provisions, they must also consider the laws of their state of formation," he said. "Last summer, Delaware prohibited mandatory arbitration for federal securities law claims. What will Texas do?"

--Editing by Amy French.

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SPAC Sponsor Execs Kept \$29M Biz Breakup Fee, Suit Says

By **Emilie Ruscoe**

Law360 (February 17, 2026, 8:46 PM EST) -- A blank check company sponsor linked to energy giant Nabors Industries is facing investor allegations that its brass unfairly laid claim to a \$29 million settlement sum despite missing a deadline to merge with another company.

In a **complaint filed Monday** in New York federal court, investor Camac Fund LP said directors and officers of Nabors Energy Transition Sponsor II LLC tried to claim the so-called breakup fee given to the special purpose acquisition company as part of a settlement with e2Companies LLC, the company it tried but failed to acquire.

"Defendants' misappropriation is expressly prohibited by the SPAC's governing documents," the investor alleged. "Defendants failed to complete a business combination, and thus have 'no right, title, interest or claim' to the SPAC's assets pursuant to agreements that defendants themselves drafted."

Named in the suit are Nabors Energy Transition Sponsor II LLC, the SPAC's CEO Anthony Petrello and its Chief Financial Officer William Restrepo, who are also the CEO and former CFO of Nabors Industries, respectively. The SPAC itself, Nabors Energy Transition Corp. II, is a nominal defendant.

According to the suit, the SPAC raised \$305 million from its July 2023 initial public offering and placed those assets in a trust account. It then had two years to finalize a merger or return those proceeds to investors.

Prior to the IPO, Camac Fund said, the individual defendants and the sponsor also were issued millions of so-called founder shares, priced at less than a penny. Those founder shares would convert to public shares if the SPAC merged with another company within two years of its IPO, the suit states. Otherwise, those shares would expire and be worthless.

The SPAC contract language additionally held that if a merger did not occur within that time frame, the managers and sponsor would have "no right, title, interest or claim of any kind in or to any monies held in the trust account or any other asset of the [SPAC] as a result of any liquidation," the investor said.

Nabors announced a plan in February to merge with e2, an energy management firm, estimating at the time that the resulting company would be worth about \$500 million. But this plan fell apart when e2 reneged, leading the SPAC to sue in July 2025, or right around the time of its merger deadline, in an effort to force e2 to go through with the merger.

SPAC and e2 eventually reached an agreement terminating their business combination in October, which stipulated that e2 would pay the SPAC a breakup fee of at least \$29.23 million, the investor said.

That fee is slated to be paid in at least two installments over three years, with the possibility of additional payments if e2 enters a new, different business transaction agreement, according to the suit.

But the defendants structured the breakup fee to vest over time "to make it easier for them to retain it for themselves after the redemption of public stockholders," the investor alleged.

After the settlement deal was inked, Camac Fund, the defendants proposed a plan to distribute the SPAC's assets that would entitle them to all the interest that had accrued on the funds in the SPAC's trust to cover fees and expenses the company had incurred since it formed.

Under that proposal, the defendants said the roughly \$14.1 million they wanted to recoup would come from interest earned on the money in the trust, including \$4.1 million the sponsor allegedly loaned the SPAC, according to the complaint.

Though the defendants tweaked the plan in response to investor reaction, they didn't walk back their plan to hold onto interest from the trust account, Camac Fund claimed.

Under this proposal, the investor claimed, "defendants proposed for purely self-interested purposes that millions of dollars of capital would remain tied up indefinitely in trust and would not accrue interest or other investment return, all of which would be diverted to defendants."

In November, the investor claimed, investors in the SPAC's public offering voted down that distribution proposal — after which the sponsor and its managers "opted to simply liquidate the SPAC and keep the break-up fee assets for themselves."

Specifically, the defendants said they'd redeem all the outstanding shares from the public offering without giving investors any of the breakup fee, according to the complaint. That redemption happened in early December, the investor said.

