

Securities

Musk Says Tweet at Center of Investor Fraud Case Not 'My Wisest'

March 4, 2026, 1:47 PM PST

Elon Musk told a jury that a tweet he sent in the middle of his tumultuous move to buy Twitter Inc. in 2022 may not have been his "wisest" social media post, while denying he meant any harm to the platform's shareholders.

Musk took the witness stand in San Francisco federal court Wednesday to defend himself against claims that he used his social media account to drive down Twitter's stock price so that he could ultimately get a better deal for the company.

Investors in the class-action case have alleged that the world's richest person intentionally misled them when he tweeted that the deal was "temporarily on hold" while he investigated how much of the platform's traffic was driven by spam and fake accounts known as bots.



Elon Musk, center, arrives at federal court in San Francisco on March 4.

Photographer: David Paul Morris/Bloomberg

In his testimony, Musk argued his statement was very different from walking away from the deal entirely. "I'm not saying I'm not going to do the deal," he told the jury. "At no point did I say the deal was canceled."

Still, he acknowledged under questioning from a lawyer for the investors that the post was ill-advised.

"It may not be my wisest tweet," he said. "I don't know if I would call it my stupidest. But if it led to this trial it probably qualifies as such."

Musk occasionally has moments of introspection in his many court battles. Two years ago, while being questioned in a lawsuit accusing him of taking to social media to promote a conspiracy theory falsely identifying a California man as a federal agent posing as a neo-Nazi street brawler, Musk said in sworn testimony he is "guilty of many self-inflicted wounds."

In the current trial, in which he is accused of instigating Twitter stock price moves that collectively wiped out billions of dollars in equity, Musk said he simply tweets "what's on my mind and the market decides if it's material."

'Manic Depressive'

He told the jury that "people tend to read too much into things that I do," and described the stock market as "manic depressive," pointing out that it can fluctuate.

Musk eventually bought Twitter for \$44 billion and later renamed it X, but first spent several months publicly criticizing the company's business and threatening to walk away from the buyout.

Despite Musk's tweet in May 2022 that his takeover was on hold, Twitter executives told employees the deal was still moving forward. The stock tumbled following Musk's post, and it remained volatile for months until the deal finally closed in October 2022 — after the company sued him to follow through on his original offer.

The serial entrepreneur sought to show Wednesday that he was legitimately upset that after offering \$54.20 per share to acquire the platform on which he had tens of millions of followers, he couldn't get a straight answer from Twitter management about how many of its user accounts were fake.

Twitter had disclosed in financial statements that bots could make up as much as 5% of its user base, but Musk said he felt that number was low.

Musk Was 'Stunned'

"At least for me, half of my replies would be crypto spam or things that were unrelated to what I post," Musk testified. He also accused Twitter leadership of lying about the number of bots on the service, and said he was "stunned" to learn that top company executives allegedly didn't know how bots were measured.

Musk's exchanges with Aaron Arnen, a lawyer for the investors, got testy at times, with the multibillionaire complaining about repetitive questions that he said were "designed to mislead the jury."

In testimony Tuesday, Jared Birchall, Musk's longtime business manager and confidante, said that his boss's tweets four years ago were prompted by frustration, and not a malicious effort to sink the stock.

Read More: Musk Tweet on Pausing Twitter Deal Was Frustration, Adviser Says

"Work never stopped on the deal," Birchall testified, noting that Musk's team held due-diligence meetings related to Twitter on the same day Musk posted about the deal being "on hold."

Birchall told jurors that Musk took to his Twitter account out of irritation. "He'd made several requests for data about the bots and he hadn't gotten it," Birchall said.

Other Trials

Musk is no stranger to testifying before a jury. He prevailed in a trial in 2023 over claims by Tesla Inc. investors that he misled shareholders with a 2018 tweet saying he had "funding secured" to take the electric vehicle-maker private. He took the witness stand in at least three other cases that were ultimately decided in his favor.

Musk continues to spar with the US Securities and Exchange Commission over the regulator's allegations that he secretly — and cheaply — stockpiled Twitter shares early in 2022 without disclosing his holdings when they hit a mandatory reporting threshold. Musk has denied wrongdoing. On Wednesday, one of his lawyers told the Washington judge overseeing the case that negotiations continue with the SEC over a possible resolution.

(Updates throughout with Musk's testimony starting in first paragraph.)

--With assistance from **Nicola M White**.

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Musk tells jury tweet delaying Twitter deal was not meant to move market

DJ [dailyjournal.com/articles/390086-musk-tells-jury-tweet-delaying-twitter-deal-was-not-meant-to-move-market](https://www.dailyjournal.com/articles/390086-musk-tells-jury-tweet-delaying-twitter-deal-was-not-meant-to-move-market)

The tweet he posted in the early hours of May 13, 2022, saying his \$44 billion deal to buy Twitter was "temporarily on hold" may have been "incredibly stupid" if it led to this trial, but he didn't believe it would move the market, Elon Musk conceded from the witness stand Wednesday.

Questioned by plaintiff investors' attorney Aaron P. Arnzen of Bottini & Bottini Inc., Musk said the tweet, which he followed up by saying he remained committed to the deal, was "extremely literal" and just meant there was a "slight delay" in the acquisition.

"It's like saying you're going to be late for a meeting," Musk told the federal jury Wednesday in San Francisco. *Giuseppe Pampena v. Elon R. Musk*, 3:22-cv-05937 (N.D. Cal., filed Oct. 10, 2022).

The markets disagreed, according to the plaintiffs, who claim the tweet and two other allegedly false statements constituted an attempt by Musk to drive the Twitter stock price down and renegotiate the deal. Twitter's share price fell from \$45.08 before Musk's tweet to \$40.72 that day, a nearly 10% decline, and to \$37.39 the following Monday.

"Stock prices move every day," Musk said.

Arnzen spent 4 1/2 hours questioning the Tesla and SpaceX CEO, who repeatedly doubled down on his stance that his actions were justified because he assessed Twitter's estimate that less than 5% of accounts were fake was "preposterously low."

Musk said he had suspicions that the true number of fake accounts was much higher than the company's estimate before waiving his right to due diligence and signing the merger agreement, but that he was entitled to verify its accuracy under the terms of the deal.

When the former Twitter leadership provided what the defense called a vague outline of its processes for calculating the estimate, which Musk didn't believe were reliable, Musk contended those were grounds for delaying the deal since fake accounts "damage the product" and provide no value to advertisers.

But the company did eventually provide the exact data it used to come up with the estimate, Arnzen argued, pointing to a July 1 email to Musk's advisers.

Musk responded that the numbers were "mind-bogglingly nonsensical."

Arnzen asked Musk why he conceded to buying the company at the original price, following a lawsuit filed by Twitter to enforce the deal, if he believed the company was in breach of the merger agreement.

Musk said he did so because he was told that Delaware Court of Chancery Judge Kathaleen S. McCormick was biased against him and his lawyers advised, "We were unlikely to win the case."

That comment implicated the attorney-client privilege that the defense has repeatedly asserted, Senior U.S. District Judge Charles R. Breyer said after the jury left the room.

"I don't quite know how to handle this," Breyer said, asking the parties to come up with possible solutions before trial resumes Thursday.

On cross-examination, Musk told his own attorney, Michael T. Litrak of Quinn Emanuel Urquhart & Sullivan LLP, that each of the statements in question represented what he believed at the time.

"I was simply stating what was on my mind," Musk said. "What I think privately is what I say publicly."

The plaintiffs contend Musk got buyer's remorse, largely due to a decline in Tesla's stock price, which drove his attempts to renegotiate.

But Arnzen introduced another possible motive for the alleged scheme. Arnzen told the jury for the first time that texts Musk sent to investment banker Michael Grimes after the merger agreement was signed instructed him to "slow down" on the deal amid concern over geopolitical instability following Russia's invasion of Ukraine.

"It doesn't make sense to buy anything if we're headed toward World War III," Arnzen quoted Musk as texting.

When shown an email from Barclays banker Sean Lynch suggesting Musk make another social media post to further lower Twitter's share price, Musk responded that he didn't want to put words in Lynch's mouth.

Musk's right-hand man, Jared Birchall, described Lynch on Tuesday as a Musk roadie and not an important player, but when Lifrak brought up the email, Musk said Lynch was one of his bankers on the deal.

Musk later told the jury, responding to a question from Lifrak, that he never made any statements intended to lower Twitter's stock price or hatch any plan to renegotiate the merger.

"This was definitely not some scheme ... I was just getting non-answers or BS from Twitter," Musk said.

Throughout the day, Musk downplayed any impact his words may have had on the market. He pointed to one example of a time he posted that Tesla stock was overvalued, and the price proceeded to rise even more.

Musk said he didn't remember if his team initially kept quiet about the 9.2% share in Twitter he amassed in early 2022 -- which led to his invitation to join the board and subsequent falling out with leadership that prompted him to buy the company -- because they worried it would inflate the stock price.

Later, Arnzen asked whether Musk threatened to sell his Twitter stock if the board didn't accept his offer because he knew that would impact the stock price. Musk said that the market is difficult to predict, and he's not sure why he included that wording in the offer.

"People tend to read too much into things that I do," Musk said early in the day.

#390086

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Elon Musk Takes Stand in Twitter Shareholder Trial Accusing Him of Deflating Stock Before Purchase

The lawsuit filed on behalf of Twitter shareholders in the U.S. District Court for the Northern District of California claims Musk violated federal securities laws by making false, public statements that “were carefully calculated to drive down the price of Twitter stock.”

March 04, 2026 at 07:11 PM By **Barbara Ortutay & Michael Liedtke**



Warsaw Poland - February 22, 2023: Smartphone with Twitter logo on the screen. Elon Musk on background

SAN FRANCISCO (AP) — Elon Musk took the stand in a shareholder trial on Wednesday in San Francisco, where he's accused of making false and misleading statements that drove down Twitter's stock price before he bought the social media platform for \$44 billion in 2022.

The lawsuit was filed in October 2022 in the U.S. District Court for the Northern District of California on behalf of Twitter shareholders who sold the stock between May 13 and Oct. 4, 2022, a few weeks before Musk's purchase of Twitter was finalized. It claims Musk violated federal

securities laws by making false, public statements that “were carefully calculated to drive down the price of Twitter stock.”

The billionaire Tesla CEO reached a deal to buy Twitter and take it private in April 2022. On May 13, however, he declared his plan “temporarily on hold” and said he needs to pinpoint the number of spam and fake accounts on the platform. Twitter's stock tumbled as a result. A few days later, he tweeted that the deal “cannot go forward” and claimed that almost 20% of Twitter accounts were “fake,” according to the lawsuit.

The plaintiff's lawyer, Aaron P. Arnzen of Bottini & Bottini, began with questioning Musk about his tweets — or lack of tweets — about his decision to buy Twitter and his purchases of Twitter stock prior to deciding to take the company private.

Wearing a black suit and tie, Musk said he didn't think it was “material” when, in early 2022, he began amassing Twitter stock and did not tweet about it or disclose to the Securities and Exchange Commission. He said he's bought stock in “many companies” and did not post about it.

Once he did, Twitter's stock jumped 27% in one day.

“That sounds high,” Musk said.

Musk's May 13 tweet — “Twitter deal temporarily on hold pending details supporting calculation that spam/fake accounts do indeed represent less than 5% of users” — was “false because the buyout was not, in fact, ‘temporarily on hold,’” the lawsuit says. That's because Twitter did not agree to put the deal on hold, and there was nothing in the merger agreement the two parties signed that allowed Musk to put it on hold, according to the lawsuit.

Arnzen questioned Musk about the tweet at length, asking if he thought whether it would have a “material impact” on Twitter's stock. Musk said he made it explicit at the time that he was committed to the deal and that saying the deal was temporarily on hold was “like saying you’re going to be late for a meeting. (It doesn't) mean you are not going to be at the meeting.”

Twitter's stock fell nearly 10% on May 13.

Arnzen repeatedly asked Musk if he stopped to think about how the tweet would affect the stock market. Musk answered, repeatedly, “I was simply speaking my mind.”

In the following weeks, Musk continued to try to delay or get out of the deal, which the lawsuit claims he did in the form of false, disparaging statements about Twitter's business that drove the San Francisco company's stock down sharply.

In July 2022, Musk doubled down on the bots issue and said he would abandon his offer to buy Twitter after the company failed to provide enough information about the number of fake accounts. That's even though the lawsuit notes that Musk waived due diligence for his "take it or leave it" offer to buy Twitter. That means he waived his right to look at the company's nonpublic finances.

Musk was repeatedly asked Thursday if, before waiving due diligence, he asked about Twitter's methodology for determining the number of fake or spam accounts, which the company disclosed to be about 5%. Musk said he did not, but that he assumed if Twitter put something in an SEC filing, "it would be accurate."

"It subsequently turned out they misrepresented the number of bots," he said. "They lied."

The stock closed at \$36.81 on July 8, when Musk tweeted he was abandoning the deal over the fake accounts issue. That's 32% below Musk's offer price of \$54.20 per share.

"To try to renegotiate the price or delay the merger, Musk made materially false and misleading statements and omissions, and engaged in a scheme to deceive the market, all in violation of the law," the lawsuit says.

The problem of bots and fake accounts on Twitter wasn't new. The company had paid \$809.5 million in 2021 to settle claims it was overstating its growth rate and monthly user figures. Twitter also disclosed its bot estimates to the Securities and Exchange Commission for years, while also cautioning that its estimate might be too low.

Twitter sued Musk to force him to complete the deal, and Musk countersued. On Oct. 4, Musk offered to go through with his original proposal to buy Twitter for \$44 billion, which Twitter accepted. The deal closed later that month. In the ensuing months, Musk slashed the company's workforce, gutted its trust and safety team and rolled back content moderation policies. In July 2023, he renamed Twitter as X.

This isn't the first time that Musk has been dragged into court to defend himself against allegations of duping investors with his social media posts. Three years ago, Musk spent about eight hours testifying in a San Francisco federal trial about his plans to buy Tesla — the electric automaker that he still runs as publicly traded company — for \$420 per share in a proposed 2018 deal that never materialized. A nine-member jury absolved Musk of wrongdoing in that case.

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Securities

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Howard Lutnick, Intel CEO Sued Over Firm's 10% Stake Sale to US

March 5, 2026, 8:15 AM PST

An Intel Corp. investor sued CEO Lip-Bu Tan and US Commerce Secretary Howard Lutnick on Thursday over the chipmaker's unprecedented sale of a 10% stake to the federal government.

The lawsuit was filed under seal in Delaware's Chancery Court, but an attached public filing says it seeks "monetary relief" for fiduciary breaches by the tech giant's senior leaders. The shareholder suit also names the Commerce Department as a defendant, according to the case docket.

Although the legal complaint isn't yet available, a second related court filing says public information about the deal—including the company's regulatory filings and boasts by President Donald Trump—suggest the government may have pressured Intel into handing over a 10% stake for a fraction of its market value.

Trump posted online in August that "I PAID ZERO FOR INTEL, ITS WORTH APPROXIMATELY 11 BILLION DOLLARS." Intel's own accounting disclosures acknowledged that it "allocated \$5.81 per share for the 275,000,000 shares of Intel common stock issued to the DOC on Aug. 22," according to the court filings. The shares were trading at \$24.80 at the time of the transaction, one of the filings says.

The lawsuit will likely be unsealed next week under court rules that provide five days to redact confidential information.

The case is Paisner v. Tan , Del. Ch., No. 2026-0307, complaint filed under seal 3/5/26 .

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Securities

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GSK Dodges Securities Fraud Class Action Over Zantac Deception

March 5, 2026, 6:54 AM PST

Summary by Bloomberg AI

AI Generated



- A US District Court dismissed a securities fraud class action against GSK PLC, saying it was filed too late.
- The court found that reasonably diligent class members should have discovered the events giving rise to their claims more than two years before filing suit, due to widely publicized allegations and news articles.
- The plaintiffs, GSK shareholders, claimed they suffered losses because the company concealed Zantac's cancer risks, but the court said they should have discovered the factual basis for their claims by August 2022, if not earlier.

Drugmaker GSK PLC won't have to answer a securities fraud class action stemming from its concealment of a link between Zantac and a cancer-causing substance because it was filed too late.

Widely publicized allegations and news articles reporting on Zantac's use of a carcinogen-containing active ingredient should have led reasonably diligent class members to have discovered the events giving rise to their claims more than two years before filing suit, the US District Court for the Eastern District of Pennsylvania said Wednesday. The delay rendered the filing untimely, Judge Chad F. Kenney said in dismissing the suit.

The popular over-the-counter drug used to reduce stomach acid and heartburn originally contained ranitidine hydrochloride, which is known to be contaminated with the probable carcinogen *N*-nitrosodimethylamine (NDMA). Scientists discovered the link between ranitidine and NDMA as early as 1982, according to the plaintiffs. But the US Food and Drug Administration didn't issue a warning that Zantac might cause cancer until September 2019, when more studies also reported it.

GSK recalled the drug, and the FDA ordered it off the market in April 2020. The drugmaker has since replaced the active ingredient.

The plaintiffs are GSK shareholders who claim they suffered losses because the company concealed the drug's cancer risks. The company's stock took a hit following the filing of several products liability and personal injury suits, including one that ended in a \$2.2 million settlement. Some suits are still pending.

GSK gave shareholders the impression that it didn't know about Zantac's connection to NDMA until 2019 and misrepresented the extent of its potential liability, the plaintiffs said. These and other misrepresentations allegedly inflated GSK's stock prices but they substantially declined after the facts came out in August 2022, causing investors significant economic losses, they said.

The plaintiffs filed suit in February 2025, saying they couldn't reasonably discovered the fraud before 2023.

Securities fraud laws require plaintiffs to bring suit within two years of discovering the facts constituting the alleged violations. Courts consider facts to be discovered when a reasonably diligent person would have had enough information about them to adequately plead the violation with sufficient detail to survive a motion to dismiss, Kenney said.

Based on the complaint, the plaintiffs should have discovered the factual basis for their claims no later than August 2022, if not earlier, he said. Information leaked from earlier-filed products liability litigation reached the markets by that date, shocking investors, Kenney said. Stock rating agencies around the same time reported that GSK faced extensive potential liability.

Kessler Topaz Meltzer & Check LLP and Bernstein Litowitz Berger & Grossmann LLP represent the investors. Dechert LLP represents GSK.

The case is Roofers Local No. 149 Pension Fund v. GSK, PLC , E.D. Pa., No. 25-618, 3/4/26 .

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Settlement in Hawaii Wildfire Securities Case Gains Initial Approval

The case is linked to the drop in HEI's share price following wildfires that killed more than 100 people and caused extensive damage, primarily in Lahaina, on the island of Maui.

March 04, 2026 at 06:34 PM By  **Ellen Bardash**



FILE - The aftermath of a wildfire is visible in Lahaina, Hawaii, Aug. 17, 2023. When the most deadly U.S. fire in a century ripped across the Hawaiian island, it damaged hundreds of drinking water pipes, resulting in a loss of pressure that likely allowed toxic chemicals along with metals and bacteria into water lines. Experts are using strong language to warn Maui residents in Lahaina and Upper Kula not to filter their own tap water. Photo: Jae C. Hong/AP, File

A Northern District of California court has granted preliminary approval to a \$47.75 million settlement in a securities class action involving a Hawaiian electric company alleged to have been unprepared for wildfires in August 2023.

Hawaiian Electric Industries Inc., represented by Skadden, Arps, Slate, Meagher & Flom, and its shareholders, for whom Pomerantz LLP is lead class counsel, notified U.S. District Judge Jacqueline Scott Corley in November that they had agreed to settle the case. In her Tuesday [order](#),

Corley granted conditional certification of the settlement class, which includes all parties that acquired HEI stock from Feb. 28, 2019, through Sept. 4, 2023.

The case is linked to the drop in HEI's share price following wildfires that killed more than 100 people and caused extensive damage, primarily in Lahaina, on the island of Maui. The fires were later linked to downed power lines, with news outlets reporting HEI didn't have a procedure in place for shutting off power to prevent electrical fires during periods of high winds.

The shareholders alleged during the class period, HEI misled investors by failing to disclose that its wildfire prevention and safety plans were not sufficient for the level of risk Maui knowingly faced. Corley's order noted the plaintiff's expert estimated shareholders faced total possible damages of about \$1.72 billion.

Attorneys for the plaintiffs indicated they intend to seek up to one third of the total settlement fund, or roughly \$15.9 million, for attorney fees and up to \$500,000 for litigation expenses. Corley's order directed plaintiff's counsel to file a motion describing the breakdown of those amounts for the court to review by May 21.

Class members have until June 25 to submit a claim form, and the plaintiffs can move for final approval of the settlement on July 30, with a final approval hearing scheduled to take place over Zoom on Aug. 13.

Attorneys involved in the case did not immediately respond for comment.

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Litigation

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Progenity Investors Get Final Approval of \$1 Million Settlement

March 5, 2026, 10:22 AM PST

Progenity Inc. investors' \$1 million class settlement with the bankrupt biotech company's leaders and underwriters deserves final approval, a federal court ruled.

Judge Ruth Bermudez Montenegro of the US District Court for the Southern District of California previously dismissed the case, and the parties reached an accord while the case was on appeal. The settlement amount provides adequate relief to the class, given that "the substantial risks to Plaintiffs' case are readily apparent from the Court's previous orders dismissing their complaints," Montenegro said.

Investors said Progenity, later called Biora Therapeutics inc., failed to disclose in advance of its initial public offering that it overbilled the government for genetic disease tests, experienced negative trends in revenue-related metrics, and had just stopped an illegal marketing practice

The company filed for bankruptcy protection under Chapter 11, later converted to Chapter 7, according to the bankruptcy case docket

Montenegro also approved a 25% attorneys' fee, which she said is less than the investors' lawyers would have earned on an hourly basis

Glancy Prongay Wolke & Rotter LLP represented the investors as lead counsel. Gibson, Dunn & Crutcher LLP represented Progenity and the individual defendants. O'Melveny & Myers LLP represented the underwriters.