Camac Fund seeks to represent a class of investors who held the company's public offering shares when those shares were redeemed in December.

The suit seeks a declaration that the breakup fee is a corporate asset of the SPAC and a finding that the defendants aren't indemnified by the SPAC.

The investor also accused the individual defendants of breaching the sponsor agreement and brought a derivative breach of contract claim, as an alternative to the breach of contract claim, as well as a derivative breach of fiduciary duty allegation.

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

Camac Fund LP is represented by Aaron T. Morris and Andrew W. Robertson of Morris Kandinov LLP.

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

The case is Camac Fund LP v. Nabors Energy Transition Sponsor II LLC et al., case number 1:26-cv-01289, in the U.S. District Court for the Southern District of New York.

--Editing by Lakshna Mehta.



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Gemini Parts Ways With CLO Amid Post-IPO Strategy Shift

By **Michele Gorman**

Law360 (February 17, 2026, 4:31 PM EST) -- Winklevoss-led crypto exchange Gemini Space Station Inc. on Tuesday promoted one of its lawyers to interim general counsel as it parted ways with its chief legal officer, just weeks after the platform said it would wind down some international operations and reduce its workforce.

Kate Freedman, most recently associate general counsel and corporate secretary at the New York-based crypto firm, immediately took on the interim role after the departure of Chief Legal Officer Tyler Meade on Tuesday, the company said in a U.S. Securities and Exchange Commission filing.

Gemini was founded in 2015 by twin brothers Cameron and Tyler Winklevoss and is deemed among the largest crypto exchanges in the world.

Gemini also said in the Tuesday filing that it is "parting ways" with Chief Operating Officer Marshall Beard and Chief Financial Officer Dan Chen.

"We expect to enter into a separation agreement with each of these individuals with potential eligibility to provide additional transition services for a limited period of time in exchange for continued base salary and employee benefits for the duration of such period (but not including any additional incentives)," the filing said.

Gemini's board approved Danijela Stojanovic, chief accounting officer since May, as interim CFO. Gemini said in the filing that it didn't plan to appoint a replacement COO at this time.

A representative for Gemini did not immediately respond to a request for additional comment Tuesday.

The executives' departures came after Gemini said on Feb. 5 it would move forward with a plan to end its operations in the United Kingdom, the European Union and Australia. The decision, which also included plans to lay off about 25% of Gemini's total global workforce, was "part of a broader initiative to reduce operating expenses and support the company's path to profitability," Gemini said in an SEC filing.

Gemini will continue to operate in the United States and Singapore, the company said then.

The Winklevoss' platform, which had been a **rumored candidate** for an initial public offering dating back to 2021, completed its IPO in September. Three months later, the exchange announced it would soon **begin offering** prediction markets to customers, following its win of a designated contract market license from the U.S. Commodity Futures Trading Commission.

Freedman joined Gemini in 2024 as senior corporate counsel and took on her most recent titles in November, Tuesday's filing shows. Previously, she was assistant general counsel and director of legal at artificial intelligence-enabled digital financial services company Stash Financial Inc.

Before her almost five years at Stash, Freedman was an associate at Kluk Farber Law and Sullivan & Cromwell LLP for a total of nearly eight years, according to her LinkedIn profile. She is a graduate of New York University School of Law.

She replaces Meade, a graduate of the University of California College of the Law, San Francisco, who joined Gemini as chief legal officer in 2023. Previously, he spent close to eight years as a partner at the Meade Firm PC and just over nine years in the same position at Meade & Schrag LLP, his LinkedIn profile shows.

In a LinkedIn post Tuesday, Meade said he "loved" his three years at Gemini, specifically noting his work on the company's IPO and prediction markets launch.

"But even the best passages must come to an end," Meade said. "Now is the right time for me to turn to my next voyage."

--Additional reporting by Aislinn Keely. Editing by Robert Rudinger.

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