The case is In re Progenity, Inc. Sec. Litig. , S.D. Cal., No. 3:20-CV-01683, 3/4/26 .

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Litigation

Manage Newsletters

iRobot Investor Drops Amazon Suit Against Execs After Bankruptcy

March 5, 2026, 9:44 AM PST

A former iRobot Corp. stockholder voluntarily ended his lawsuit alleging corporate leaders misled investors about the robot-vacuum maker being bought by Amazon Inc., given he's no longer a shareholder.

After iRobot emerged from Chapter 11 bankruptcy as a private company in January, investor Anthony Wren "ceased being an iRobot stockholder and no longer has standing to pursue the derivative claim in this action," he told the US District Court for the District of Massachusetts Wednesday. Wren had sued iRobot's then officers and directors after the companies abandoned the acquisition in 2024 under regulatory antitrust concerns. Leadership hurt iRobot by causing it to overhype the deal's prospects and conceal shoddy due diligence in approving the merger given the risks of regulatory scrutiny, the shareholder derivative action said.

Two of iRobot's former executives are defending dismissal of an investor proposed class action levying similar accusations

Former shareholders dropped different derivative claims tied to iRobot's ability to survive after the Amazon deal failed, with a similar proposed class action still pending in New York federal court

iRobot, now a private company owned by Shenzhen PICEA Robotics Co. Ltd. and Santrum Hong Kong Co. Ltd., was dropped from the appeal and pending proposed class action given its bankruptcy filing

The Brown Law Firm PC represented Wren. Skadden, Arps, Slate, Meagher & Flom LLP represented iRobot leadership in this derivative lawsuit.

The case is Wren v. iRobot Corp. , D. Mass., No. 1:24-cv-11498, stipulation of dismissal 3/4/26 .

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Securities

Coinbase Brass Sued Over Costly Fallout Blamed on Nondisclosure

March 4, 2026, 3:09 PM PST

Coinbase Global Inc. directors and officers are responsible for harm to the company that stemmed from its failure to disclose regulatory, litigation, and customer asset risks, an investor alleges.

Many of the leaders made millions of dollars, and some made hundreds of millions, in stock sales shortly after the cryptocurrency exchange operator went public via a direct listing in April 2021, Kevin Meehan says. He filed his shareholder derivative complaint Tuesday in the US District Court for the District of New Jersey.

The complaint echoes a proposed securities class action pending in the same district.

The “truth gradually emerged” that Coinbase’s customers’ crypto assets would be at risk in the event of its bankruptcy, that it failed to comply with anti-money-laundering regulations, and that the digital assets it listed on its platform were unregistered securities subjecting it to Securities and Exchange Commission enforcement, Meehan says.

Costly defenses and a settlement with New York state’s Department of Financial Services are just some of the harms the leadership caused the company, he says.

Meehan brings claims for proxy misstatements, breach of fiduciary duties, unjust enrichment, and waste of corporate assets. He seeks compensatory damages, a constructive trust, and punitive damages.

Coinbase didn’t immediately respond to an emailed request for comment on behalf of itself or the individual defendants.

Rigrodsky Law PA and Morris Kandinov LLP represent Meehan.

The case is Meehan v. Armstrong , D.N.J., No. 2:26-cv-02223, complaint 3/3/26 .

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Murrill announces agreement with Vanguard over ESG policies | Louisiana Record

 [legalnewsline.com/louisiana-record/murrill-announces-agreement-with-vanguard-over-esg-policies/article_4112d169-9c04-4f8b-b8f6-b2fcbe9e87df.html](https://www.legalnewsline.com/louisiana-record/murrill-announces-agreement-with-vanguard-over-esg-policies/article_4112d169-9c04-4f8b-b8f6-b2fcbe9e87df.html)

Chris Dickerson, Chris Dickerson

March 5, 2026

Louisiana Attorney General Liz Murrill

File photo

BATON ROUGE – Louisiana Attorney General Liz Murrill has announced a first-of-its kind settlement with The Vanguard Group regarding its ESG policies.

In 2024, Louisiana and 13 other states [filed a lawsuit](#) against major investment firms Blackrock, State Street and Vanguard alleging the firms used their ownership interests in major coal producers to manipulate the price of coal and gain undue profits by decreasing coal production under the guise of environmental, “green” policies.

By intentionally decreasing the supply of coal in pursuit of “green” policy objectives, the suit alleges these firms profited from the increased value of coal that resulted from the manufactured coal scarcity that they created.

Under the terms of the settlement, Vanguard has agreed to pay the participating states, including Louisiana, an amount of \$29.5 million dollars.

In addition, the company has agreed to cooperate with the states in their discovery efforts as the case remains ongoing against the remaining Blackrock and State Street. The company also has agreed to refrain from using their position to influence the business strategies of their portfolio companies.

“ESG and radical green energy scams have no place in Louisiana or this country,” Murrill said in a press release. “This good-faith settlement agreement with Vanguard sends an important signal to other investment firms that may attempt to use their influence to advance their own preferred environmental policies.

“Our focus will now shift to BlackRock and State Street.”

This outcome represents one more step toward lowering energy prices and maintaining affordability for everyone in our state. We look forward to achieving similarly positive outcomes as the case progresses.

In addition to Louisiana, the attorneys general from Alabama, Arkansas, Indiana, Iowa, Kansas, Missouri, Montana, Nebraska, Oklahoma, Texas, West Virginia and Wyoming are plaintiffs in the lawsuit, which was filed in Texas.

U.S. District Court for the Eastern District of Texas case number 6:24-cv-00437-JDK

Securities

Cushman & Wakefield Sued Over 401(k)'s Alleged Climate Risk (1)

March 4, 2026, 8:36 AM PST; Updated: March 4, 2026, 12:23 PM PST

Cushman & Wakefield US Inc. was hit with a novel lawsuit claiming the commercial real estate firm's 401(k) plan is mismanaged because it offers an underperforming fund that's overly exposed to risks related to climate change.

The proposed class action centers on the Westwood Quality Small Cap Fund, which the plaintiff describes as "willfully blind to climate-related financial risks." The fund had significant exposure to "sectors disproportionately vulnerable to physical and transition climate risks," and it invested heavily in companies with business models carrying elevated climate-related risks, plaintiff Renee Kvek said in a complaint filed Tuesday in the US District Court for the Western District of Washington.

It appears to be the first federal lawsuit attempting to use the Employee Retirement Income Security Act to impose liability on retirement plan fiduciaries based on the purported climate risks of their investments.

"This first-of-its-kind legal challenge under ERISA will hopefully show 401(k) plans that the financial risks associated with climate cannot be ignored," said Michelle Yau, chair of the employee benefits practice at Cohen Milstein Sellers & Toll PLLC and counsel for Kvek and the proposed class.

New Theory

The environmental impact of 401(k) funds has been a hot topic following the Biden administration's ill-fated effort to pave the way for more socially conscious retirement investments. The only significant ERISA lawsuit centering on a 401(k) plan's alleged focus on ESG investing led to a court ruling that American Airlines Inc. unlawfully failed to rid its plan of ties to environmental, social, and corporate governance goals.

The new suit says Cushman & Wakefield is acutely aware of the climate-related risks that threaten its business operations. The Chicago-based company nevertheless failed to ensure its retirement plan was protected against these same risks.

"Defendants' prudent and proactive management of climate-related financial risks in their own operations stands in stark contrast to their mismanagement of the Plan," Kvek said in the complaint. "With their workers' money at stake, rather than their own, Defendants exposed employee retirement savings to significant, unreasonable climate-related financial risk—apparently failing to employ any climate risk management strategy at all."

Kent Mason, a partner at Davis & Harman LLP who represents retirement plan fiduciaries, called these allegations "baseless," because the complaint includes no facts showing that plan fiduciaries didn't consider climate risks. The plaintiff also failed to allege that the challenged investment caused any harm to the plan, he said.

"Without any harm, the plaintiffs have no standing to bring a claim based on an alleged failure to consider climate risk," he said in an emailed statement. "The lesson of this case is that the plaintiffs' lawyers are very creative in trying to find new rhetoric to support empty claims."

The lawsuit brings ERISA claims on behalf of a proposed class of "hundreds, if not thousands," of people who held the Westwood fund in their 401(k) accounts with Cushman & Wakefield. It seeks a court order appointing a special master to develop an investment policy statement aimed at appropriately managing risk in Cushman & Wakefield's retirement plan.

Cushman & Wakefield didn't immediately respond to an inquiry about the lawsuit. Neither did Westwood Management Corp., which serves as investment adviser for the Westwood fund and isn't named as a defendant in the lawsuit.

ClientEarth USA Inc. also represents Kvek and the proposed class.

The case is Kvek v. Cushman & Wakefield, US, Inc. , W.D. Wash., No. 2:26-cv-00736, complaint 3/3/26 .

(Updated with comments from Michelle Yau, Kent Mason)

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2nd Circuit Weighs Reviving Nasal Decongestant MDL

"There's some sort of concern about who appropriately litigates," Judge Myrna Perez said as the Second Circuit considered the scope of multidistrict litigation against the drug makers. "How is the end consumer here the best person in these cases, in this claim?"

March 04, 2026 at 03:05 PM By  Avalon Zoppo



Credit: Jammer Gene/Adobe Stock

The U.S. Court of Appeals for the Second Circuit on Wednesday questioned whether users of nasal decongestants, such as Sudafed PE and NyQuil Severe Cold & Flu, have standing to sue the manufacturers for allegedly mislabeling the drugs and wrongly marketing them in violation of consumer protection and racketeering laws.

"There's some sort of concern about who appropriately litigates," Judge Myrna Perez said as the Second Circuit considered the scope of multidistrict litigation against the drug makers. "How is the end consumer here the best person in these cases, in this claim?"

The users contend that Johnson & Johnson and Proctor & Gamble conspired, through the Consumer Health Product Association, to mislead consumers about the efficacy of their products in violation of the Racketeer Influenced and Corrupt Organizations Act. The manufacturers have denied the allegations.

[Nearly 100 class actions](#) were filed—and later consolidated as multidistrict litigation in the Eastern District of New York— following a unanimous vote in 2023 by a U.S. Food and Drug Administration advisory committee that oral phenylephrine, the key ingredient in many decongestant products, did not actually work.

In 2024, U.S. District Judge Brian Cogan tossed the plaintiffs’ racketeering claims. He applied federal antitrust law’s “indirect purchaser rule” to find that only those who bought the decongestants directly from the drug makers, like retailers, would have standing.

New York University law professor Samuel Issacharoff, representing the plaintiffs, told the Second Circuit that the nature of the claims are distinct from antitrust suits brought under the Clayton Act, and thus the indirect purchaser rule does not apply.

Here, the end consumer—not the retailer— is the one adversely affected by the manufacturers’ sale of ineffective decongestants, he argued.

“The nature of a claim here is not ... that the price has been artificially inflated,” Issacharoff said. “The claim here is that there was fraud, that there was misrepresentation. In the first instance, the intermediaries were never misrepresented to. They don’t have a cold, they don’t need a decongestant.”

The manufacturers’ attorney, David Zions, said the district court correctly applied the antitrust law’s indirect purchaser rule to a RICO case and held the end consumers lack standing.

Judge Denny Chin pressed Zions on the plaintiffs’ argument that some retailers like CVS and Target, who are also defendants in the case, sold their own house brand oral phenylephrine products and thus allegedly profited from the scheme.

“The argument here is that the direct purchasers were profiting from this, and they [didn’t] have any incentive to raise the issue, because they’re selling the stuff and making money off of it,” Chin said. “How do you respond to that argument?”

Zions, of Covington & Burling, responded that the indirect purchaser rule is a strict “bright-line rule” without exceptions. He said it has been applied in RICO cases by the Third, Sixth, and Seventh Circuits.

Federal Preemption

Plaintiffs' have also claimed that the manufacturers knew since 2016 that their products were not more effective at decongesting than a placebo. Given new scientific studies that prompted the FDA advisory committee's review, the companies had a duty to change the labels on the medications that were false and misleading, the plaintiffs have said.

But the district court said those claims under New York state law were preempted by the FDA's decades-old approval of oral PE as an ingredient in over-the-counter decongestants.

Chin questioned how the oral PE products' labeling could be considered misleading if it reflected the FDA's position.

"It may turn out 20 years later that that it was wrong, but along the way, the labeling is following what the FDA prescribed," Chin said.

In response, Issacharoff cited the U.S. Supreme Court's 2013 ruling in *Mutual Pharmaceutical v. Bartlett* that a drug can be considered misbranded where "liability is based on new and scientifically significant information that was not before the FDA."

"[T]he manufacturer bears responsibility for the contents of its label at all times" under federal law, Issacharoff said.

Judge Reena Raggi also sat on the Second Circuit panel.

The Second Circuit heard oral arguments in *In Re: Oral Phenylephrine Marketing and Sales Practices Litigation*, No. 24-3296.

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Meta CEO Mark Zuckerberg Says in Deposition that He Resisted Censoring Platforms

In pretrial depositions recorded last year, prosecutors confronted Zuckerberg with internal company communications and emails from platform users that discuss “problematic” and addictive use of social media.

March 04, 2026 at 06:12 PM By **Morgan Lee**



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

SANTA FE, N.M. (AP) — Jurors in a bellwether trial about the impacts of social media on teenagers and children on Wednesday watched a deposition of Meta CEO Mark Zuckerberg that explores what the architects of Facebook and Instagram knew from internal research about the negative experiences by young users and how the company responded since its early years.

Prosecutors are alleging that Meta violated state consumer protection laws in failing to disclose what it knew about the dangers of addiction to social media as well as child sexual exploitation on the company's platforms, while attorneys for Meta say the company discloses risks, makes efforts

to weed out harmful content and experiences, and acknowledges that some bad material still gets through its safety net.

In pretrial depositions recorded last year, prosecutors confronted Zuckerberg with internal company communications and emails from platform users spanning back to the infancy of Facebook in 2008 that discuss “problematic” and addictive use of social media.

“Over the past 15 years, users of your products have repeatedly told your company and you personally that they find the products to be addictive, that’s true isn’t it?” said Previn Warren, an attorney for the state of New Mexico, to Zuckerberg.

Zuckerberg took issue with the word “addictive.”

“I think people sometimes use that word colloquially,” he said “That’s not what we’re trying to do with the products, and it’s not how I think they work.”

At the same time, Zuckerberg said he wants to “make sure that we can understand so we can improve the products and make them better for people in ways that they want.”

Zuckerberg went on to concede that he initially set goals for employees to increase the amount of time teenagers spent on its platform amid efforts to expand business revenue and the number of platform users.

“Yes, I think we focused on time spent as one of the major engagement goals,” Zuckerberg said. “Sometime during 2017 and beyond — for at this point most of the last 10 years — we’ve focused on other metrics.”

The deposition also delved into Zuckerberg's decision to lift a temporary Instagram ban on the use of cosmetic filters that changed people’s appearance in a way that seemed to promote plastic surgery.

“I care a lot about not cracking down on the ways that people can express themselves and there’s, like, always been a lot of pressure to do that and censor our services,” Zuckerberg said. “I didn’t find any of the anecdotal examples that people used to be convincing that it was actually clear evidence that this was going to be harmful.”

The deposition was recorded last year and shown on Wednesday during the fourth week of the civil trial against Meta, which also oversees WhatsApp.

On Tuesday, the New Mexico jury watched a video in which prosecutors peppered Instagram head Adam Mosseri with questions about Meta's approach to safety, corporate profits and social media

features. They also asked him about policies for young users that might contribute to unwanted communications with adults.

The New Mexico case and a separate trial playing out in Los Angeles could set the course for thousands of similar lawsuits against social media companies.

Zuckerberg testified last month in Los Angeles about young people's use of Instagram and has answered questions from Congress about youth safety on Meta's platforms.

During his 2024 congressional testimony, he apologized to families whose lives had been upended by tragedies they believed were caused by social media. But while he told parents he was "sorry for everything you have all been through," he stopped short of taking direct responsibility for it.

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California Brief

Social Media Addiction Suit Gets Boost From Litigation Funder

March 5, 2026, 2:15 AM PST

A funder is backing one of the lead attorneys in novel litigation accusing big tech companies of deliberately making sites addictive for children.

Social Media Victims Law Center has a funding arrangement with Flashlight Capital going back to June 2024, according to public records. The law firm is counsel of record for the plaintiff in the landmark jury trial against Meta's Instagram and Google's YouTube in California state court.

The bellwether trial serves as a critical test for thousands of similar pending lawsuits that allege companies designed the online platforms to generate profit at the expense of young people's safety and mental health.

The plaintiff, a 20-year-old woman identified as K.G.M., alleges her addiction to social media caused anxiety, depression and body dysmorphia. The firm according to its website is representing more than 1,200 parties in the cases, which could snowball into billions of dollars' worth of liability for tech companies in what has been called a potential "Big Tobacco moment."

The funder's willingness to invest in risky litigation without much precedent signals that financiers believe the case has merit and the potential to lead to large payouts. Though not a traditional mass tort like those dealing with pharmaceuticals or medical devices, the case is part of coordinated proceedings with a large number of potentially injured victims. It's a rare scenario in a mass tort landscape that is currently suffering from long durations in existing cases and few new ones.

Prior to the trial, K.G.M. reached confidential settlements with Snap and TikTok, but the companies are part of two other bellwether cases set for trials in April and June.

Meta and YouTube deny wrongdoing and say they have rolled out tools and resources to support parents with teens and that the plaintiff's mental health conditions were caused by other factors in her life.

'Blowing Up'

From a funding perspective, the social media addiction cases are considered risky since there have been no previous court decisions on the merits.

"These cases are very novel and they're very cutting edge," said Martin Shellist, a founder and a managing director of litigation funder Virage Capital Management, which does not currently have a stake in the lawsuits but invests in a broad range of legal funding including mass tort litigation. "You can't look back to 50 years of jurisprudence to determine whether or not these cases have merit."

The potential application of Section 230 of the Communications Decency Act, which protects online platforms from liability for user-generated content, has also made investors pause.

Steve Nober, founder and CEO of mass tort marketer Consumer Attorney Marketing Group (CAMG), said his company began running advertisements for law firms in the social media addiction cases in 2021.

Along with advertising, CAMG works directly with litigation funders and pairs them with lawyers to generate cases. Nober said he hasn't seen a large amount of funder involvement yet due in large part to the risk from Section 230. Lawyers in the addiction cases have gained traction in court by arguing the products' design and functionality have created harms. Judges overseeing the current wave of lawsuits have ruled that Section 230 doesn't protect the companies from negligence claims.

Nober said the outcome of this case and the ones following it will be telling.

"We're on the precipice of this possibly blowing up," he said.

Momentum Builds

Another risk factor that plagues mass cases and funders backing plaintiffs firms is the length of some of the litigation. The case against Johnson & Johnson for its talcum powder products, for example, has lasted more than a decade, as had the litigation against Bayer for its pesticide RoundUp. Shellist said he suspects it will take five to eight years before the social media litigation fully settles out.

"From an underwriter standpoint, I want to see the liability be established, what theories are getting traction, what cases are winning, which ones are losing and then are settlements starting to shape up," he said.

Mass tort law firms use marketing firms to accumulate clients through advertising on social media, television and radio, and litigation funding can be used for these expenses. Jacob Malherbe, founder of Mass Tort Ad Agency, which advertises on behalf of mass tort law firms on social media platforms, said that initially there was a lot of skepticism around the cases.

"Once documents came out in discovery, I think it made a lot of people change their mind because they basically developed a product that they knew would hurt people because people would be basically addicted to what came next," he said.

He says that he saw a spike in funder interest after Snap and TikTok settled with the plaintiff in January.

Matthew Bergman, lawyer for plaintiff K.G.M. and founder of Seattle-based Social Media Victims Law Center, didn't respond to a request for comment.

In February, Bergman lost his leadership role in the case after breaking the court's rules on technology use in the building.

Also in February, Meta's CEO Mark Zuckerberg testified at the trial in California Superior Court, Los Angeles County, saying that it's "very difficult" to enforce Instagram's age limits. He downplayed how much teen users contribute to the company's business.

Flashlight Capital is a separate vehicle of Connecticut-based litigation funder TRGP Capital whose goal is to "catch the confluence" between litigation finance and socially impactful investing. Flashlight declined to comment for the story but in an interview with Bloomberg Law in 2024, TRGP founder and managing partner Michael Rozen said Flashlight will provide funding for cases for underserved plaintiffs. It will take a smaller percentage of an award and take on riskier, less lucrative cases.

Flashlight was fundraising for a \$250 million fund in early 2024 with an unnamed UK-based private equity firm as its lead investor. It was already supporting cases targeting environmental damage and alleged social media harms but was steering clear of highly politicized cases.

— With reporting by Maia Spoto

The case is: Social Media Cases JCCP, Cal. Super. Ct., 5255

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'A Series of Extrapolations': Federal Judge Strikes Plaintiffs' Experts in Toxic Baby Food Cases

'Plaintiffs have not identified any scientific studies of whether baby food, let alone defendants' baby food, can cause ASD or ADHD,' U.S. District Judge Jacqueline Scott Corley wrote in a Feb. 27 opinion.

March 04, 2026 at 05:15 PM By  **Amanda Bronstad**

What You Need to Know

- The judge set an April 2 hearing to discuss the 'next steps' in the baby food multidistrict litigation.
- Co-lead plaintiffs' counsel R. Brent Wisner said he was evaluating the 'appropriate next steps and forming a plan,' adding that there would be an appeal 'of some sort.'
- Over four days in December last year, the judge held an evidentiary hearing and oral argument on a set of defense motions that sought to toss plaintiffs' general causation experts under the Federal Rule 702 of Evidence and the U.S. Supreme Court's 1993 opinion in *Daubert v. Merrell Dow Pharmaceuticals*.



Jacqueline Corley testifies before the Senate Judiciary Committee during her confirmation hearing to be U.S. District Judge for the Northern District of California, on Dec. 1, 2021. Photo: Diego M. Radzinski/ALM

A California judge tossed key experts in the multidistrict litigation alleging toxic metals in baby food causes autism and ADHD.

U.S. District Judge Jacqueline Scott Corley, who is overseeing nearly 400 personal injury lawsuits in the Northern District of California, found seven of the eight plaintiffs' experts on general causation were unreliable.

"Plaintiffs have not identified any scientific studies of whether baby food, let alone defendants' baby food, can cause ASD or ADHD," Corley wrote in a Feb. 27 opinion. "Indeed, they have not identified any studies of whether food of any kind can cause these conditions. So, plaintiffs' causation theory is built upon a series of extrapolations from studies that do not look specifically at consumption of baby food."

Corley set an April 2 hearing to discuss the "next steps" in the litigation.

R. Brent Wisner, of Los Angeles-based Wisner Baum, who is co-lead plaintiffs' counsel with Aimee Wagstaff, of Denver's Wagstaff Law Firm, told Law.com that the litigation "remains alive and well," despite the judge's ruling.

Wisner said he was evaluating the "appropriate next steps and forming a plan," adding that there would be an appeal "of some sort."

"We are disappointed with the court's order, which adopted, wholesale, nearly every one of the defendants' arguments," he wrote in an email to Law.com. "The record is not in dispute—these companies sold baby food contaminated with lead and arsenic at levels that defy any basic sense of decency."

Wisner added, "Hundreds of studies confirm that exposing babies to these types of neurotoxins increases the risk of autism and ADHD. Multiple peer-reviewed and independent scientists have expressly concluded that these metals cause these neurodevelopmental harms. The MDL court does not believe this scientific consensus is sufficient to allow parents to hold these deceptive and reckless baby food companies accountable."

The ruling is a big win for defense counsel representing the baby food manufacturers. Lawyers for most of those companies did not respond to requests for interviews: King & Spalding's Livia Kiser and Michael Lombardo, both in Chicago, and Todd Davis, in Atlanta, for Beech-Nut Nutrition Co. and Walmart Inc.; DLA Piper's Brooke Kim, in San Diego, Mary Gately in Washington, D.C., and Loren Brown, in New York, for Nurture LLC; Gordon Rees Scully Mansukhani partners Michael Klatt, in Austin, Texas, and Nancy Erfle, in Portland, Oregon, for Sprout Foods Inc.; and Hope Freiwald, in Philadelphia, and Michelle Yeary, in New Jersey, Dechert partners representing Plum PBC.

White & Case's Bryan Merryman, in Los Angeles, who represents Gerber Products Co. alongside Williams & Connolly partners Joseph Petrosinelli and Neelum Wadhwani, in Washington, D.C., referred requests for interviews to a spokesman for parent company Nestlé, who did not respond.

Covington & Burling's Mike Imbroscio, who represents Hain Celestial Group Inc., along with partners Phyllis Jones and David Sneed, all in Washington, D.C., declined to comment.

'Counsel Cherry-Picked the Products'

In 2024, the U.S. Judicial Panel on Multidistrict Litigation [sent the baby food cases](#) to Corley. The suits allege lead and arsenic in baby food caused children to be diagnosed with autism spectrum disorder or ADHD, or attention-deficit hyperactivity disorder.

Over four days in December last year, Corley held an evidentiary hearing and oral argument on a set of defense motions that sought to toss plaintiffs' general causation experts under the Federal Rule 702 of Evidence and the U.S. Supreme Court's 1993 opinion in *Daubert v. Merrell Dow Pharmaceuticals*. The baby food manufacturers sought to toss an infant dietician and an exposure scientist, two toxicologists, three epidemiologists, and a clinical neurologist.



R. Brent Wisner, with Baum, Hedlund, Aristei & Goldman.

Plaintiffs' lawyers, opposing the motions, relied on the U.S. Court of Appeals for the Ninth Circuit's [2021 ruling](#) upholding a *Daubert* decision in the multidistrict litigation over Monsanto's Roundup pesticide.

But Corley sided with the defendants on all but one expert, the clinical neurologist. Most of the others relied on a nutritionist whose sample infant menus she found unreliable because they were "created by plaintiffs' counsel."

"Ms. Barr did not construct any of the menus herself; rather, she was given the hypothetical menus by plaintiffs' counsel

and then performed her plausibility analysis," she wrote. "On this record, it is just as likely, if not more likely, counsel cherry-picked the products for their higher lead or arsenic content as it is counsel selected them based on any child's actual diet."

Corley also found an “analytical gap” between the scientific data and the opinions of the epidemiologists.

As to *Roundup*, Corley wrote, the cases were dissimilar.

“Roundup differed from the instant case in a critical respect—the toxin at issue,” she wrote. Roundup’s key ingredient, glyphosate, is not a “naturally occurring substance.”

“Here, the toxins at issue are lead and arsenic, which are ubiquitous in the environment,” she wrote. “General causation in this MDL requires a realistic consumption model because plaintiffs must distinguish baby food exposure from other environmental exposures.”

In 2022, Los Angeles Superior Court Judge Amy Hogue, overseeing the first planned baby food trial, allowed the plaintiffs’ general causation experts. But, a year later, in the same case, Judge Lawrence Riff, taking over the cases, tossed the experts on summary judgment.

In 2023, U.S. District Judge Jeffrey Brown in Galveston, Texas, [tossed a toxic metals case](#) against Hain Celestial, maker of Earth’s Best baby food, in the middle of trial after concluding “the scientific facts are simply not there.”

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Court throws out testimony blaming baby food for autism | Northern California Record

 [legalnewsline.com/northern-california-record/court-throws-out-testimony-blaming-baby-food-for-autism/article_85020d0a-6247-45a7-8725-d60faf4146ed.html](https://www.legalnewsline.com/northern-california-record/court-throws-out-testimony-blaming-baby-food-for-autism/article_85020d0a-6247-45a7-8725-d60faf4146ed.html)

John O'Brien, John O'Brien

March 5, 2026

Baby food
<https://www.cdc.gov/>

SAN FRANCISCO – Lawyers trying to link autism to baby food last week lost a key ruling when a federal judge found their experts' testimony unreliable, in part because their theory stemmed from a hypothetical diet put forth by those attorneys.

Judge Jacqueline Scott Corley on Feb. 27 tossed seven of eight proposed experts, delivering a blow to the plaintiffs blaming heavy metals in baby food for autism and ADHD. A judge has already rejected lawyers' efforts to blame [Tylenol](#) for autism, and Corley's ruling boosts the defense of companies like Gerber, Hain and Walmart.

Corley wrote that the methods used by plaintiff experts like infant dietician Priscilla Barr did not satisfy rules for testimony, which forbids them from spreading their theories to juries.

"(T)hey have not identified any studies of whether food of any kind can cause (autism and ADHD)," she wrote.

"So, Plaintiffs' causation theory is built upon a series of extrapolations from studies that do not look specifically a consumption of baby food."

Corley took issue with opinions derived from a hypothetical menu given to the experts by the lawyers leading the litigation. It formed the basis of what effect arsenic and lead could have a child who eats that food and is not "the product of reliable principles and methods," Corley said.

The master complaint names 103 Beech-Nut products, but only 24 of them are included in the hypothetical menu, with no explanation why they were included and others omitted.

It also was not explained why children with these hypothetical diets would only drink formula and not breast milk, causing a reliability issue the experts could not overcome.

Further, in a consumption grid for Nurture products, lawyers estimated two servings of "Yogis" per day from 6 months old to 1 year, and then three servings per day from 1 to 3. However, there was only one product on the menu – Blueberry & Purple Carrot.

"That means a child is expected to consumer Blueberry & Purple Carrot Yogis every day for two and a half years," Corley wrote.

"Of course, Ms. Barr's charge from Plaintiffs was not to create a menu that reflects a realistic consumption pattern for U.S. children; she was told what the menu was, and so her report functions as an ex-post analysis to justify its plausibility. In this way, Ms. Barr's proffered opinions are 'unduly results-driven,' and lack a discernable, reliable method under Rule 702.

Corley cited last year's Delaware Supreme Court decision that disqualified experts trying to show Zantac can morph into cancer-causing NDMA in the stomach, which seemingly put an end to 75,000 lawsuits and followed a similar ruling by a Florida federal judge.

Many of the other experts relied on the findings of scientist Rachael Jones, whose report dealt with exposure. She took the hypothetical menus and data from heavy-metal testing to estimate lead and arsenic exposure.

Though her methods were reasonable and accepted by agencies like the EPA, it was still based on the hypothetical menus designed by lawyers.

"These issues infect the core assumptions of Dr. Jones' opinions and render them inadmissible..." Corley wrote. "Dr. Jones did not have any information about how the consumption patterns were constructed, nor did she question them, since it was 'outside the scope of [her] task.'

"This means two of the three data sources supporting her calculations come from Plaintiffs' counsel, without any scientific validation. An expert cannot blindly accept data without assessing its reliability prior to incorporating it into her analysis."

Only neurologist Kevin Shapiro wasn't disqualified. He is not testifying to causation, only that it is biologically plausible that heavy metals can cause autism and ADHD.

Among lead counsel for the plaintiffs are Aimee Wagstaff of Wagstaff Law Firm and R. Brent Wisner of Wisner Baum, which says it represents more than 8,000 plaintiffs in these cases. It's also among the firms hurt by Zantac judges who wouldn't let plaintiff experts testify.

Judge refuses to overturn \$40M Johnson & Johnson talc verdict

DJ [dailyjournal.com/articles/390083-judge-refuses-to-overturn-40m-johnson-johnson-talc-verdict](https://www.dailyjournal.com/articles/390083-judge-refuses-to-overturn-40m-johnson-johnson-talc-verdict)

A Los Angeles County judge on Wednesday rejected Johnson & Johnson's bid to overturn a \$40 million jury verdict finding its talcum-based powders caused ovarian cancer in two women.

Superior Court Judge Theresa M. Traber said she would adopt a tentative ruling denying the company's motions for a new trial and judgment notwithstanding the verdict, finding Johnson & Johnson failed to show juror misconduct or error in her causation instructions.

The verdict, returned last December, found Johnson & Johnson liable for failing to warn about cancer risks tied to its talc products, including baby powder, and awarded the damages to two women with ovarian cancer and a spouse asserting loss-of-consortium claims.

This case was the first bellwether in California's coordinated litigation against Johnson & Johnson, and part of tens of thousands of similar pending lawsuits nationwide. *Johnson & Johnson Talcum Powder Cases*, JCCP4872 (L.A. Super. Ct., filed Aug. 2, 2016).

Traber is tentatively targeting an April 27 start date for the next trial and ordered the parties to return to her courtroom next week for a status conference.

Represented by Kirkland & Ellis LLP, Johnson & Johnson argued last year's \$40 million verdict should be overturned because a juror allegedly expressed bias against the company during trial and because the judge should have instructed the jury to apply a stricter "but-for" causation standard rather than the "substantial factor" test.

At Wednesday's hearing, Kirkland & Ellis partner Geoffrey M. Wyatt told Traber she should have included the stricter instruction because the defense's theory was that talc does not cause ovarian cancer and the plaintiffs would have developed the disease regardless of product use.

He also argued the jury should have been instructed that plaintiffs must prove their injuries would not have occurred "but for" exposure to Johnson & Johnson's products rather than applying the broader "substantial factor" standard.

"There's a lot of talk in this case about risks and risk factors," Wyatt said. "If I'm a juror, I don't know what 'substantial factor' means."

Traber pushed back, suggesting the defense was selectively relying on arguments made during trial.

"I think you're cherry-picking a particular line from closing," Traber said. "The argument that was made consistently by the plaintiffs ... was that they needed to prove that it was a substantial factor in causing the cancer, not that the 'but for' language was the necessary way to present it to the jury."

Wyatt also argued juror misconduct warranted a new trial, claiming one juror repeatedly expressed dislike for Johnson & Johnson during the proceedings and another may have relied on outside professional knowledge when discussing the case.

"I think it's undisputed that a juror expressing dislike toward one of the parties repeatedly, during the trial and before deliberations, would be improper," he said.

Traber questioned whether the alleged comments were credible or prejudicial, noting several jurors said they did not hear the statements described in defense declarations.

"As I've tentatively ruled ... I don't think it happened," Traber said. "I think it's exaggeration and maybe a falsehood. I don't think that four jurors would say, 'I never heard her say that,' including the person who had lunch with her every day ... if it actually happened."

Robinson Calcagnie Inc. partner Paul Dagostino, for the plaintiffs, urged Traber to adopt her tentative ruling rejecting the misconduct claims, arguing the declarations cited by the defense relied on speculation rather than concrete evidence.

"I think sometimes the simplest explanation is the truth," Dagostino said, suggesting conversations jurors had about a fellow juror's job, for example, may have been misinterpreted as discussion about the case.

Dagostino also argued the defense had not presented evidence supporting a "but-for" causation instruction.

"The issue presented to the court is whether the instruction should have been given," he said, adding that the defense relied on an "implicit argument" rather than evidence showing the plaintiffs would have developed cancer regardless of talc exposure.

Traber said the evidence at trial supported giving the standard substantial-factor instruction because the case involved multiple potential risk factors for ovarian cancer. She cited testimony about age, hormone replacement therapy and other potential contributors.

"Those are possibly contributing factors, but the substantial contributor here is talc ... and so that's why I think the jury instruction that I gave is correct," Traber said.

"I think I've done the best I can to reach a solution that is proper under the case law and I'm going to stick with it."

#390083

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Litigation

Manage Newsletters

Bayer Wins Court Nod for \$7.25 Billion Roundup Settlement (3)

March 5, 2026, 12:29 AM PST

Summary by Bloomberg AI

AI Generated



- Bayer AG said a US judge granted preliminary approval for a \$7.25 billion settlement proposal aimed at resolving thousands of lawsuits over Roundup weedkiller.
- Class members have until June 4 to opt out of the settlement, which Bayer proposed in February as a key part of the company's plans to cap its obligations by resolving current and future damage claims.
- Bayer is still facing about 65,000 claims from plaintiffs who allege that long-term exposure to glyphosate caused their cancer, with the company projecting settlement payments to result in a negative free cash flow in 2026.

Bayer AG said a US judge granted preliminary approval for a \$7.25 billion settlement proposal aimed at resolving thousands of lawsuits over Roundup weedkiller, which have weighed on the German company for years.

The class-action settlement, which Bayer proposed in [February](#), is a key part of the company's plans to cap its obligations by resolving current and future damage claims, with funding running for up to 21 years. Former users of Roundup blame the herbicide for their non-Hodgkin's lymphoma, an allegation Bayer denies.

Class members have until June 4 to opt out of the settlement, which got preliminary approval from a Missouri state court judge, Bayer said in a statement Wednesday.

Bayer shares fell as much as 2.8% in early Thursday trading in Frankfurt after initially getting a boost from the settlement news late Wednesday.

After years of fighting Roundup cases in the US, Bayer is still facing about 65,000 claims from plaintiffs who allege that long-term exposure to glyphosate, the active ingredient in Roundup, caused their cancer. Resolving those and future claims comes at a hefty price, with Bayer projecting settlement payments to result in a negative free cash flow in 2026.

Read: [Bayer Sees Flat 2026 Profits Amid Roundup Settlement Efforts](#)

Chief Executive Officer **Bill Anderson** took the helm of Bayer in mid-2023 and needs to find a way to end the protracted litigation that has already cost the company more than \$10 billion. The legal troubles have haunted Bayer since it acquired Monsanto in 2018.

His predecessor, **Werner Baumann**, had failed to clinch a settlement. In 2021, his proposed deal was shot down by a federal judge in San Francisco who cited “glaring errors” in the way the company proposed to handle future Roundup claims, which were limited to a four-year period and had to be vetted by a science panel.

Anderson said his proposed settlement was different. It would cover a longer period for claims to be filed, has a larger funding pool and an opt-out provision for plaintiffs who want to pursue their claims in court.

Read More: [Bayer Eyes Roundup Exit as Cancer Legal Bill Nears \\$18 Billion](#)

The decision was made by St. Louis Circuit Judge Tim Boyer, who has overseen several Roundup trials.

“The court’s preliminary approval of the settlement proposal marks an important milestone for Bayer in its efforts to resolve its glyphosate-related risks,” said Markus Manns, portfolio manager at Union Investment, a Bayer investor.

Still, there are some more hurdles. 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.

Investors are also watching a [separate decision](#) of the US Supreme Court, which agreed in January to hear Bayer’s appeal of a \$1.25 million Roundup verdict. The high court is set to decide whether claims that it failed to include warning labels on the weedkiller are preempted by federal law and can’t be relied on in future Roundup litigation. Arguments before the justices are scheduled for April 27, with Bayer expecting a decision in the second half of June.

If the Supreme Court rules in Bayer’s favor, the decision could undercut a substantial portion of claims. If it rules against the company, the settlement alone may not be enough to prevent renewed litigation risk.

The opt-in deadline for the settlement means plaintiffs will likely have to decide whether to accept the deal before the Supreme Court rules, according to a company spokesperson.

“Full plaintiff acceptance of the settlement is not yet a done deal, and US Supreme Court ruling is still important in our view,” Berenberg analyst Sebastian Bray said in a note. “The incentives to accept the settlement upfront, as opposed to waiting for a ruling before deciding, may therefore not be completely clear-cut,” he added.

(Updates with shares and analyst comment starting from fourth paragraph.)

Farmers accused of denying Eaton Fire smoke damage claims

DJ [dailyjournal.com/articles/390065-farmers-accused-of-denying-eaton-fire-smoke-damage-claims](https://www.dailyjournal.com/articles/390065-farmers-accused-of-denying-eaton-fire-smoke-damage-claims)

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A new class action in Los Angeles County Superior Court accuses Farmers Insurance and its environmental vendor of systematically denying legitimate smoke and ash damage claims arising from the 2025 Eaton Fire in Altadena and Pasadena.

"Farmers has failed to conduct a full and fair investigation of plaintiffs' smoke damage claim. Instead, Farmers has selected and relied upon unqualified and unreliable vendors who produce false, incomplete, and untrustworthy reports concerning the Property's contamination," read the complaint.

The suit follows a similar complaint filed in December alleging that American Family Mutual Insurance Company and Environmental Consulting Industries engaged in comparable misconduct and bad faith in their investigation of fire-related damage to property.

Both lawsuits were filed by Michelle M. Meyers of Singleton Schreiber in San Diego.

"The hygienist should be an unbiased entity who provides the insured with the necessary information to make an informed decision," Meyers said in a phone call on Tuesday. "When you don't provide a full assessment of a property, you don't give them the opportunity to make that determination as to whether or not you want to live in the home.

"What we can tell from what the insurance companies are doing is they're not doing the full testing, they're not following the industry standards and they're not giving the insured the opportunity to know that," she continued. "So unfortunately, they're putting people back in harm's way without them understanding the risks that are in their home."

The new complaint filed on Feb. 25 asserts Farmers relied on a sham inspection by Hygiene Technologies to minimize property damage and evade coverage obligations. Primary claims include negligence, unfair competition, and financial elder abuse. Additionally, Hygiene Technologies faces a class action claim for

allegedly performing substandard, fraudulent testing on hundreds of California properties. *Ghazarian et al. v. Fire Insurance Exchange et al.*, 26STCV06306 (L.A. Super. Ct., filed Feb. 25, 2026).

"Each surviving home that has suffered fire-related damage should be competently remediated and should 'be required to achieve comprehensive clearance status before residents are forced to move back in,'" the complaint read, quoting from the website of Eaton Fire Residents United. "Thorough, validated property remediation is the only way to make these homes truly safe and habitable once again."

Media representatives for Hygiene Technologies could not be reached via phone and did not respond to an emailed inquiry by press time on Tuesday, while a public relations representative for Farmers declined to comment via email.

The new lawsuit echoes claims made in the December complaint against American Family Insurance, accusing the insurer of acting in bad faith and relying on fraudulent reports by co-defendant Environmental Consulting Industries to deny valid smoke damage claims. *Allen et al. v. American Family Mutual Insurance Company et al.*, 25NNCV09046 (L.A. Super. Ct., filed Dec. 18, 2025).

In an answer to that complaint, the defendants generally denied the claims while asserting 26 affirmative defenses, including failure to state a cause of action, improper defendants and lack of jurisdiction.

The defendants in the earlier case are represented by Matthew S. Foy, Dianne J. Meconis and Agatha Akers of Gordon Rees Scully Mansukhani, LLP in San Francisco. They did not respond to phoned or emailed inquiries by press time on Tuesday.

#390065

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Allstate must face privacy lawsuit over cellphone tracking of drivers

 [reuters.com/legal/government/allstate-must-face-privacy-lawsuit-over-cellphone-tracking-drivers-2026-03-04](https://www.reuters.com/legal/government/allstate-must-face-privacy-lawsuit-over-cellphone-tracking-drivers-2026-03-04)

Jonathan Stempel

March 4, 2026

The Allstate logo is seen in this illustration taken on January 29, 2025.

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

- Drivers said Allstate tracked their movements to raise rates
- Judge lets Federal Wiretap Act claim proceed
- Insurers use telematics to monitor driving habits
- Allstate says it provides clear notice to drivers

March 4 (Reuters) - Allstate ([ALL.N](#)), [opens new tab](#) must face a privacy lawsuit accusing the home and auto insurer of illegally tracking drivers through their cellphones without consent, using their data to raise premiums or deny coverage, and selling the data to other insurers.

In a decision on Tuesday, U.S. District Judge Jeremy Daniel in Chicago said drivers in the proposed class action can try to prove that Allstate violated the Federal Wiretap Act by monitoring their travel locations, trip distances, speed, acceleration, braking, phone usage and attention to the road, and tried to monetize that data to boost profit.

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Drivers can also try to show that Allstate's data analytics unit Arity violated the federal Fair Credit Reporting Act by inaccurately reporting their driving behavior, including when they rode as passengers.

According to the complaint, Arity's tracking software was integrated into apps such as Fuel Rewards, GasBuddy, Life360 and Allstate-owned Routely.

The judge also let drivers pursue claims under the laws of 20 U.S. states. He dismissed three of the drivers' 38 claims.

Insurers such as Allstate, Progressive ([PGR.N](#)), [opens new tab](#) and Berkshire Hathaway's ([BRKa.N](#)), [opens new tab](#) Geico use so-called telematics in monitoring drivers' habits. They say the technology rewards good driving through lower premiums.

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Allstate argued that drivers never alleged it actually captured their data, or that their insurance rates went up. It also said its privacy policies disclosed the possibility of data collection.

Allstate said in a statement on Wednesday: "Consumers who choose to share driving data through Arity-powered apps can access emergency assistance, track fuel efficiency and unlock personalized insurance rates after a clear notice and explicit opt-in process."

Lawyers for the plaintiffs did not immediately respond to requests for comment.

The litigation combined 15 private lawsuits against the Northbrook, Illinois-based insurer. Texas filed a [similar lawsuit](#) against Allstate in January 2025.

Reporting by Jonathan Stempel in New York; Editing by Mark Porter

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

Woman claims Ozempic caused permanent vision loss | St. Louis Record

 [legalnewsline.com/stlouis-record/woman-claims-ozempic-caused-permanent-vision-loss/article_01a8892a-5628-4fcc-af3d-a102eb5d971f.html](https://www.legalnewsline.com/stlouis-record/woman-claims-ozempic-caused-permanent-vision-loss/article_01a8892a-5628-4fcc-af3d-a102eb5d971f.html)

Kyla Asbury, Chris Dickerson

March 5, 2026

[Wikipedia Commons](#)

KANSAS CITY — A Hickory County woman has filed a federal lawsuit against Novo Nordisk and its U.S. subsidiary, alleging that the company's diabetes drug Ozempic caused her to suffer permanent vision loss and that the manufacturer failed to warn patients and physicians of the risk.

Judy Mawhiney filed the complaint in the U.S. District Court for the Western District of Missouri on Feb. 20, naming Novo Nordisk A/S and Novo Nordisk Inc. as defendants.

The lawsuit alleges that after being prescribed and taking Ozempic as directed for Type 2 diabetes, Mawhiney developed non-arteritic anterior ischemic optic neuropathy (NAION), a condition that results in irreversible vision loss and can lead to blindness.

According to the complaint, Mawhiney "suffers severe physical and emotional injuries and radical changes to her lifestyle given her severe loss of sight" as a result of developing NAION after using Ozempic.

Mawhiney contends that no version of the Ozempic label has warned patients or doctors that the medication may cause NAION or permanent vision loss.

Ozempic, the brand name for the drug semaglutide, was approved by the U.S. Food and Drug Administration in December 2017 as a once-weekly injectable medication to improve blood sugar control in adults with Type 2 diabetes.

The complaint details the development of GLP-1 receptor agonists, a class of drugs designed to mimic a naturally occurring hormone that regulates blood sugar and appetite and traces Novo Nordisk's work from earlier medications such as Victoza and Saxenda to the creation and approval of Ozempic.

The lawsuit alleges that Novo Nordisk heavily marketed Ozempic, including references to weight loss benefits before receiving separate approval for that indication.

Despite label updates over time for other safety concerns, including ileus and risks associated with anesthesia, the lawsuit alleges that Novo Nordisk failed to disclose the risk of NAION.

The complaint states that the FDA's Adverse Event Reporting System contains reports of optic ischemic neuropathy associated with GLP-1 receptor agonists and that the earliest such report linked to semaglutide dates to 2019.

According to the lawsuit, Novo Nordisk has acknowledged that cases of NAION were identified in its clinical trials but has not added a warning about the condition to the Ozempic label.

The complaint notes that the European Medicines Agency recommended in June 2025 that product information for semaglutide medicines, including Ozempic, include NAION as a side effect.

It alleges that, as of the most recent label update in October, Ozempic's U.S. prescribing information still does not mention NAION.

The complaint further alleges that Novo Nordisk has the ability to make certain label changes through the FDA's "Changes Being Effected" process, but failed to do so with respect to NAION.

Mawhiney is seeking damages and has requested a jury trial. She is represented by Jonathan Aylstock of Aylstock, Witkin, Kreis & Overholtz in Pensacola, Fla.

U.S. District Court for the Western District of Missouri, Central Division case number: 2:26-cv-04040

Litigation

Manage Newsletters

Meta Faces False Ad Suit Over AI Glasses Privacy Promise

March 5, 2026, 9:30 AM PST

Summary by Bloomberg AI

AI Generated



- A proposed consumer class suit claims Meta Platforms Inc. advertised Meta AI glasses as “designed for privacy” despite failing to inform consumers that sensitive personal footage would be labeled by overseas workers.
- The complaint alleges that videos containing financial information, sexual activity, and other private content are transmitted to Meta servers and then routed to a subcontractor in Kenya where human workers view and label the footage.
- The plaintiffs seek damages and an injunction requiring Meta to change its business practices and undertake an affirmative advertising campaign dispelling consumers of the alleged misrepresentations.

Meta Platforms Inc. advertised Meta AI glasses as “designed for privacy” despite failing to inform consumers that sensitive personal footage would be labeled by overseas workers, a proposed consumer class suit claims.

Consumers “did not, and could not reasonably, understand that their bedrooms, bathrooms, families, bodies, and more would be exposed to strangers around the world,” the complaint said. The lawsuit, which also named eyewear maker Luxottica of America Inc. as a defendant, was filed Wednesday in the US District Court for the Northern District of California.

No reasonable consumer would understand the slogan “designed for privacy, controlled by you” or promises like “built for your privacy” to mean “deeply personal footage from inside their homes would be viewed and catalogued by human workers overseas,” the complaint said. “Meta chose to make privacy the centerpiece of its pervasive marketing campaign while concealing facts that reveal those promises to be false.”

The videos—which can contain financial information, sexual activity, and other private content—are transmitted to Meta servers and then routed to a subcontractor in Kenya where human workers view and label the footage to train Meta AI models, the plaintiffs allege.

The complaint noted the general public “is increasingly concerned about who is watching, what is being captured, and how that information will be used,” and said Meta framed its marketing campaign around privacy promises.

A Meta spokesperson said that unless “users choose to share media they’ve captured with Meta or others, that media stays on the user’s device.”

The spokesperson added that the company sometimes uses contractors to review content shared with Meta AI to improve people’s experience, “as many other companies do,” and takes steps to prevent identifying information from being reviewed.

The plaintiffs seek to represent nationwide, California, and New Jersey consumer classes. They bring claims under the California and New Jersey consumer laws, as well as claims of fraud, misrepresentation, breach of contract, breach of warranty, and unjust enrichment.

The consumers are seeking damages and an injunction requiring Meta to change its business practices and undertake an affirmative advertising campaign dispelling consumers of the alleged misrepresentations.

Luxottica didn’t immediately respond to a request for comment.

The consumers are represented by Clarkson Law Firm.

The case is *Bartone v. Meta Platforms Inc.*, N.D. Cal., No. 3:26-cv-01897, complaint filed 3/4/26 .

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Analysis | **Antitrust**

Fizzled-Out FTC Case Against PepsiCo Highlights Risks of Private Antitrust Suits

Research the government conducted for its case gave plaintiffs' attorneys a head start to file their own suits.

March 04, 2026 at 04:12 PM By **Brendan Pierson**



A Pepsi display in a Grovetown, Georgia, Walmart. Credit: billtster/Adobe Stock

Although the U.S. Federal Trade Commission dropped its antitrust lawsuit against PepsiCo last May, mounting claims by consumers and retailers show that private lawsuits over pricing agreements could still pose a significant risk to manufacturers and retailers.

Law.com Radar flagged a pair of class actions filed late last month accusing the beverage maker of working with Walmart to ensure that competitors' prices for Pepsi products were higher than Walmart's. The new cases come on top of [a surge of similar cases](#) last year.

What Happened?

The new lawsuits allege that Purchase, New York-based PepsiCo pressured other retailers to keep prices higher than Walmart's, raising their wholesale prices to the point where they were forced to

do so if they did not comply voluntarily. At the same time, they said, Walmart agreed to tolerate higher wholesale prices than it could have negotiated, as long as it benefited from its competitors' inflated retail prices.

One of the cases, brought on behalf of a class of retailers by Gustafson Gluek and Taus, Cebulash & Landau, alleges violations of the federal Sherman Act. The other, brought on behalf of a class of consumers by Miller Law and Methvin, Terrell, Yancey, Stephens & Miller, alleges violations of the Sherman Act and numerous state antitrust laws.

The companies have said they are aware of the litigation and are committed to negotiating fair prices.

How We Got Here

Political divisions helped do in the Federal Trade Commission suit against PepsiCo. Filing of the case was one of the agency's final moves under chair Lina Khan and her Democratic majority. But after Donald Trump won the 2024 presidential election, Khan left the FTC, and it flipped to control by the GOP. Arguing the case was weak, Republicans dismissed it.

The FTC case relied on a little-used anti-price-discrimination law known as the Robinson-Patman Act.

Michael Murphy, a senior partner at DLA Piper, said that while plaintiffs' attorneys in the PepsiCo cases have been able to draw on the FTC complaint, the transparency afforded by the internet has likely made private antitrust lawsuits easier in general.

"It's very easy for anyone to go online and see what Walmart's charging for Pepsi," he said.

"And if you're a competitor and you know what you're paying and you know what the margins are, you can say, how is this possible?"

What's Next?

Murphy said that companies need to be on guard against price-discrimination suits, and additional federal government cases are a possibility. He noted that the Trump administration continues to pursue a Biden-era Robinson-Patman case against wine and spirits distributor Southern Glazer.

He said that companies can reduce their risk by regularly reviewing their pricing agreements to make sure there is no potentially illegal discrimination.

"I don't think people necessarily do it intentionally, but over time, things happen, people come and go from a company, and pricing structures that were intended to be good get out of whack," he said. "You can look back and say, 'Why is customer A getting an extra 20% off?' And no one can justify it or even understand it."

Securities

Column

Sheppard Mullin Partner Is Running Circles Around Quinn Emanuel

March 5, 2026, 2:30 AM PST

Welcome back to the Big Law Business column . I'm Roy Strom, and today we look at Sheppard Mullin's effort to be paid \$1.6 million by Quinn Emanuel. Sign up for Business & Practice , a free morning newsletter from Bloomberg Law.

Sheppard Mullin partner Moe Keshavarzi has racked up a series of wins worth more than \$100 million for health insurers challenging how much they should have to pay Quinn Emanuel. Now he wants the firm to pay him more than \$1.6 million for all his work chopping its fees.

Keshavarzi, a healthcare litigator based in Southern California, represents a group of insurers in a yearslong battle to lower the \$185 million fee Quinn Emanuel received from the insurers' winnings in a class action against the federal government.

For his final act in the case, Keshavarzi wants Quinn Emanuel to pay his fees for time he has spent fighting the firm. A court ruling in his favor this week brought him one step away from a complete sweep against one of the country's top litigation firms.

The dispute highlights a tension that always exists in class actions, where judges decide legal fees. The class members pay lawyers out of the awards they win. But what happens when the clients are unhappy about how much of their award goes to their lawyers?

In this case, the answer is a drawn-out dispute that has grown bitter, and dulled the shine of a \$12 billion win for insurers who argued the federal government owed them Obamacare payments. Some of the clients Quinn Emanuel represented hired Sheppard Mullin, which is now rebuking the firm for what it characterizes as an unnecessarily aggressive approach to getting paid.

The episode also highlights the litigation chops at Sheppard Mullin, a firm that has heavily invested in trial lawyers in recent years with a particular focus on the healthcare industry. Keshavarzi has taken on Quinn Emanuel, which is representing itself, and largely won so far.

The underlying case, which we've covered many times, has been going on since 2016. The Supreme Court in 2020 ruled the US must repay the insurers roughly \$12 billion in "risk corridor" fees under the Affordable Care Act.

Quinn Emanuel's clients earned nearly \$4 billion in repayments. A judge awarded the firm a 5% cut in 2021, amounting to nearly \$185 million.

That's where Keshavarzi stepped in. He represents a group of Quinn clients, primarily health insurance plans offered by Kaiser Permanente and UnitedHealth. They say the firm asked a judge to pay it more than it initially sought when signing up clients for the case.

An appeals court sided with the companies, sending the case back to the district court, which in 2024 slashed the fee in half. The vast majority of the money Quinn had to return came from its own insurers: the firm purchased a judgment preservation policy protecting its fee.

Keshavarzi wasn't finished.

He then argued that Quinn Emanuel owed interest on the portion of the fee it couldn't keep. The firm was ultimately forced to pay \$10 million in interest in June last year.

Now, Keshavarzi wants a judge to force Quinn Emanuel to pay his firm's fees for its work clawing back the cash. His request represents about 1.6% of the more than \$100 million he's won for the insurers.

Keshavarzi declined to comment. A Quinn Emanuel lawyer said the firm would respond to Keshavarzi's fee motion in court.

It's rare for lawyers in Keshavarzi's position, known as objector's counsel, to seek fees from the class' lawyers, said John O'Connor, a San Francisco-based lawyer who handles attorney fee disputes.

But it's also rare that a group of objectors represent such a large portion of the class, he said. The insurers who objected to Quinn's fees represent 43% of the class, according to court filings. That gives them more incentive to seek payment for their lawyers' fees from their class counsel, O'Connor said.

"Bully for Sheppard Mullin if they can do this," he said. "This is normally something you get out of the class fund, but they have shown some exceptions to the rule. So it is within the sound discretion of the court."

The request seems to be borne, at least in part, out of Sheppard Mullin's frustration with Quinn Emanuel's actions throughout the fee fight. "None of [the] expense would have been incurred" if Quinn Emanuel had stuck to its original promises, Keshavarzi wrote in his latest motion.

"At this juncture it would be more surprising if Class Counsel (Quinn Emanuel) *didn't* force Objectors to incur additional unnecessary fees to seek leave to file a motion Class Counsel knows Objectors can file," Keshavarzi wrote in September. It's the very first sentence in a motion asking the court to allow him to file a fee request.

Quinn Emanuel lawyers earlier told the judge they were “shocked” at Keshavarzi’s “threat” to be paid by the firm, calling it “extortionate.” The lawyers said Keshavarzi had offered not to challenge a different fee request by the firm in exchange for the firm paying his fee. In their responsive legal filings, they unsuccessfully argued Sheppard Mullin’s request for fees was made too late.

Quinn Emanuel did secure one victory this week.

US Court of Federal Claims Judge Kathryn Davis ruled Keshavarzi’s fee request is limited to Quinn Emanuel, not the award received by the class members. That opens the door for Quinn to argue that the request be denied because any fee Keshavarzi is awarded should be paid by the class members.

“We appreciate Judge Davis’s thoughtful decision and plan to address Objectors’ fee motion on the merits,” Quinn Emanuel partner Adam Wolfson said in a statement to Bloomberg Law. “There is a notable irony to the Objectors’ allegations about us, which we will address in our papers.”

Worth Your Time

On Law Firm-Trump Deals: The Trump administration made an abrupt about-face this week after initially saying it would drop its appeals of rulings finding executive orders targeting law firms illegal. The administration now wants to pursue those appeals, Meghan Tribe reports.

On Government Lawyers: The federal government is launching a recruiting program for lawyers after losing a net of more than 7,000 lawyers last year, Chris Marr reports.

On Bar Complaints: Attorney General Pam Bondi wants the Justice Department to have the power to suspend state bar ethics investigations into current and former DOJ lawyers, Ben Penn reports.

That’s it for this week! Thanks for reading and please send me your thoughts, critiques, and tips.

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These 5 Scrappy Dutch Independents Dominate Big Tech Litigation in a Booming Field

Independent Dutch firms are redefining EU mass tech litigation, outpacing Big Law in defending major U.S. and global tech giants—and one Dutch firm is well ahead of all of its rivals.

March 04, 2026 at 12:49 PM By  **Linda A. Thompson**



social media

Since overhauling its collective action rules a few years ago, the Netherlands has become a hotspot for lawsuits against U.S. tech giants.

Alphabet, Meta, Apple, X, and ByteDance rely on a few key firms to fight back, with local Dutch players dominating—although Freshfields advises Tinder and Linklaters handles Apple.

An exclusive analysis of court documents shows Big Tech leaning on independent Dutch firms for high-stakes cases, suggesting specialized expertise outweighs Big Law brands in EU mass litigation, a sector set to grow under the bloc's cross-border class action rules.

De Brauw Blackstone Westbroek is well ahead of every other firm. The independent, stalwart firm is defending Meta, TikTok, Salesforce, Amazon and X in separate mass litigation cases. Apple and

Salesforce have turned to Stibbe and Van Doorne, while Alphabet is instructing homegrown boutiques: dispute resolution firm Ysquare and IP firm Brinkhof. Ysquare is also defending U.S. software company Oracle in another mass claim.

According to a longtime litigation partner at a Dutch firm, two things are vital for attracting privacy-related mass litigation cases as a firm—having a robust, existing class action practice as well as lawyers with a deep “tech background” who understand the business model of tech companies and how their algorithms work.

Drumming up Big Tech Business

Big Tech GCs want to see that the senior lawyers they’re interacting with know what they’re talking about. “That makes all the difference,” the partner said. “If you don’t speak their language, it’s going to be very hard.”

They described this as a key differentiator from more standard-fare competition class actions. Most firms have competition law expertise, so that capability is not hard to deliver. “However, not everyone had at the right moment in time—and [some] still don’t have—people with deep knowledge of Big Tech,” they said. “That’s why you see a bit of a weird distribution [of the law firms winning the mandates].”

Another Dutch litigation partner said it was difficult to know what makes tech companies choose one law firm over its competitors: “Because they’re so big, they’re also sometimes a bit arrogant and don’t feel like they need to explain themselves to you.”

A third partner at an international firm that has successfully attracted mass tech litigation mandates insisted international firms have a leg over their Dutch competitors. As the European class action landscape matures, tech giants will look for a “one-stop shop” solution and turn to an international firm that can defend them across multiple European locations, they said. Employing a Dutch firm that would then work with independent firms in other countries, simply would not be as efficient, in their view.

“If you have lawyers doubling up, particularly on the expertise, and they don’t exchange that smoothly; they don’t have the same IT systems for documents exchange, and they don’t have that pressure to be efficient—it’s a cost issue,” they said. “For company issues that are likely to attract claims in various European jurisdictions, they will be looking at the international firms for that.”

Legal Innovation

The partners said tech class actions are at the forefront of the Dutch legal market. As one put it: “It’s the legal innovation taking place, the international aspect of it; and the amounts involved in

the claims are huge.”

One example: Hausfeld, which has filed two local class action suits against Apple and Google over alleged anti-competitive behaviour in their respective app stores, estimates the combined damages of both cases as high as €1 billion.

The potential damages amounts trigger a big-spender attitude, the partner continued. “Because the stakes are so high, companies are willing to invest more money into developing all kinds of legal arguments to keep those claims away.”

The Dutch class action space has been characterised by sparse but high-profile lateral activity. Daan Lunsingh Scheurleer jumped from NautaDutilh to Clifford Chance in 2020. In 2023, Mijke Sinninghe Damsté moved from Loyens & Loeff to Freshfields, while Daan Beenders left De Brauw for Van Doorne.

According to one partner, there’s been limited lateral activity because the leading firms have such a competitive advantage that jumping ship can be a step down.

For them, the biggest threat to the law firms leading in this space consequently, isn’t the prospect of a partner jumping ship—it’s not having enough people to do all the work. Still, they conceded: “That’s a luxury position [to be in].”

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US law firm must face trial tied to investor scheme, judge rules

 [reuters.com/legal/government/us-law-firm-must-face-trial-tied-investor-scheme-judge-rules-2026-03-04](https://www.reuters.com/legal/government/us-law-firm-must-face-trial-tied-investor-scheme-judge-rules-2026-03-04)

Mike Scarcella

March 4, 2026

U.S. dollar notes are seen in this picture illustration taken at the Bank of Taiwan in Taipei November 11, 2010. U.S. Treasury Secretary Timothy Geithner insisted on Thursday that Washington would never resort to weakening the dollar to spur growth, seeking to cool tensions as G20 nations struggled to bridge chasms over...

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March 4 (Reuters) - A federal judge in Mississippi ruled that U.S. law firm Baker Donelson is potentially liable for the alleged role of two of its former employees in a multimillion-dollar investment fraud scheme, setting up the case for a trial in federal court.

In a [ruling, opens new tab](#) on Tuesday, U.S. District Judge Carlton Reeves in Jackson mostly rejected the law firm's bid to end the case before a trial on the merits.

Reeves said key issues — including a civil conspiracy claim against the 700-lawyer firm — must be decided at trial because there are enough facts in dispute.

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Baker Donelson and its lawyers did not immediately respond to requests for comment. The firm has denied any wrongdoing.

The ruling came in a lawsuit brought by court-appointed receiver Alysson Mills, who is overseeing efforts to repay victims of an alleged fraud involving a purported timber broker at a sham company who prosecutors said lied about an investment enterprise that drew hundreds of millions of dollars.

Lamar Adams, the scheme's alleged leader, was sentenced to more than 19 years in prison in 2019, and his victims lost about \$85 million, court records show.

Mills alleges Baker Donelson is liable for conduct by its former Jackson-office partner Jon Seawright and senior policy adviser Brent Alexander. The pair launched a fund that pooled investor money for Adams' company Madison Timber.

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Reeves found a jury must decide disputes including whether Seawright and Alexander acted within the scope of their employment when they used firm offices, resources and staff while soliciting investors and working with Adams.

Seawright, a transactional partner and former board member at Baker Donelson, and Alexander pleaded guilty to conspiracy to commit wire fraud in connection with the Madison Timber scheme. In 2023, Seawright was sentenced to 12 months in prison and Alexander received five years of probation.

Baker Donelson told Reeves that Alexander and Seawright had no knowledge of Adams' fraud before he confessed to authorities.

Reeves said the firm could face punitive damages in the case depending on how the evidence develops.

The case is Mills v Baker Donelson, U.S. District Court, Western District of Mississippi, No. 3:18-CV-866.

For Mills: Brent Barriere of Fishman Haygood; and Lilli Evans Bass of Brown, Bass & Jeter

For Baker Donelson: Craig Singer of Williams & Connolly

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Hogan Lovells, Cadwalader disclose 2025 revenues ahead of law firms' merger

 [reuters.com/legal/government/hogan-lovells-cadwalader-disclose-2025-revenues-ahead-law-firms-merger-2026-03-04](https://www.reuters.com/legal/government/hogan-lovells-cadwalader-disclose-2025-revenues-ahead-law-firms-merger-2026-03-04)

David Thomas, Mike Scarcella

March 4, 2026

Signage is seen outside of the Hogan Lovells law company in Washington, D.C., U.S., August 30, 2020. REUTERS/Andrew Kelly/File Photo [Purchase Licensing Rights, opens new tab](#)

- Firms say \$3.6 billion merger on pace for later this year
- State challengers of Kroger-Alberstons deal poised for fees
- 3rd Circuit won't review fee-shifting opinion in habeas cases

March 4 (Reuters) - (Billable Hours is Reuters' weekly report on lawyers and money. Please send tips or suggestions to D.Thomas@thomsonreuters.com).  , [opens new tab](#)

Hogan Lovells grew its top line and increased its partner profits by double digits in 2025, the law firm said on Wednesday, surpassing \$3.2 billion in annual revenue ahead of its [planned merger](#) with Cadwalader, Wickersham & Taft. Sign up [here](#).

Cadwalader, meanwhile, reported a 3.3% revenue decrease, generating \$616 million in a year beset by partner departures. A Cadwalader spokesperson said despite the decline, it was the 234-year-old firm's second-highest revenue ever, and it hired more than 100 lawyers in 2025.

Hogan Lovells CEO Miguel Zaldivar said the aim is to close the merger by the summer, following a partnership vote at both firms. He said Cadwalader's New York-centered finance practice would fill a gap in the international firm's global offerings.

Zaldivar said the practice was "the missing piece that Hogan Lovells needed to overcome, to be perceived as a top, global elite firm."

"We had it outside of the U.S., we'll have it now," he said.

Cadwalader said its profits per equity partner declined by 6.4% to \$3.47 million in 2025 — roughly even with Hogan Lovells. Cadwalader [lost](#) several partner groups to rival firms last year, including a 37-lawyer debt finance team that joined Orrick, Herrington & Sutcliffe.

The firm's struggles marked an exception in the industry, according to survey data on big law firms' performance in 2025. A [report](#) released in January by Wells Fargo's Legal Specialty Group found that law firm revenue grew by 12.6% on average in 2025, thanks primarily to a 9.6% growth in billing rates.

Wes Misson, Cadwalader's co-managing partner, said combining with Hogan Lovells gives the firm access to a broader range of practices and more offices. Hogan Lovells, the product of a 2010 merger between U.S. law firm Hogan & Hartson and UK law firm Lovells, has offices in more than 35 cities internationally.

Hogan Lovells said its global revenue grew by 10.8% last year to \$3.285 billion, and average equity partner profits rose by 14.6% to \$3.52 million. The Americas region was responsible for half of the firm's revenue, while 46% came from its EMEA region.

Among its cross-border work, Hogan Lovells represented the Ukrainian government in [an agreement](#) that will give the U.S. preferential access to new minerals deals and fund investment in Ukraine's reconstruction.

The combined firm, dubbed Hogan Lovells Cadwalader, is expected to have about 3,100 lawyers globally. A Cadwalader spokesperson said a vote on the merger is expected in the spring.

The Hogan Lovells-Cadwalader tie-up is among a string of major recent merger deals. Chicago-founded Winston & Strawn and UK firm Taylor Wessing [have said](#) they expect to combine in May, while UK's Ashurst and Seattle-founded Perkins Coie said [they plan to merge](#) in the third quarter of 2026.

Law firm mergers increased by 18% year-over-year in 2025, with 59 completed mergers last year compared to 50 in 2024, according to law firm consultancy Fairfax Associates.

States, D.C. to get fees from failed Kroger, Albertsons merger, judge says

Nine U.S. states and the District of Columbia are poised to receive [attorney fees and costs](#) for their role in blocking the now-abandoned merger between grocery chains Kroger and Albertsons, following a federal judge's ruling last week.

U.S. District Judge Adrienne Nelson in Oregon ruled that the states and D.C. "substantially prevailed" when the court [issued a preliminary injunction](#) in 2024 and the companies canceled the deal the following day.

The U.S. Federal Trade Commission and the states sued earlier that year to stop the \$24.6 billion merger, arguing it would lessen competition in many grocery markets.

Nelson rejected Kroger and Albertsons' arguments that fees were unavailable because the injunction was issued under the standards of the FTC Act rather than the federal antitrust law called the Clayton Act.

The judge found the states had properly brought the case and that fee-shifting was mandatory once they prevailed. She also concluded that precedent in the 9th U.S. Circuit Court of Appeals, which hears cases from Oregon, supported awarding fees after a successful preliminary injunction.

"This ruling ensures states can continue going to bat for our residents," a spokesperson for California Attorney General Rob Bonta said in a statement.

The states must file their fee petition by March 31.

Spokespersons for the Illinois and New Mexico attorneys general declined to comment, as did a spokesperson for Kroger.

Court upholds ruling on legal fees for U.S. immigration detainees

The 3rd U.S. Circuit Court of Appeals refused this week to review [a ruling from last month](#) holding that immigrant detainees who successfully challenged their detention can recover legal fees and costs from the federal government under the Equal Access to Justice Act.

The Justice Department had asked the full 3rd Circuit to reconsider the decision, which was issued by a three-judge panel on the appeals court last month. The full court voted 11-5 on Monday against reconsidering the ruling.

The five judges who voted in favor of rehearing were all appointed by President Donald Trump and included [Emil Bove](#), Trump's former personal lawyer.

"We are now on the wrong side of a circuit split regarding the government's sovereign immunity from EAJA fee awards in habeas proceedings initiated by aliens," Bove wrote in a 50-page dissent. Some federal appellate courts have ruled that former immigration detainees cannot obtain fees under the law.

A spokesperson for the U.S. Department of Justice did not immediately respond to a request for comment.

Judges have held more than 4,400 times since October that Trump's administration had detained immigrants unlawfully, a [Reuters review of court records found](#).

Read more:

[Kalshi bets on Neal Katyal in prediction market cases](#)

[Illinois lawmakers move to limit investor influence as law firms, private equity edge closer](#)

[Legal sector shines in new US jobs report](#)

Reporting by David Thomas and Mike Scarcella

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California Brief

How Jeffrey Epstein Used Reid Hoffman to Court Big Tech's Elite

March 4, 2026, 11:07 AM PST

Reid Hoffman has defended his relationship with Jeffrey Epstein as limited to “fundraising,” via a handful of calls, emails and in-person meetings that ended in March 2018. But documents recently released by the US Justice Department suggest a longer and more personal relationship that’s drawing scrutiny to a major Democratic Party donor.

The LinkedIn Corp. co-founder and venture capitalist first met Epstein through fundraising work with the Massachusetts Institute of Technology, five years after Epstein pled guilty to procuring a minor for prostitution and served time in jail. Over the years they exchanged gifts — dumbbells for Hoffman, a metal surfer statue for Epstein — with Hoffman staying at both Epstein’s Caribbean island and his townhouse on New York’s Upper East Side.



Reid Hoffman, co-founder of LinkedIn.
Photographer: Jason Alden/Bloomberg

And in May 2018, emails show Hoffman reaching out to Epstein about investing in a new fund being raised by entrepreneur Joi Ito, then the director of the MIT Media Lab. Billionaire Hoffman was putting his own money into the fund, which was unrelated to the university.

"Joi says that you're on the fence around investing in the fund — worth scheduling a skype call for that? OK if no," Hoffman wrote.

"Always can make time for a Reid skype :)" Epstein replied.

The emails illustrate how Epstein for years patiently built a web of connections throughout Silicon Valley's elite, before dying in jail in 2019 facing sex trafficking charges. Hoffman, a board member at Microsoft Corp. and partner at Greylock Partners, once hosted Epstein at a dinner with Mark Zuckerberg, Peter Thiel and Elon Musk. Epstein advised Hoffman on matters beyond fundraising, from Hoffman's interest in buying a private plane to his meetings with foreign dignitaries. Those included the UK's former Prince Andrew Mountbatten-Windsor, who was arrested in February on suspicion of misconduct in public office.

Epstein's ties to Hoffman are now spilling into US politics. Hoffman has given \$35.6 million at the federal level since 2023, almost all to Democrats. In the run-up to this year's midterm elections, there have been calls from Republican and Democratic candidates alike for politicians to return Hoffman's campaign contributions. President Donald Trump has called for a Justice Department investigation into Epstein's links to several Democrats, including Hoffman, who in November he called a "sleazebag."

Although Ito said he discussed Epstein's jail time with Hoffman soon after the two men met, there's no indication in the Justice Department documents that Hoffman knew of Epstein's alleged, ongoing crimes during the years of their acquaintance. No women have come forward to accuse Hoffman of inappropriate treatment. He says he's been cleared of any wrongdoing by the FBI.

"The victims deserve justice, not delays or distractions," Hoffman said, in a statement to Bloomberg. "I welcome all the work that is being done by the press and those online to look into any and all Epstein connections to expose those who committed crimes. The Trump Administration must release all of the files and prosecute all of those responsible. No exceptions. No excuses."

Microsoft confirmed that Hoffman remains on the company's board but otherwise declined to comment for this story.



LinkedIn office in San Francisco.

Photographer: Smith Collection/Gado/Getty Images

Ito did not reply to a request for comment. However, in a post on his personal website Tuesday, Ito announced he would step down from his current role working with a government-funded entrepreneurship project in Japan. He said he had never witnessed nor been aware of Epstein's alleged "horrific conduct" during the time of their acquaintance. "Had I known what has since emerged, I would without question have severed all ties," he wrote.

'He Doesn't Judge'

Hoffman first met Epstein at MIT during a visit that included Ito. After the meeting, Epstein emailed Ito to ask if Hoffman had followed up "on the jail."

"About your jail thing?" Ito replied. "I talked to him about it and he got it. He doesn't judge people."

Epstein and Hoffman began communicating via email and Skype, with Epstein at times offering guidance on some of Hoffman's own business ventures. After Hoffman and his colleagues at Greylock met with Microsoft co-founder Bill Gates in October 2013, Epstein asked about the meeting and suggested introducing Hoffman to others in Gates' network.

Hoffman, Epstein and Ito met again in person in Los Angeles that December. Afterward, Epstein ordered for the men — and Gates — sweatshirts that matched one of his own, with a US flag on the arm and their initials embroidered into the fabric.



Bill Gates

Photographer: Lintao Zhang/Getty Images

'Exquisite Taste in People'

Early in 2014, Hoffman, Ito and Epstein floated ideas for a trip to Epstein's island — in the US Virgin Islands — or his New Mexico ranch, discussing which location would better fit Hoffman's schedule. Their networks were becoming further entwined. Hoffman in March invited Epstein to meet with him at the billionaire entrepreneur Peter Thiel's house. Epstein, in turn, connected Hoffman with Hardeep Singh Puri, who had previously served as India's ambassador to the United Nations.

"Jeffrey has exquisite taste in people (myself excepted)," Hoffman wrote in a September 2014 email to Puri. Now India's oil minister, Puri has faced calls to resign over his links to Epstein but has said he did nothing wrong. He did not respond to a request for comment for this story.

Two months later, on November 28, Hoffman and Ito boarded a private flight to Epstein's island. Several days after they returned to Boston, Epstein paid for Hoffman to fly to New York, where he spent the night at Epstein's townhouse. The next morning, Hoffman joined a breakfast Epstein organized with Gates and other high-profile guests.

Gates, who did not respond to a request for comment, apologized last month to the staff of his foundation for his ties to Epstein, the Wall Street Journal reported. He admitted to two affairs but said neither woman was among the financier's victims, and he said he had never done or seen anything "illicit" in connection with Epstein.

After the island and New York visits, Hoffman appeared to be grateful. On Christmas Eve, he told Epstein he'd sent him two gifts: a surfer statue for the island, and ice cream, either for himself or for "the girls." A Hoffman spokesperson said the "girls" in question were adult members of Epstein's team who used that term for themselves.

Epstein responded that although Hoffman hadn't included a note with the sculpture, he instantly knew Hoffman had sent it because it "emanated" Reid.

Damage Control

On December 30, 2014, a Florida court filing accused Epstein of trafficking an underage girl to Mountbatten-Windsor, with whom she was forced to engage in sexual acts. Virginia Giuffre later identified herself as the girl. Mountbatten-Windsor has repeatedly denied the accusations, calling them "false."

As the press attention snowballed, Hoffman offered to help Epstein with damage control. "Been giving a bit of thought to how I can help with recent press," he wrote in January 2015, "mostly looking for help on the on-line front." Epstein responded: "nothing to do during a storm, but hunker down, and wait until it blows over."

He joined an August dinner of Silicon Valley luminaries that Hoffman had organized, with Musk, Thiel and Zuckerberg in attendance. Hoffman welcomed Epstein to the meal at a rented-out Palo Alto restaurant, gifting him a pen and a draft of his book. "I really appreciate the kind gesture and your friendship," Epstein wrote to Hoffman afterward, asking him for Zuckerberg's email.

Epstein then sent Zuckerberg an email about internet connectivity, inviting him to visit his ranch. Zuckerberg didn't respond. A representative of Meta Platforms Inc. said Zuckerberg did not communicate again with Epstein after the Palo Alto dinner. Thiel did not reply to a request from Bloomberg for comment.

Epstein continued to offer Hoffman his own introductions. He offered to set up a meeting with Mountbatten-Windsor in November 2015 when Hoffman and the prince were both scheduled to be in China — less than a year after the allegations concerning Giuffre were made public.

There's no indication the meeting took place. But the following June, Hoffman joined Mountbatten-Windsor for lunch in London. Working both sides of the meal, Epstein advised Hoffman and one of the prince's associates on what to discuss.

Epstein and Hoffman had two confirmed phone calls that June. In a public statement, Hoffman said they were "fundraising meetings." But Hoffman had just announced the planned sale of LinkedIn to Microsoft, and Epstein sent him a list of questions to discuss what Hoffman would do with his share of the proceeds.



Joi Ito and Reid Hoffman speak at WIRED25 Festival, in 2018 in San Francisco.

Photographer: Phillip Faraone/Getty Images

Grievances

By 2017, Silicon Valley was reckoning with #MeToo. Hoffman was among the tech industry leaders publicly decrying reports of pervasive sexual harassment in venture capital.

In a LinkedIn post, Hoffman expressed outrage and urged peers to take a "Decency Pledge" against harassment. A week later, Epstein emailed Hoffman his own suggestion: "i liked you pledge idea , but why not take it a step furtther and form a silicon valley grievance panel modeled after some university offices. so these women actually have someplace to go and complain. and the alleged perpetrator can offer up a defense. a self regulator . nice."

They stayed in touch throughout the year. In early 2018, Hoffman shared information with Epstein about Greylock's investment in Coinbase – emails show Epstein, a long-time crypto investor, had considered investing in Coinbase as early as 2014. The two also spoke by phone in March 2018, which Hoffman has described as their last conversation.

But months later, Hoffman reached out to see if Epstein wanted to invest in the fund Ito was raising. Epstein appeared to reject the idea in a separate email to a German investor, writing, "I dont invest with friends. . too complicated."

Epstein sought Hoffman's help in August during a period of negative publicity for Elon Musk, writing that he was "trying to mitigate as a friend certain bad rumors." This time, Hoffman did not reply.

Musk has repeatedly sought to distance himself from Epstein, despite a 2012 email in which he asked the financier "What day/night will be the wildest party on your island?" Hoffman and Musk have each accused the other of trying to downplay their Epstein links. Musk didn't respond to a request for comment.

In November 2018, the Miami Herald published an explosive investigative series scrutinizing Epstein's 2008 plea deal and raising new questions about the powerful figures connected to him. The following February, Hoffman included Epstein on a mass invitation to a neuroscience summit at MIT.

"if i come to the west coast. will you have the courage to meet ? :)" Epstein replied. Hoffman did not respond.

Epstein soon after emailed Hoffman links to his lawyer's defense of him in the New York Times. Two weeks later, his calendar alerted him to a "reid hoffman conversation" scheduled for an hour on a Saturday morning in March 2019, four months before his arrest. A Hoffman spokesperson, however, said his team has no record of the conversation taking place, and all contact between the two men by then had ceased.

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Analysis | **Foreign Corrupt Practices Act**

Global Compliance Risks Rise, Even as US Retreats From Bribery Enforcement

The Department of Justice and Securities and Exchange Commission brought a total of two Foreign Corrupt Practices Act-related cases last year. That was down from 40 a year earlier.

March 03, 2026 at 05:40 PM By **Michael Gennaro**



Credit: Bigstock

Companies will face more aggressive bribery and corporate fraud enforcement this year, according to a new report, which urges C-suites to mitigate risk by swiftly self-reporting potential wrongdoing and launching remediation efforts.

["Global Bribery, Investigations & Enforcement Outlook for 2026,"](#) released by the international law firm Hogan Lovells, says companies can more effectively manage compliance risks through one integrated compliance program than through siloed stand-alone programs on such topics as bribery, trade and data privacy.

Furthermore, integrated programs have become a baseline expectation from regulators, the report said. As a result, companies that fail to meet those minimum standards may face more severe

penalties, more burdensome ongoing scrutiny and deeper reputational harm.

"Companies that integrate ... risks into one program are better equipped to move fast, fix issues and remain resilient," said Stephanie Yonekura, Hogan Lovells' global head of investigations, white collar and fraud.

Among the most closely watched compliance issues in 2026 will be how the U.S. Department of Justice enforces the Foreign Corrupt Practices Act.

Soon after President Donald Trump returned to the White House in January 2025, he ordered the U.S. Department of Justice to pause FCPA enforcement and draft new guidelines prioritizing U.S. national security and the competitiveness of American companies abroad.

The new guidelines—released about four months after the pause began—signal a move away from prosecuting routine business practices or low-dollar payments, instead directing prosecutors to weigh whether the conduct is connected to narcotics trafficking cartels, transnational criminal organizations or foreign terrorist organizations.

The retooling of FCPA spurred a historic plunge in FCPA-related enforcement actions in 2025, with the DOJ bringing just two cases, and the Securities and Exchange Commission—which also enforces the FCPA—bringing zero, according to [a client alert](#) from Gibson, Dunn & Crutcher. It was the first time the SEC didn't bring a case since the FCPA went into effect in 1977.

The biggest recent year for FCPA enforcement was 2019, when the DOJ brought 54 cases and the SEC brought 19, Gibson Dunn said.

Attorneys cautioned that the pullback in FCPA might be temporary, with Trump's successor potentially ramping enforcement back up to historical levels.

A central theme of the report was that civil and criminal investigators have heightened their expectations for companies to cooperate, doing so in part by dangling incentives, such as the potential for declinations or deferred prosecution agreements.

The report also flags rising personal liability exposure as a significant concern. Regulators are increasingly focused on who made key decisions within an organization, how those decisions were documented, and whether boards and senior executives exercised effective oversight.

Liam Naidoo, the firm's deputy head of investigations, white collar and fraud, said the trend is particularly pronounced in the United Kingdom, where a "joined-up enforcement landscape and faster timelines" are heightening senior-manager accountability. He called on companies to maintain crisp governance on decision-making and documentation and to be prepared to explain their compliance program choices directly to regulators.

On the technology front, the report addresses the dual-edged role of artificial intelligence in investigations and compliance. AI is enabling faster detection of misconduct and more efficient document review, but it is simultaneously raising expectations around governance. The report calls for defensible use of technology; clear lines of decision-making between legal, compliance, and IT teams; robust audit trails; and careful handling of evidence and privilege issues in cross-border matters.

For companies operating outside the Americas, partner Calvin Ding, co-editor of the report based in Shanghai, emphasized the importance of building cross-border investigation readiness before problems emerge.

That means deepening third-party oversight across complex supply chains, pressure-testing data transfer and privilege strategies, and putting in place investigation and disclosure processes capable of withstanding parallel inquiries across multiple jurisdictions

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NewsRoom

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March 4, 2026

Secrecy shrouded \$4.3M payment at center of FirstEnergy trial: Witnesses

Adam Ferrise; cleveland.com

AKRON, Ohio — Secrecy shrouded the \$4.3 million payment from FirstEnergy to an attorney about to become a state utility regulator, witnesses testified at the bribery trial of two former company executives.

A colleague of the state regulator said he didn't know about it. A Public Utilities Commission of Ohio commissioner said he didn't know of the regulator's ties to FirstEnergy. And a FirstEnergy board member said he should have been told the circumstances surrounding the payment.

All three testified that they only learned of the payment years later, after the House Bill 6 scandal spawned investigations that led state prosecutors to accuse former FirstEnergy CEO Chuck Jones with bribing former PUCO chairman Sam Randazzo.

Jones and former FirstEnergy top lobbyist Michael Dowling are on trial, accused of paying Randazzo \$4.3 million in exchange for Randazzo carrying out FirstEnergy's wishes. Randazzo made regulatory rulings and pushed for the passage of troubled HB 6, worth more than \$1 billion to FirstEnergy. Randazzo died by suicide in April 2024.

Prosecutors on Tuesday and Wednesday sought to show the jury the lengths to which Randazzo and, to some extent, Jones went to hide the \$4.3 million payment, just months before Randazzo was appointed PUCO chairman.

Defense attorneys argued that the payment was a legal settlement that FirstEnergy was required to pay and had no inkling that Randazzo would keep the money. Company officials moved up the

payment in late 2018, not because Randazzo was heading to the PUCO, but because FirstEnergy had a particularly good financial year and wanted to clear payments off its books.

They also argued that Jones and Dowling weren't responsible for Randazzo's actions and that Jones wasn't required to tell FirstEnergy's board of directors about a small settlement, a pittance for a utility making billions per year.

Those who testified about the secrecy included current PUCO commissioner Dennis Deters. He said he was never aware that Randazzo had a prior \$2.1 million consulting contract with a FirstEnergy subsidiary from 2013 to 2017.

Former Randazzo colleague Matt Pritchard worked at Randazzo's former law firm and executed the initial settlement in 2015 on behalf of a trade group, IEU-Ohio, in exchange for the group halting its opposition to an extra charge FirstEnergy levied on customers.

When Pritchard learned years later that Randazzo said the \$4.3 million was a settlement extension, he said he was "confused" because he didn't know about it and IEU-Ohio was his client too. When he finally saw the settlement documents, he said there was a host of "red flags."

FirstEnergy board of directors member James O'Neil III told the jury that he would have wanted to know that FirstEnergy was making a lump sum payment to Randazzo as Randazzo took steps to become PUCO chairman.

When asked why, he said: "Because you have an individual that could potentially be regulating FirstEnergy in the state of Ohio, where the decision that the regulator makes, influences or impacts the regulatory income that the company can make. So yes, I would want to know."

---- Index References ----

Company: FIRSTENERGY CORP; PUBLIC UTILITIES COMMISSION

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NewsRoom

Securities

Matt Levine's Money Stuff: People Worry About BCRED Liquidity

March 4, 2026, 11:01 AM PST

BCRED

Let's say that you work in private credit and you think that private credit is great. Oh, sure, you've seen all the headlines; you know people are worried about SaaSapocalypses and cockroaches and so forth. You just think they're wrong. You did the deals, you know the credits, and you think that all of these loans are going to work out great and pay back par. How should you trade that thesis?

The obvious intuitive answer is something like: "If people are panicking and want to sell their shares of private credit funds for 80 cents on the dollar, and you think they're worth 100 cents on the dollar, you should buy them at 80 cents on the dollar." And then you'll make 20 cents. Good trade, if you're right.

But the details here are a bit tricky. Loosely speaking there are about three sorts of private credit funds:

1. There are what you might call "institutional funds," drawdown funds and separately managed accounts for institutional investors. Stereotypically, the investors in these funds *aren't* looking to sell their shares at 80 cents on the dollar: The whole point of those funds is that the investors' money is locked up for some pre-set period, and the whole point of the investors is that they are institutions who can afford to lock up their money. (In fact there is some secondary trading of private credit fund stakes, but it still seems pretty nascent, and you might have a hard time finding sellers.) Also, these institutions expect their private-assets portfolio to have very low volatility, so if you called them up and offered to buy at 80 cents on the dollar they'd be offended. So this is not a promising way to do this trade.
2. There are publicly traded business development companies, which are retail-oriented permanent private credit funds that trade on the stock exchange. A bunch of those really are trading at 80 cents on the dollar; BlackRock Inc. has one trading below 50. You can just buy them on the stock exchange. This is a straightforward and easy way to do this trade.
3. There are *private*, unlisted business development companies, retail-oriented private credit funds that are sold by wealth advisers to individual investors and that don't trade on the stock exchange. The investors in those funds generally can't sell their shares, at 80 cents on the dollar or otherwise, because the shares don't trade. Instead, the managers of the funds offer to buy back some of the shares periodically — typically a maximum of

5% per quarter — so that investors who want out can get out. And the managers normally do this at net asset value: If the loans are all marked at 100 cents on the dollar, then the tender price is 100 cents on the dollar.

Most of the bad *headlines*, these days, are about the third category, the non-traded BDCs, for somewhat intuitive reasons. People who invest in public BDCs that trade at 80 cents on the dollar will naturally be disappointed — they wanted 100 cents on the dollar — but market prices are market prices and you can't really complain. But people who invest in private BDCs have been asking for their money back, and they are worried that they *won't get it*. We have talked about a Blue Owl Capital Inc. private BDC, called "OBDC II," that stopped doing those quarterly 5% redemptions. And now Blackstone Group Inc.'s main private BDC, called "BCRED," has gotten redemption requests for considerably more than 5% of its money:

Blackstone Inc. is allowing investors to redeem a record 7.9% of shares from its flagship private credit fund, the latest sign of unease in an industry that's faced a wave of withdrawals.

The firm is meeting the requests, which are equivalent to around \$3.8 billion, by increasing the size of a previously announced tender offer to 7% of the fund's total shares and by stepping in, alongside employees, to offset the remaining 0.9%, according to a filing and a spokesperson. The fund has around \$82 billion of total assets, including leverage, the filing shows.

Blackstone didn't have to give all those people their money back, but it did, because not doing so would be a marketing nightmare. If a public BDC trades below net asset value, well, that's life in the public markets. But if a private BDC's investors ask for their money back, and just *don't get it*, they might panic, and the whole retail-private-credit business model might be in danger.

To pay them all out, BCRED didn't go and sell loans; it raised some new money:

To help weather the withdrawals, the firm turned to old-fashioned door knocking — internally.

The end result: More than 25 senior leaders from across Blackstone — many from its credit business — pitched in some \$150 million to the Blackstone Private Credit Fund, according to people familiar with the matter. Combined with \$250 million of the firm's own capital, that helped cover a record redemption request of roughly \$3.8 billion, or equivalent to around 7.9% of net assets.

For boring technical reasons BCRED couldn't pay out more than 7% itself, but "the Board elected to upsize the offer to 7% of shares, the maximum amount permitted without changing the terms of the repurchase offer," and then Blackstone put \$400 million of its own and its employees' money "into an existing BCRED feeder fund, on the same terms as all other investors, representing approximately 0.9% of BCRED's shares outstanding." "Our conviction in BCRED is grounded in its strong portfolio and track record," says Blackstone.

There is something unsatisfying about this. If you work in private credit at Blackstone, and you think it's great, and you see outside investors in private credit panicking, and you see private credit fund shares trading at 80 cents on the dollar, and you think they're worth 100 cents on the dollar, you might want to buy them at 80 cents on the dollar. Be greedy when others are fearful; take advantage of the panic to buy low.

But here Blackstone and its employees are *buying at 100 cents on the dollar*: The deal, with non-traded private credit, is that it trades at net asset value, even if the market is sending signals that it doesn't believe that NAV. BCRED redeems panicking investors at 100 cents on the dollar, and it takes in new money — including from Blackstone and its employees — at 100 cents on the dollar, even though *there are more sellers than buyers*. The market-clearing price, as it were, for BCRED is not its net asset value, which you can tell because the market didn't clear at NAV. (There were 7.9% more sellers than buyers, or 7% once you add in the internal buyers.)

The intellectually satisfying and potentially lucrative thing for Blackstone to do would be to say “hey, a lot of you want your money back, and we'd be happy to cash you all out, but at 90 cents on the dollar.” And then supply would match demand and its employees could buy into the fund at a discount.

But Blackstone can't really do that. For one thing, the legal structure of private BDCs probably requires them to do repurchases at NAV. For another thing, it would be a marketing nightmare to buy investors out at a discount. Part of the OBDC II story is that, last year, Blue Owl tried to merge OBDC II with its publicly traded BDC, which would allow investors to get liquidity whenever they wanted but at market prices. The investors revolted: They didn't want liquidity *at market prices*, because the market prices BDC shares at a discount. They wanted their money back, but at net asset value. That, they reasonably thought, was the deal they agreed to in a private BDC, and Blue Owl ultimately called off the merger.

There is just a gap. These private BDCs don't work quite right; their structure prevents them from trading at market-clearing prices. Presumably if Blackstone could buy back BCRED shares at 80 cents on the dollar it would do that all day long — “our conviction in BCRED is grounded in its strong portfolio and track record,” etc. — but it can't.

You know who can? We have talked about it before, but I do love Boaz Weinstein's opportunistic tender offer for Blue Owl's private BDC shares:

The Purchasers' tender offers would provide a liquidity solution to retail investors in the wake of a significant industry-wide increase in BDC redemption requests, multiple quarters of net outflows and a rise in redemption gate provisions.

OBDC II, OTIC and OCIC are non-traded BDCs with limited liquidity. Once the 10-business day notice period concludes for each BDC, the Purchasers intend to announce the commencement of the tender offers to provide direct liquidity to investors who seek it, subject to terms and conditions and the number of shares to be purchased that will be detailed in tender offer documents, including the offer pricing and number of shares covered by each offer. The offer price is expected to be at a 20-35% discount to the most recent estimated net asset value and dividend reinvestment price, as applicable for each BDC, which will be determined when the tender offers are commenced. The Purchasers are not affiliated with OBDC II, OTIC, OCIC or their advisor.

People seem to want out of these private BDCs, they are worried that the BDCs' sponsors might not cash them out, and they might be willing to get out at a discount. The sponsors are doing their best to cash them out, but they *can't* cash them out at a discount. But Weinstein can! Might as well try.

A very funny trade would be if Blackstone tendered for some Blue Owl BDCs at a discount, and Blue Owl tendered for some Blackstone BDCs at a discount, but it is not hard to see why that won't happen.

Whole business securitization

The basic way that corporate debt works is that a company gets some revenue, and then it pays its necessary expenses, and then it pays its debt out of what's left over, and then if there's money left after that it can spend it on new investments or frivolous expenses or executive pay or stock buybacks or whatever. So if a company has \$100 of debt and makes \$400 of revenue, it might spend \$250 on salaries and rent and utilities and all the other stuff that is absolutely required to keep the lights on and bring in that revenue, and it will have about \$150 left over. And it will send \$100 of that to its creditors and keep the other \$50 for whatever its executives and shareholders want.

That is a very fuzzy description, though. Usually the way debt works is that, when a company borrows money, it won't have to pay that money back for several years; it will make interest payments along the way, but those will be much smaller than the principal of the debt. If, during the intervening years, the company mostly squanders its money, then when the debt comes due it won't be able to pay. Everyone understands this, so the debt will probably contain covenants prohibiting the company from squandering the money too egregiously, but this is hard to measure and in fact companies often do go bankrupt and default on their debt.

You could imagine formalizing the fuzzy description from my first paragraph. When it wants to borrow money, the company could sit down with its lenders and agree on an explicit flowchart for its revenue:

The first \$X of revenue every month goes to pay necessary expenses to operate the business. X is fixed; the creditors and the company agree on what the necessary expenses are and how much they will be. The company doesn't get to change its mind later; it can't decide to get into new business lines and increase the expenses it deems necessary. The necessary expenses are just fixed in advance for the life of the loan.

The next \$Y of revenue goes into a box to pay down the debt over time. The creditors don't have to wait seven years to get paid back; the money flows back to them each month.

Anything left over goes to the company for new investments, frivolous expenses etc.

This is, in general, kind of a bad way to run a big company, and most companies want more flexibility than this. But for certain sorts of companies with pretty stable revenue and expenses, this can work. For instance, restaurant brand companies — which make steady revenue from franchise fees and have reasonably straightforward management expenses — sometimes do deals like this, which are called “whole business securitizations.”

Just the *words* “whole business securitization” sound terrible. The theory of a whole business securitization is that (1) you can borrow money secured by your whole business but (2) that debt is *safer* — it should get a better credit rating and a lower interest rate — than regular corporate debt would be. Because you fix your expenses and put your revenue in a box, and your lenders buy bonds of that box, they are getting a different, better proposition than just buying bonds *of your company*. The box has more reliable cash flows and is more protected from your bad business decisions, so it is safer and the debt should cost less.

I have never entirely been able to get my head around this. It just sounds like a trick that shouldn't work. It is one thing for a company to take some stream of steady cash flows, put it in a box separate from the rest of the company, and sell bonds of the box with high credit ratings. But here the company takes *all* of its cash flows, puts them in a box separate from ... nothing?, and sells bonds of the box with high credit ratings. Unsatisfying.

Anyway Bloomberg's Soma Biswas and Scott Carpenter report that FAT Brands Inc.'s whole business securitization is unsatisfying:

Whole business securitizations repackage a company's revenues and channel them to bondholders. They're billed as bankruptcy-remote — able to withstand a borrower's Chapter 11 because bond payments are ring-fenced.

But in the case of FAT Brands, \$1.4 billion of bonds are supported by just \$40 million in annual earnings before interest, taxes, depreciation, and amortization, according to court filings.

That apparent shortfall is stirring speculation that creditors including Barclays, Brigade, Angelo Gordon and Bracebridge will suffer losses on a securitization that gives them first dibs on FAT Brands' earnings. ...

FAT Brands, which operates chains including Johnny Rockets and Fatburger, is the latest casualty of budget-conscious consumers who are eating out less. Its bankruptcy follows Chapter 11 filings by Hooters last year and TGI Friday's in 2024. Like them, FAT Brands pledged virtually all of its earnings to a debt structure that became too much to bear.

Just intuitively, if a company files for bankruptcy because it doesn't make enough money to service its debt, and that debt is both (1) secured by the whole business and (2) “bankruptcy-remote,” you have to worry a little bit. Remote from what? The debt gets paid out of the revenue from the business; if the revenue from the business isn't enough to pay the debt, then legal structure isn't going to help you that much.

FAT Brands filed for bankruptcy in January; here is its first-day declaration, explaining that the money set aside to pay necessary expenses — the “\$X” in my schematic description — is not enough to keep the business going:

The Management Fees are paid near the top of priority waterfall to provide the Managers with the funds to provide integral centralized functions that enable the Securitization Entities and their brands to operate and generate revenue. However, while the quantum of such fees should at minimum ensure that the Managers can cover the costs of operating the underlying assets of the Securitization Entities, the funds received from the Management Fees generally have not covered the actual operating costs of the businesses.

And here is an angry motion from its securitization bondholders saying that “the Debtors’ first day pleadings are a fairytale, in which a well-intentioned parent company tried valiantly to provide essential services to the separately securitized subsidiaries that it managed even though (for some unexplained reason) it did not have sufficient cash to do its job”:

In truth, the Debtors’ operating businesses, which are separately financed and securitized, generate sufficient income to support their basic operating expenses. And the agreed management fee should be sufficient for the parent company to provide the management services to support the securitizations. That is how the system is designed to work. The reason these Debtors are short on cash is because [FAT Brands Chief Executive Officer] Andrew Wiederhorn looted them to support himself and his family.

You can agree in advance on how much money you need to run the business, and set aside the rest to pay bondholders, but sometimes you’ll get it wrong and still end up with disputes over what expenses are necessary.

People are worried about 401(k) liquidity

Yesterday I sort of argued that the problem with the modern US retirement savings system — in which most people have “defined contribution” plans, like 401(k) plans, where they manage their own investments — is that it requires too much liquidity. A big pooled pension fund can invest for the long term, because while *some* beneficiaries will need money sooner than expected, in the aggregate the fund’s expenses are pretty predictable. But if you run your own retirement savings, you *probably* won’t need your money until you’re 65 or so, but events come up, it’s hard to be sure, and you’ll want to hedge your risk by demanding more liquidity from your retirement investments than would really be optimal. Which is bad for, you know, BCRED.

In that vein, the Wall Street Journal reports:

More Americans are digging into their retirement savings because of financial emergencies.

Last year, a record 6% of workers in 401(k) plans administered by Vanguard Group took a hardship withdrawal. That is up from 4.8% in 2024 and a prepandemic average of about 2%, according to Vanguard.

The data paint a divergent financial picture of American workers’ finances. While most are faring well, some are experiencing heightened financial stress, according to Vanguard.

Workers have been saving more in 401(k)s, and balances have soared to all-time highs along with rising markets. With more people saving in 401(k)s, retirement accounts are an increasingly important lifeline when financial trouble hits.

If the main way you save for retirement is in an account that you manage, with a dollar balance that you can check every day, you might end up spending those dollars before retirement.

Is Jeffrey Epstein securities fraud?

You know the drill: Every bad thing that a public company does is, arguably, also securities fraud. If the company's senior executives do something you don't like, you can sue and say that it's securities fraud. The company probably said something to the effect of "our senior executives are ethical," and they weren't; the company didn't fairly warn you that the executives were doing the thing you don't like. Etc.

Jeffrey Epstein was bad. These days, it is bad for business to have been pals with Jeffrey Epstein. Quite a few public company executives were pals with Jeffrey Epstein. The lawsuits write themselves, though I think this is the first one I have actually seen:

Shareholders sued Apollo Global Management and its billionaire co-founders Leon Black and Marc Rowan on Monday in a proposed class action for allegedly defrauding them for nearly five years about the private capital firm's business dealings with disgraced sex offender and financier Jeffrey Epstein.

According to a complaint filed in Manhattan federal court, the shareholders alleged the defendants falsely denied in several regulatory filings in 2021 and 2022 ever doing business with Epstein, though Epstein "was heavily involved and frequently communicated with Apollo Global's senior leadership" about Apollo's business during the 2010s.

Here is the complaint. I should add that it is a bit too simplistic to say that, if a company's executives do something you don't like, you can sue for securities fraud. Your *damages*, in a securities fraud lawsuit, will be tied to your losses as a shareholder, which means in practice that you can only sue for securities fraud if (1) the company did something you don't like and (2) the stock went down when the thing was revealed. The more the stock went down, the more lucrative the lawsuit might be.

Here, the complaint says that Apollo lied about the extent of its Epstein ties, but "the truth [began] to slowly materialize and emerge through partial disclosures" beginning on Feb. 1. And in fact, Apollo's stock is down almost 20% since the start of February. Is that *because of what the market has learned about Apollo's Epstein ties*? Well. Some other stuff is going on, in the alternative investment management space. Blackstone Group Inc., KKR & Co. Inc. and Blue Owl Capital Inc. are all down *more* than Apollo during that period. There will presumably be some arguments over loss causation. But "Apollo had some Epstein ties, they came out and the stock dropped 20%" is a pretty irresistible combination for a securities class action lawyer.

Things happen

Iran War Oil Shock Threatens to Unleash Wave of Global Inflation. Bessent Says Trump's Tariff Hike to 15% Likely This Week. The Tiny Court at the Center of a Massive Scramble to Get Tariff Money Back. Fleet of AI Bots Will Supercharge Hedge Fund Power, Netti Says. Kraken Is First Crypto Firm to Secure Fed Payment Access. MFS Was 'Jellyfish' That Stung Santander, Ana Botin Suggests. Iceland freezes decade-long legal battle with Iceland.

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1. You can also reason by analogy that if publicly traded BDCs mostly trade at 80 cents on the dollar, then the market-clearing price of a private BDC should be in that ballpark too. Note that Blackstone's main public BDC trades at a tighter discount to NAV than that 20% figure, though still at a discount.
2. A very important qualifier to that is that BCRED generates a lot of fees for Blackstone, so buying it back at 80 is not as good a trade as it sounds.
3. See the FAT Brands securitization noteholders' motion: "The indentures governing the Prepetition Securitizations (collectively, the 'Securitization Indentures') contain a priority of payment waterfall which effectively restricts the Securitization Debtors' ability to transfer revenues generated from the brands' franchisees and restaurants to other Debtor entities (including the Securitization Debtors' ultimate parent—the Managers) without paying all amounts due under the Prepetition Securitizations. This structure is what allowed the Debtors to obtain a greater amount of financing at a lower interest rate than would otherwise be available in the corporate credit markets."
4. This is not literally true, and you could have an argument that the stock would have gone up further if not for the fraud, but probably don't try that.

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Marty Lederman

@martylederman.bsky.social

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Yup--I just listened to the hearing, and the Judge took the parties by surprise by indicating he'd issue such a judgment. USG counsel asked for some time to brief the merits and the judge responded: "There are no merits." [3]

4:38 PM · Mar 4, 2026

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10



146



729



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Marty Lederman @martylederman.bsky.social · 18h

The order itself requires Customs to "liquidate all entries" without regard to IEEPA duties, but at the hearing the judge said unequivocally that "I want to make it clear to the Customs Service that they have to refund any money that was unlawfully collected." [4]



4



108



657



Michael Love @elkmovie.bsky.social · 17h

This seems like both a) a sound, reasonable decision in light of the legal posture and b) quite possibly nine figures or more in lost billing for corporate law firms



3



12



256



Son of Herby @sonofherby.bsky.social · 16h

So win-win?



1



1



86



Dolorosa Santos @dolorosasantos.bsky.social · 11h

For corporations, not consumers.



1



2



8



Blue Owl draws record short bets as private credit remains under fire

 [reuters.com/business/blue-owl-draws-record-short-bets-private-credit-remains-under-fire-2026-03-05](https://www.reuters.com/business/blue-owl-draws-record-short-bets-private-credit-remains-under-fire-2026-03-05)

Reuters

March 5, 2026

A logo for Blue Owl Capital is displayed on a midtown Manhattan office building in New York City, U.S., February 24, 2026. REUTERS/Brendan McDermid [Purchase Licensing Rights, opens new tab](#)

March 5 (Reuters) - Short sellers have ratcheted up bets against private credit firm Blue Owl Capital, with short interest standing at all-time highs at a time when the private lending industry has been hammered by liquidity and credit quality concerns.

About 14.1% of Blue Owl's [\(OWL.N\), opens new tab](#) free float shares were shorted, up from nearly 12.5% two-weeks ago, data analytics firm Ortex said.

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Shares of the New York-based company were rocked in February after it said it would [sell](#) \$1.4 billion of assets from three of its credit funds so it can return capital to investors and pay down debt, and permanently halted redemptions at one of the funds.

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Earlier this week, Blackstone's flagship [private credit fund](#) faced a surge in withdrawals in the first quarter, with clients pulling a bigger than usual \$3.7 billion from the \$82 billion fund, known as BCRED.

Concerns have grown over liquidity and valuation in the industry, as elevated redemption requests in some semi-liquid funds have put the spotlight on how managers meet withdrawals and fund distributions.

Shares of alternative asset managers, including Blackstone [\(BX.N\), opens new tab](#), Ares Management [\(ARES.N\), opens new tab](#) and KKR [\(KKR.N\), opens new tab](#), have also clocked sharp declines of late.

Short interest for alternative asset manager Apollo Global Management [\(APO.N\), opens new tab](#) also stood at 5.9% of its free float and has been elevated since December, Ortex said.

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Blue Owl Capital has financed large digital infrastructure projects, including a roughly \$27 billion joint venture with Meta ([META.O](#)), [opens new tab](#) to build the Hyperion data center campus in Louisiana, with funds it manages taking an 80% stake, while Meta retains about 20% and leases back the facilities.

This type of financing deal reflects how major data center operators like Meta are tapping private capital to fund sprawling AI infrastructure build-outs.

Blue Owl shares were up 1.5% on Thursday, though still down more than 30% for the year so far.

Reporting by Shashwat Chauhan and Akash Sriram in Bengaluru; Editing by Shinjini Ganguli

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Binance Probe Exemplifies the Perils of 'Surface Remediation'

March 5, 2026, 1:30 AM PST

Sen. Richard Blumenthal (D-N.Y.), the top Democrat on the Senate Permanent Subcommittee on Investigations, opened a formal inquiry last week into Binance Holdings Ltd. The inquiry involves reports that the exchange facilitated nearly \$2 billion in transactions benefiting Iranian entities, including some linked to groups designated as terrorist organizations, and helped evade sanctions on Russian oil.

If these allegations are substantiated, this wouldn't simply be another corporate compliance lapse. It would show a familiar and troubling pattern reflecting what I call "surface" remediation. It's reform that looks substantial from the outside but fails to address the deeper cultural and structural conditions that allowed misconduct to flourish in the first place.

Surface remediation is reactive. It satisfies regulators, generates news releases, and may even improve policies on paper. But it leaves intact the internal incentives, power structures, and cultural signals that determine whether misconduct will be prevented the next time.

The alternative is what I call "thick" remediation—a far more demanding process. It doesn't focus only on whether a company has technically complied with the law. It asks whether the organization has meaningfully changed the conditions that produced the violation. It centers prevention. It protects internal reporting channels. And it confronts uncomfortable truths about culture and leadership.

The difference between the two approaches matters enormously.

Compliance programs in modern corporations operate in four stages: prevention, detection, investigation and remediation. But when firms find themselves in crisis, they tend to fixate on the last stage. They respond to the scandal in front of them. They discipline individuals, pay fines, and revise policies.

Then they move on.

The problem is that remediation divorced from culture rarely prevents recurrence. It may satisfy regulators in the short term and may stabilize markets. But it doesn't necessarily change how people inside the organization experience risk, responsibility, or voice.

In the Binance matter, the company admitted to serious sanctions and anti-money-laundering failures and was operating under the supervision of monitors. Yet internal investigators reportedly uncovered additional troubling transactions. Even more concerning are allegations that some of those who surfaced concerns were disciplined or removed.

If employees believe that raising compliance issues could cost them their jobs, the compliance system itself begins to erode. The message employees hear isn't, "We value integrity," but rather, "We value quiet."

Culture isn't—and shouldn't be treated as—a soft concept. It is infrastructure.

In my management in ethics course, I tell MBA students that organizations derive real value from cultures that empower employees to speak up. A psychologically safe workplace doesn't simply prevent misconduct. It also fuels innovation.

The same conditions that allow someone to raise a mission-critical risk also allow someone to propose a transformative idea. If employees are afraid to question decisions, they will hesitate to challenge assumptions, refine strategies, or alert leadership when something is going wrong.

That fragility is especially dangerous in areas such as sanctions compliance and anti-money laundering. When the alleged conduct involves sanctioned Iranian entities or efforts to circumvent restrictions on Russian oil, the implications move beyond corporate governance.

Sanctions enforcement is a central tool of US foreign policy and national security. Failures in this space don't simply expose firms to fines; they risk undermining geopolitical strategy and enabling actors the US has formally designated as threats.

Perfect compliance is impossible. But building a culture that punishes those who try to do the right thing is a choice, not an inevitability.

That is why surface remediation is so dangerous. It focuses on technical compliance—updating manuals, restructuring reporting lines, installing monitors—while leaving underlying conditions intact.

As I remind my law students, remediation that only touches the surface is rarely enough. If you treat the immediate symptoms but ignore the systemic weaknesses that allowed them to occur, your client will return—often with more significant, and more costly, problems. Many corporate scandals aren't lightning strikes. They are predictable outcomes of ignored warning signs.

Thick remediation, by contrast, asks whether investigators are empowered or sidelined. It examines whether reporting channels are independent and trusted. It evaluates whether leaders model accountability or defensiveness. It demands that firms look not only at what was illegal, but also at what was tolerated.

Congressional investigations and independent monitors can surface problems. They can't, however, manufacture internal integrity. That work must come from within.

Compliance isn't about thicker binders or longer policies. It is about whether people inside an organization feel empowered to raise concerns—and whether leadership responds in ways that reinforce that courage rather than suppress it. Until firms recognize that culture is the core of prevention, we should expect the cycle to continue.

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

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Sarah Abrams

March 4, 2026



The SpaceX acquisition of xAI [closed in early February 2026](#), creating a combined entity valued around \$1.25 trillion and formalizing Elon Musk’s consolidation of rockets, satellites, AI infrastructure, and data platforms under one roof. From a governance and D&O perspective, the deal functions as a fiduciary stress test on the eve of a potential mega-IPO later this year, with reporting indicating an [IPO valuation target as high as \\$1.5 trillion](#). The transaction consolidates founder-controlled entities and imports AI-related litigation and regulatory risk into SpaceX’s operations, alongside a bold plan to build solar-powered orbital data centers that would shift AI compute off-planet. The discussion below highlights governance expectations, litigation exposure, and disclosure considerations D&O underwriters may weigh as the combined company approaches the public markets.

Controller Transactions

[Public records indicate that two new Nevada entities](#) were established on January 21, 2026, to facilitate the SpaceX–xAI combination, with [Musk the majority shareholder of both](#). If approvals or key steps in the transaction flow through Nevada entities, the choice of law could materially shift the contours of controlling-shareholder duties and litigation risk.

Nevada has constructed a comparatively management-friendly framework. Directors and officers benefit from a statutory business-judgment presumption, with individual liability generally limited to intentional misconduct, fraud, or knowing violations of law (see [Nev. Rev. Stat. § 78.138\(7\)](#)). Recent updates to [Assembly Bill 239 \(AB 239\)](#) also defined a controlling stockholder’s duties narrowly: the controller’s obligation is essentially to refrain from exerting undue

influence that induces a fiduciary breach conferring a material, non-ratable benefit. Where a conflicted transaction is approved by a committee of disinterested directors, a statutory presumption of no breach applies.

By contrast, [Delaware law](#) often applies “entire fairness” in controller conflicts, a more exacting standard that scrutinizes both process and price. Nevada’s approach emphasizes safe harbors and statutory presumptions. Practically, a controlling shareholder like Musk may face fewer fiduciary-duty claims and enjoy stronger early-dismissal prospects under Nevada law, because plaintiffs must plausibly allege knowing misconduct rather than unfair dealing alone. Channeling pivotal approvals through Nevada entities can therefore operate as pre-IPO risk management.

Merger Before IPO

As [Matt Levine](#) (“Everything Everywhere Is Securities Fraud”) observed in the public-company context, a merger between two Musk-controlled entities would ordinarily trigger independent special-committee oversight, outside advisors, fairness opinions, a stockholder vote, and fulsome disclosure of board deliberations—and “someone would probably own the shares, dislike the merger, and sue.” That observation underscores an important D&O point: while SpaceX is domiciled in Texas with corporate-friendly statutes (including [Senate Bills 29 and 1057](#)), the risk of post-closing litigation typically increases once public investors enter the capital structure. A public-company merger between SpaceX and xAI would likely invite challenges to valuation, process, and disclosure, regardless of domicile, and could draw comparisons to prior Musk-led transactions such as [Tesla’s acquisition of SolarCity](#).

By completing the SpaceX–xAI deal while both companies remain privately held, and now closed, Musk can effectively set relative valuations, negotiate terms within a founder-controlled ecosystem, close, and then inform investors, without the procedural drag and disclosure obligations that attend a public-company merger. That flexibility can reduce near-term execution friction. It does not, however, eliminate fiduciary exposure; rather, it may defer scrutiny to the IPO phase, when investors and regulators will examine how and why the combination occurred, how it was priced, and how related-party dynamics were managed.

Board Independence

Musk-led governance has already catalyzed shareholder litigation. [D&O Diary readers](#) may be familiar with [Tornetta v. Musk](#), the Delaware Court of Chancery rescinded Tesla's \$51.4 billion CEO pay package and criticized the approval process as insufficiently independent and arm's-length. Although SpaceX is not a Delaware corporation, the independence lessons travel. Although SpaceX is not a Delaware corporation, the independence lessons travel.

Post-merger, [xAI has undergone a management reorganization](#) with multiple co-founder departures, leaving roughly half of the original 12 co-founders remaining; this raises questions about stability and leadership depth heading into an IPO. Courts, investors, and underwriters increasingly assess independence holistically, looking beyond formal titles to personal relationships, economic ties, historical loyalties, the practical ability to say "no," and now, leadership continuity. Even in Texas's business-court environment, perceived deference to a controller can undermine business-judgment deference if litigation is filed

For D&O underwriters, the question may be less about where the entity is domiciled and more about whether the record will show a genuinely informed, conflict-aware process, e.g., special-committee structuring, advisor selection, benchmarking of valuation, and clear documentation of deliberations. And, perhaps given the turnover, whether talent-retention plans and succession frameworks have been considered.

Oversight Liability and AI Risk

The acquisition brings [xAI's AI-related litigation](#) and regulatory exposure within SpaceX's governance perimeter. Allegations tied to content generation (e.g., deepfakes, defamation, or deceptive practices) can trigger suits and regulatory scrutiny. Also, reporting indicates [SpaceX has filed an FCC request](#) contemplating up to one million satellites as part of an orbital compute architecture, an ambition that, if pursued, may require robust risk controls and board-level oversight artifacts.

While Texas has not adopted identical standards to [Delaware's Caremark doctrine](#), the underlying principle that boards should implement and monitor reasonable systems for risks that go to the core of the business persists. For D&O insurers, the SpaceX-xAI merger demonstrates how AI exposure can be a core operating risk to be addressed by way of pricing, exclusion, or sub-limits unless governance artifacts demonstrate credible oversight.

Conclusion

The SpaceX-xAI merger illustrates how founder-controlled, pre-IPO transactions can operate as both a governance accelerant and a litigation-risk deferral mechanism and, at this time, takeaways for D&O underwriters include the following.

First, choice of law may have an outsized influence: routing key approvals through Nevada entities may meaningfully recalibrate controller-transaction exposure by replacing Delaware-style entire-fairness scrutiny with statutory business-judgment presumptions and narrow liability standards.

Second, timing matters: consummating a conflicted merger while both companies remain private may reduce near-term process and disclosure friction, but it risks front-loading scrutiny into the IPO phase, where historical valuations, board deliberations, and related-party dynamics can reemerge through securities claims and regulatory review.

Third, board independence may present D&O underwriting exposure regardless of domicile; courts, investors, and insurers are increasingly focused on whether directors can demonstrate genuine arm's-length oversight in Musk-led transactions.

Finally, the acquisition highlights a growing underwriting issue: AI risk migration. By bringing xAI's litigation and regulatory exposure inside SpaceX's governance perimeter, the merger expands oversight obligations into an evolving and unsettled risk domain.

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Tesla US Sales Fall for Third Month in a Row Despite Updated Lineup

 eletric-vehicles.com/tesla/tesla-us-sales-fall-for-third-month-in-a-row-despite-updated-lineup

Matilde Alves

March 4, 2026

[Tesla](#)'s US vehicle sales fell year over year for the fifth straight month in February, according to data released Tuesday by *Motor Intelligence*.

The company sold 38,500 vehicles during the month, down 11.8% from 43,650 units a year earlier.

On a month-to-month basis, sales also declined for the third consecutive month, slipping from 48,300 units in December to 40,100 in January and then by another 4.0% in February.

[Tesla](#)'s domestic sales have now declined year over year in ten of the past twelve months, with only July, August, and September 2025 posting gains.

The third quarter marked a period of growth as demand surged ahead of the federal EV tax credit deadline, on September 30.

Besides policy changes, the company is focusing on autonomy-related projects rather than auto sales, despite these still making up most of its revenue.

Last quarter, automotive revenue represented \$17.7 billion out of the total \$24.9 billion reported — about 70%.

Cybertruck

In February, [Tesla](#) introduced [a more affordable version](#) of the Cybertruck pick-up, with prices starting from \$59,990.

After CEO Elon Musk [hinted at a price increase](#) planned for early March, demand for the model skyrocketed.

Seven days ago, new orders were expected to be delivered in September-October."

As of Wednesday, those planning to order the model, now [priced from \\$69,990](#) after a confirmed \$10,000 price increase, can expect delivery in "2027."

Additionally, [Tesla](#) removed the 'Luxe Package' from the Cyberbeast, the higher-priced trim.

Introduced [last summer](#), the package increased the trim's price by \$15,000 and included perks such as free Supercharging, complimentary Premium Connectivity, and the Full Self-Driving (FSD) software.

At the time, customers could purchase FSD outright for \$8,000 or subscribe for \$99 per month.

The company has since [eliminated the one-time purchase option](#), making the software available only through a subscription.

The 'Luxe Package' is still available with Model S and Model X purchases. The two flagship models [were revamped last June](#).

[Tesla](#) announced in the latest earnings call that it will end production of the two models as it transitions to manufacturing its Optimus humanoid robot.

The Model X and Model S account for about 3% of the company's global vehicle deliveries.

Model Y and Model 3

In the final quarter of 2025, [Tesla](#) launched the Model Y and Model 3 Standard — first in the US, then in Europe — which have lowered the entry-level prices on its best-selling vehicles by around \$5,000.

The Model Y is priced from \$39,990, while the Model 3's pricing begins at \$36,990.

As of Monday, the company had altered the entry-level variant's naming, removing the 'Standard' mention — they are now referred to as the Rear-Wheel Drive (RWD) version.

Customers now have several options: the more affordable RWD or AWD base trims, the Premium version available in both RWD and AWD configurations, and the Performance AWD — which launched in the US just hours before the end of September.

With the Premium AWD, customers can opt for the [seven-seat configuration](#), reintroduced in the US earlier this year and [recently expanded to Europe](#).

The three-row layout adds \$2,500 to the price of the model.

US Rivals

Overall, sales for EV makers in the US have declined in February.

[Rivian](#), which is preparing to launch its more affordable mid-size SUV this month, has recorded a 34% year over year plunge in vehicle registrations, [with 2,700 EVs sold in February](#).

[Lucid Motors](#), on the other hand, saw a 86% jump to 1,500 units, as the company ramps up production of its second model, the Gravity SUV.

The brand has recently shut down the [online configurators for its Air and Gravity models](#), with an executive confirming that the 2027 model year vehicles are under preparation.

[Polestar](#) recorded its [eight consecutive month of year-over-year](#) declines as it continues to struggle with high tariffs on China-produced vehicles.



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WWE Shareholders Seek Sanctions Over Lost Evidence

By **Alex Lawson**

Law360 (March 4, 2026, 9:01 PM EST) -- World Wrestling Entertainment Inc. shareholders are pursuing sanctions against WWE's top brass, telling the Delaware Chancery Court that company leaders destroyed evidence regarding the terms of its 2023 merger with Ultimate Fighting Championship.

The shareholders **have alleged** that WWE's tie-up with UFC parent Endeavor arose from a sham process that saw former WWE CEO Vince McMahon steer the company to his friend, Endeavor owner Ari Emanuel, despite other bidders expressing interest with better offers.

WWE's alleged breach of fiduciary duty was motivated by McMahon seeking a lifeline from Emanuel regarding his litany of sexual assault and hush money allegations, the shareholders have alleged. In seeking documents to bolster their claims of a scheduled June trial, the shareholders said they have found the wanton destruction of evidence by key WWE leaders.

Specifically, the shareholders said in a Monday filing that WWE management "knowingly destroyed relevant evidence related to McMahon's alleged sexual misconduct and related investigations, McMahon's pretextual resignation and planned return to WWE, and the rigged sale process to Endeavor."

The shareholders asked that the court draw adverse inferences against WWE leaders regarding the gaps in evidence, laying the track for sanctions that should "remedy the prejudice caused by the Spoliators' — at minimum — reckless failure to preserve relevant evidence when they reasonably anticipated litigation."

McMahon, along with WWE CEO Nick Kahn and chief content officer Paul Levesque are the officials alleged to have destroyed key evidence, along with McMahon's chief of staff Brad Blum and his daughter and former co-CEO Stephanie McMahon, who are not parties to the suit.

Attorneys for the WWE officials did not immediately respond to requests for comment Wednesday.

The shareholders claim that those individuals destroyed evidence and moved to conceal their communications dispute being served with a litigation hold instructing them to retain all pertinent records after sexual assault allegations against McMahon surfaced in 2022.

Despite the instruction to hold onto communications, the shareholders allege that Khan spearheaded an effort to bring all communications to encrypted messaging services like Signal.

Khan further instructed others at the company to use disappearing message functions, the shareholders said, providing a screenshot of a chat that saw Khan write "Langis" in a message to McMahon, who expressed confusion, only for Khan to instruct the CEO to read the message backwards, urging him to use the messaging app Signal.

"Khan also deleted text messages," the shareholders wrote. "Although Khan has no recollection of the contents of his deleted messages, context suggests they cover a broad range of topics, including the McMahon investigations, discussions with Emanuel about WWE in March 2023, and discussions about networks pursuing rights deals in the sports and entertainment space."

The shareholders are represented by Kimberly A. Evans, Lindsay K. Faccenda, Irene R. Lax, Jason M. Leviton, Nathan Abelman and Robert Erikson of Block & Leviton LLP, Gregory V. Varallo, Anthony M. Calvano, Rebecca Boon, Mark Lebovitch and Jonathan D'Errico of Bernstein Litowitz Berger & Grossman LLP, Brian J. Robbins, Stephen J. Oddo and Richard N. Lozano of Robbins LLP and Richard A. Maniskas of RM Law PC.

Khan and Levesque are represented by William M. Lafferty, Ryan D. Stottmann, Alexandra M. Cumings, Jacob M. Perrone, Anneliese Ostrom and Jialu Zou of Morris Nichols Arsht & Tunnel LLP and Michele D. Johnson, Kristin N. Murphy, Ryan A. Walsh, Colleen C. Smith and Jordan Mundell of Latham & Watkins LLP.

McMahon is represented by Michael A. Pittenger, T. Brad Davey, Nicholas D. Mozal, Adriane M. Kappauf, Megan R. Thomas of Potter Anderson & Corroon LLP and Sandra C. Goldstein, Stefan Atkinson and Haley S. Stern of Kirkland & Ellis LLP.

The case is In re: World Wrestling Entertainment Inc. Merger Litigation, case number 2023-1166, in the Court of Chancery of the State of Delaware.

--Editing by Patrick Reagan.

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Zantac Investor Class Action Time-Barred, Pa. Judge Rules

By **Jonathan Capriel**

Law360 (March 4, 2026, 7:34 PM EST) -- The maker of heartburn and acid reflux relief tablet Zantac has defeated a securities fraud class action claiming the company hid for decades the cancer risks associated with the drug, causing a stock price drop when the truth was revealed, after a Pennsylvania federal judge ruled Wednesday that the claims were untimely.

The two public pension funds leading the litigation claimed that they had no idea the pharmaceutical giant GlaxoSmithKline PLC was concealing the carcinogenic nature of its drug until the publication of a 2023 Bloomberg article that examined a number of then-sealed court records. But U.S. District Judge Chad F. Kenney rejected this assertion, noting that the article in question didn't even mention GSK by name.

"The Bloomberg article is a red herring and does not support plaintiffs' argument that the facts necessary to plead defendants' scienter were not available prior to its publication," the judge said.

Instead, the statute of limitation began to run on these pension funds' claims in at least August 2022, when "damning evidence" filed under seal in a massive multidistrict litigation "began to leak out," Judge Kenney said, quoting the complaint.

"Plaintiffs' own allegations indicate that investors and the market were allegedly aware of — and had a strong interest in — GSK's exposure from the personal injury and products liability action at least as early as August 2022," the judge said. "And plenty of other public court documents specifically included allegations that defendants had purportedly engaged in a scheme to conceal their knowledge of the formation of [a probable human carcinogen] in Zantac."

The judge permanently dismissed the case with prejudice, calling the claims untimely due to the two-year statute of limitations on securities fraud claims.

The investors in this case, Ohio Public Employees Retirement System and the Indiana Public Retirement System, filed suit in February 2025. They sought to represent a class of investors that purchased GSK stock between February 2020 and Aug. 12, 2022.

The suit claimed that, for decades, GSK knew that Zantac, used to treat heartburn, degraded into the probable carcinogen, N-Nitrosodimethylamine, or NDMA. The company concealed this from regulators and the public, making false statements claiming they were still investigating the source of the substance and downplaying the company's litigation risk, the suit said. This kept the stock price artificially high until the truth about the drug began to emerge. Then the stock price plummeted, causing billions in losses for investors, the suit claims.

But Judge Kenney said the plaintiffs should have suspected something months if not years earlier. At minimum, a reasonably diligent investor would have known when, in August 2022, the market became aware, causing GSK share prices to sharply drop.

But even prior to that, the ongoing multidistrict litigation *In Re: Zantac (Ranitidine) Litigation* had filed a new master complaint in February 2021 explicitly alleging that GSK performed internal studies in the 1980s showing NDMA formation but never disclosed the findings, the judge said. There are also state court complaints from 2021 and 2022 containing similar allegations.

The investors are represented by Stacey M. Kaplan, Vanessa M. Milan and Lyndsey B. Campbell of Kessler Topaz Meltzer & Check LLP and Salvatore J. Graziano, James A. Harrod, Hannah Ross, Avi Josefson, Shane D. Avidan and Abygail Krita of Bernstein Litowitz Berger & Grossmann LLP.

GSK is represented by Michael S. Doluisio, Joni S. Jacobsen and Angela M. Liu of Dechert LLP.

The case is Roofers Local No. 149 Pension Fund v. GSK PLC et al., case number 2:25-cv-00618, in the U.S. District Court for the Eastern District of Pennsylvania.

--Editing by Rich Mills.

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Musk Tells Jury 'Biased' Judge Forced His Twitter Buy

By **Bonnie Eslinger**

Law360 (March 4, 2026, 11:44 PM EST) -- Elon Musk testified Wednesday in a California federal trial over Twitter investors' claims that the billionaire tanked the company's stock to get a better deal and said he paid the full \$44 billion offer price because a Delaware district judge overseeing litigation over the sale was "extremely biased" against him.



Elon Musk enters the courthouse Wednesday in San Francisco, where he defended as true certain 2022 statements he made in public and on social media that class members say led them to sell their stock thinking he was dropping the deal. (AP Photo/Godofredo A. Vásquez)

Wednesday marked the third day of trial in a securities fraud class action brought by investors claiming Musk publicly made misleading statements about bots and fake accounts on the social media platform and also threatened to abandon the deal in order to renegotiate the acquisition's agreed upon price.

During **opening statements** Monday, a lawyer for the investors told jurors that "trashed" Twitter "to drive the stock price down" and then renegotiate his \$44 billion deal to buy the company while counsel for Musk said it wasn't securities fraud for him to air "legitimate" concerns about bots and fake accounts on the platform.

On Wednesday, he defended as true certain 2022 statements he made in public and on social media that class members say led them to sell their stock thinking he was dropping the deal.

Musk said after he agreed to purchase Twitter, he began to suspect the company was misrepresenting the

number of fake accounts on the platform, and when he asked for data to back up their representation that less than 5% of users were bots, he received unsatisfactory responses.

Twitter had also provided that estimate in filings with the U.S. Securities and Exchange Commission, he said.

"I assumed if they're going to put something in SEC filings, it's going to be accurate," Musk said "It subsequently turned out that they misrepresented the number of bots and in fact it was much higher than 5%. They had lied."

"You had tens of millions of followers on Twitter in 2022," said Aaron Arnzen of Bottini & Bottini Inc., who represents the plaintiffs. "You knew your Tweets could have a major impact on stock prices."

Musk disagreed.

"Sometimes they have the effect that people would expect, but sometimes it just goes in the opposite direction."

Later, Arnzen asked Musk about a separate study Musk had data scientists conduct about the prevalence of bots on Twitter. Musk told him the analysis determined that about one-fifth of accounts were not human users.

Toward the end of his examination, Arnzen brought up litigation Twitter filed in Delaware federal court to push the merger forward pursuant to the terms of the merger agreement. At that point, Musk had the information from his own data scientists that would back his assertion that Twitter had defrauded him about the number of bots on the platform, the lawyer for the plaintiffs said. Musk agreed.

Arnzen asked then why Musk agreed to go forward with the deal and buy Twitter.

"I was informed by my legal team that we were unlikely to win the case in Delaware," Musk said, "because the judge was extremely biased against me."

That judge, Chancellor Kathaleen St. J. McCormick, subsequently ruled **against him** in a different case regarding his Tesla compensation, he said.

The Delaware Supreme Court **reversed** her ruling, he added.

The judge was not objective, Musk said.

"That was based on what my attorneys told me," Musk said. "And they were right."

After the jury left for a break, the judge overseeing the investors case, U.S. District Judge Charles R. Breyer, noted that Musk had brought up advice he had received from his lawyers even though his team had fought to keep communications involving attorney client privilege out of the case before him.

"I don't know quite how that leaves everything. I don't think we're going to have the judge as a witness in this case," Judge Breyer said.

He told the parties to come back with proposals on what he should do, if anything, and what he should say to the jury.

According to the investors' case, Musk had initially pushed through the deal in April 2022, even waiving his right to business due diligence to make the acquisition "seller friendly."

During his questioning, Arnzen confirmed with Musk that the executive had concerns about bots before agreeing to buy Twitter but didn't make it deal-ending issue until after he signed on the dotted line.

Musk maintained that he did not lose his right to review data from Twitter on the matter and still had "information rights" within the merger agreement.

The statements at issue include a May 13, 2022, tweet from Musk saying 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" and a May 17, 2022, tweet stating fake and spam accounts make up at

least 20% of Twitter's users.

Michael Lifrak of Quinn Emanuel Urquhart & Sullivan LLP, who represents Musk, also questioned him on the stand Wednesday and asked Musk if he "ever attempt[ed] to mislead the public in any way during the Twitter acquisition" and if he had said "anything with the intent of driving down Twitter's stock price to get a better deal."

Musk said no to both questions and noted that in the end, he handed over the original offer price.

Later, Lifrak asked if the statements at issue made it "easier or harder" for Musk to raise capital for Twitter. Musk said they had made it harder.

"But you said it anyway," Lifrak responded.

When it came to the May 13, 2022, statement, Musk insisted the deal was on hold, but he never said it was over.

"'Temporarily on hold' is like saying you're going to be a little late for a meeting, but I'm still going to be at the meeting," Musk said.

Musk testified for the entire day, nearly six hours, and spent some of the breaks chatting with his legal team and posting on his social media platform, now called X. He did not comment on the case.

The investors **filed** their lawsuit Oct. 10, 2022, days after Musk **reversed course** and said he intended to close on his original \$44 billion deal to buy the social media platform.

In 2024, Judge Breyer **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.

The investors claim if they had been aware the market price was being manipulated by Musk's statements, they would not have sold their Twitter securities at the "artificially depressed prices" they did, or they would not have sold at all.

This is not the first time Musk has gotten into hot water over his tweets. In 2023, **he beat** a securities fraud case over his 2018 tweets saying he had "funding secured" to take Tesla Inc. private, with the California federal jury rejecting investors' claims they're owed \$12 billion for losses they incurred from the alleged false tweets.

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, Stephanie Kelemen and Michael T. Lifrak of Quinn Emanuel Urquhart & Sullivan 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 Hailey Konnath and Dorothy Atkins. Editing by Kristen Becker.



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SEC Denied Early Win Against Musk In Twitter Case

By **Jessica Corso**

Law360 (March 4, 2026, 8:44 PM EST) -- The U.S. Securities and Exchange Commission on Wednesday was denied an early victory in D.C. federal court in its enforcement action accusing Elon Musk of failing to timely disclose that he had acquired an ownership interest in the social media platform formerly known as Twitter.

U.S. District Judge Sparkle L. Sooknanan denied the SEC's summary judgment motion, while giving the agency a chance to refile the motion.

Her ruling was posted to court docket as a minute entry that stated she was denying the motion "for the reasons stated on the record" at a March 4 hearing.

A transcript of the hearing wasn't immediately available, and those reasons couldn't be immediately discerned. An SEC spokesperson declined to comment Wednesday, while lawyers for Musk didn't immediately respond to a request for comment.

Judge Sooknanan gave the parties until March 18 to file a proposed schedule for further proceedings in the case.

The SEC sued Musk in January 2025 and moved for summary judgment as to his liability in August, stating there was "no credible dispute" as to the facts of the case.

The agency accuses the billionaire entrepreneur of waiting too long to file a mandatory report disclosing his beneficial ownership of Twitter, which he later purchased and renamed X.

A beneficial ownership report is due once a stockholder has acquired more than 5% of a public company's shares, a status Musk reached with his acquisition of Twitter shares in March 2022. The SEC says he filed the mandatory report a month later, which was 11 days past the 10-day deadline.

The delay allowed Musk to save at least \$150 million since by snapping up shares beyond the 5% threshold at a lower price than if his ownership interest had been revealed, the SEC claims.

"There is no credible dispute as to these facts — indeed, Musk admits them in sworn statements and in pleadings submitted in another case," the SEC said in its summary judgment motion.

Musk told the court last month that the SEC's motion was "grossly premature" and accused the agency of trying to hide evidence from a three-year-long investigation into Musk's purchase of the Twitter shares.

"The SEC filed its motion [for summary judgment] one day after Mr. Musk moved to dismiss, before making initial disclosures, producing a single document or taking a single deposition," he said.

Judge Sooknanan last month **denied Musk's dismissal bid**, ruling that a 1968 law requiring the filing of a beneficial ownership report was not unconstitutional.

"The court does not doubt that Mr. Musk would prefer to avoid having to disclose information that might raise stock prices while he makes a play for corporate control," she said at the time. "But the balance Congress struck ... does not violate the First Amendment."

Twitter investors have also sued Musk, accusing him of making misleading statements in a scheme to

depress Twitter's stock price during his eventual \$44 billion takeover of the social media platform.

That case is **currently being heard** by a jury in California federal court.

The SEC is represented in-house by Melissa J. Armstrong and Zachary A. Avallone.

Musk is represented by Alex Spiro, Sarah Heaton Concannon and Rachel Frank of Quinn Emanuel Urquhart & Sullivan LLP.

The case is U.S. Securities and Exchange Commission v. Musk, case number 1:25-cv-00105, in the U.S. District Court for the District of Columbia.

--Editing by Janice Carter Brown.

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Cushman & Wakefield Ignored 401(k) Climate Risks, Suit Says

By **Lauren Berg**

Law360 (March 4, 2026, 11:18 PM EST) -- Cushman & Wakefield mismanaged its employee retirement plan by ignoring "glaring red flags" in its selection of an underperforming fund that exposed investors to climate-related risks, according to what the plaintiff's counsel called a "first-of-its-kind" class action that accuses the commercial estate firm of violating the Employee Retirement Income Security Act.

Cushman breached its duties as a fiduciary when it selected the Westwood Quality SmallCap Fund "in spite of numerous glaring red flags, including chronic underperformance, [and] dangerous aggregation of climate change-related financial risk," resulting in losses to employee retirement savings, according to the **complaint** filed Tuesday in Seattle federal court by 401(k) participant Renee Kvek.

With ERISA, Congress charged retirement plan fiduciaries with protecting workers from risks that could undermine their retirement security, including monitoring investment options to make sure fees, performance and risk levels are reasonable, according to the suit.

"Climate change-related risk presents precisely that kind of threat: that it is financially substantial, it is escalating, and it imperils the value and stability of investments across asset classes — causing both sudden and long-term harms," Kvek said. "And because such risk is not constrained to one or two industries, it can accumulate within diversified portfolios if not properly evaluated and managed as a discrete concern."

Moreover, Cushman knows about those risks, the suit states, noting that "when it comes to protecting shareholder value and its clients' portfolios, Cushman has a long track record of managing climate-related financial risks."

The company, which uses a range of risk management tools to inform its financial decisions, "markets itself as an expert in assessing and mitigating climate-related risks," according to the complaint.

"With their workers' money at stake, rather than their own, defendants exposed employee retirement savings to significant, unreasonable climate-related financial risk — apparently failing to employ any climate risk management strategy at all," Kvek alleged, adding that the Westwood Fund, for instance, "does not belong anywhere near anyone's retirement savings."

The suit alleges that the fund is "openly indifferent to climate risk," with managers declaring they don't model or manage such risk in the fund's portfolio. As a result, compared to its benchmark index, it is "more than twice as exposed to sectors that are particularly vulnerable to climate-related financial risk," with the fund also investing disproportionately in companies with high climate risk exposure, the complaint states.

Workers whose 401(k) savings are invested in the Westwood Fund are already being harmed by its "high fees and lackluster performance," but they face even greater losses if there are climate-related adverse events, according to the complaint.

"The Westwood Fund's elevated risk, poor performance, and high fees were known to defendants when they selected the investment for the plan, and these warning signs have only grown more obvious since that point," Kvek said. "Nevertheless, defendants have allowed the Westwood Fund to

remain in the plan for years."

What's more, Cushman's selection of the fund "was not the result of mere imprudence," but was influenced by Fidelity, which benefited from the plan's investment in the fund, the complaint alleges.

Fidelity — which is not named as a defendant in the suit alongside Cushman and its investment committee — served as the plan's trustee and investment adviser, according to the suit. The complaint claims that Fidelity's clients comprise the overwhelming majority, 79%, of plans that use the Westwood Fund, and that Fidelity receives sub-transfer agency fees from the fund.

Kvek wants to represent a class of all Cushman & Wakefield 401(k) plan participants and beneficiaries "whose individual accounts are or were invested in the plan's Westwood Quality SmallCap Fund" from Jan. 1, 2021, through the date of judgment.

According to the suit, the plan currently has nearly 23,450 participants with almost \$1.7 billion in assets, of which \$38.6 million was invested in the Westwood fund as of Dec. 31, 2024. Kvek estimates the class likely includes hundreds, if not thousands, of plan participants.

The suit asserts "fiduciary breaches for failure to select and monitor plan investments prudently, loyally and in accordance with plan documents;" engaging in prohibited transactions; and failure to monitor other fiduciaries in violation of ERISA.

Among other things, it seeks an order requiring each fiduciary found to have breached their duties to jointly and severally pay back the plan's losses resulting from the breaches; an order appointing a special master to oversee the development and implementation of a revised investment policy for the plan; and an order requiring the defendants to assess all investment options according to that new policy.

It also seeks an injunction removing those fiduciaries found to have breached their duties, as well as interest, litigation costs, attorney fees and other equitable relief under ERISA.

"When your employer offers you a set of retirement options, you assume they've done the work to make sure those options are sound. You pick a fund, you contribute every month, and you trust that someone is paying attention to the risks," Kvek said in a statement Wednesday. "I was disappointed to learn how exposed my savings were to climate-related financial risks, especially when the company clearly understood those risks in its own operations."

Michelle C. Yau, chair of Cohen Milstein Sellers & Toll PLLC's ERISA and employee benefits practice and counsel for Kvek, said the suit is a "first-of-its-kind legal challenge under ERISA" that "will hopefully show 401(k) plans that the financial risks associated with climate cannot be ignored."

Kimberly Blake of Client Earth USA Inc., also counsel for Kvek, added, "You cannot claim to be a prudent fiduciary while ignoring the biggest systemic threat to the global economy. Climate risk isn't just about fossil-fuel stocks and coastal real estate. It's a broad, interconnected threat that touches huge parts of the economy."

A representative for Cushman did not immediately respond to a request for comment.

Kvek and the proposed class are represented by Jay Rossiter, Kimberly Blake and Benjamin Segal of Client Earth USA Inc. and Michelle C. Yau, Daniel R. Sutter and Ryan A. Wheeler of Cohen Milstein Sellers & Toll PLLC.

Counsel information for Cushman & Wakefield was not immediately available.

The case is Renee Kvek v. Cushman & Wakefield U.S. Inc. et al., case number 2:26-cv-00736, in the U.S. District Court for the Western District of Washington.

--Editing by Michael Watanabe.



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Zuckerberg Denies 'Addiction' In Testimony Played To NM Jury

By **Cara Salvatore**

Law360 (March 4, 2026, 10:50 PM EST) -- New Mexico jurors saw videotaped testimony Wednesday from Mark Zuckerberg in the state attorney general's social media mental health trial in which the Meta CEO acknowledged that "problematic use" is a well-known problem among accountholders but rejected labels like "addiction" and "habit-forming."

The hourslong deposition was played on the last full day of New Mexico Attorney General Raúl Torrez's case-in-chief alleging Meta deceived the public about the risks its platforms posed to teens. The state says Facebook, Instagram, WhatsApp and Messenger failed to protect teens from violence, sexual predation and addictive designs that impact mental health, and lied about the problem.

After a lawyer for the state asked Zuckerberg whether it was true that some of the company's many internal researchers knew its accountholders could experience problems because Facebook was habit-forming, Zuckerberg responded, "I'm not sure about the characterization of habit-forming. But the part that I agree with is that problematic use is a thing that a number of people express to us, that they feel like they're using the product more than they'd like. And that's why we built tools to do that."

"Meta knew problematic use is a real issue," a lawyer challenged again at another point.

"A meaningful number of people tell us that they are using the app more than they would like to be," Zuckerberg again acknowledged. He said the company's goal is not to be giving users something they don't want; it's to offer a service that adds value to users' lives.

As part of the deposition, jurors saw video clips from various times Zuckerberg testified before Congress. Clips were shown to him during his deposition in which he answered no to the question from members of Congress of whether Facebook is addictive.

The lawyer leading deposition questioning then followed up those clips by asking Zuckerberg whether he "ever told Congress that your researchers are aware of a phenomenon called problematic use."

"I'm not sure if that came up, but, I mean, they asked me if I think that the products are addictive, and I answered honestly," Zuckerberg said.

Jurors also saw an internal presentation prepared by former director of user experience research for social impact Jennifer Guadagno, who wrote in 2019 that there was "increasing scientific evidence ... that the average net effect of Facebook on people's well-being is slightly negative" and that 55% of users had mild problematic use and 3.1% of users had severe problematic use.

The 3.1% number made its way into a piece of research by three Facebook employees, "Understanding Perceptions of Problematic Facebook Use," which was presented at a 2019 conference in Scotland on human factors in computing.

"We estimate (as an upper bound) that 3.1% of Facebook users in the US experience problematic use," the researchers wrote.

A lawyer asked Zuckerberg in the deposition if, as a parent, he would want to know if a bicycle he was considering buying for one of his children had brakes that failed 3% of the time.

"I mean, I would probably want to know that as a parent," he said, but pointed out within moments that his children are all too young to be allowed on Facebook, which has a policy that users must be at least 13.

The lawyer also asked, "As a parent yourself, do you think you have a right to know if a product your kid is using is addictive?"

"I think that there's a lot to sort of unpack in that," Zuckerberg said, and paused. "I think there's a lot that's just hard to exactly know."

Zuckerberg also defended his decision about whether to allow image filters on the apps that change faces in ways that can only be done by plastic surgery in the real world. After internal research and debate, he made the call to allow the plastic surgery filters to remain live, even for the youngest people on the sites, but to refrain from proactively recommending them to users.

"There are different equities in play, including allowing people to express themselves in the way that they want," Zuckerberg said. "I didn't find any of the anecdotal examples that people used to be convincing that it was actually clear evidence that this was going to be harmful in any way."

He made a similar point about the decision to add end-to-end encryption to Facebook Messenger, which makes it very difficult for the company or law enforcement to see messages that could contain criminal content.

The jury also saw Wednesday what they were told was the last witness in the state's case-in-chief, 23-year-old Iman Qureshi, co-founder of Design It For Us, an advocacy organization that focuses on improving social media for young users.

The attorney general is likely to rest the state's case to the jury early Thursday.

In the defense opening earlier this month, Facebook lawyer Kevin Huff of Kellogg Hansen Todd Figel & Frederick PLLC told the jury the company has been careful, proactive and scrupulous.

The company immediately tells new users when they're signing up "about the risk of bad content," Huff said. "Harmful content does get past Meta's safeguards."

Users see notices that there may be "objectionable" or "unlawful" material presented to them. "That's disclosure, not deception," Huff added.

The bellwether case's claims echo those going to trial in California and in a federal multidistrict litigation.

New Mexico is represented by Donald Migliori of Motley Rice LLC and Raúl Torrez of the New Mexico Office of the Attorney General.

Meta is represented by Kevin Huff of Kellogg Hansen Todd Figel & Frederick PLLC.

The case is State of New Mexico v. Meta Platforms Inc. et al., case number D-101-CV-2023-02838, in the 1st Judicial Circuit of New Mexico.

--Additional reporting by Bonnie Eslinger and Craig Clough. Editing by Linda Voorhis.

For more coverage of this trial, visit Courtroom View Network.



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Social Media Addiction Fed Girl's Conflict With Mom, Jury Told

By **Craig Clough**

Law360 (March 4, 2026, 8:58 PM EST) -- A UCLA psychiatrist testified Wednesday in a landmark bellwether trial over allegations that using Instagram and YouTube harm children's mental health, saying that a girl's social media addiction contributed to friction with her mother.

Dr. Kara Bagot, who specializes in addiction disorders and has a medical degree, spent a fourth day on the witness stand testifying as an expert for the plaintiff, who is known in court as Kaley G.M. or Kaley. Bagot again fielded questions about Kaley, who is 20 and alleges a social media addiction to Instagram and YouTube caused several mental health problems when she was a child.

Counsel for Instagram owner Meta Platforms Inc. and Google LLC, the company behind YouTube, have argued at trial and through questions posed to Bagot that neglectful, abusive parents or other negative experiences outside social media are possibly responsible for her mental health struggles.

Mark Lanier of the Lanier firm, who is representing Kaley, tried to paint these situations in a different light when he asked Bagot to discuss Kaley being a teenage girl "dealing with addiction" and "how do you factor that" into her relationship with her mother.

"So to start with, I believe — and I've experienced, personally and in my professional clinical practice — that being a single mom is difficult, right? It comes with hardships that are financially related ... you're juggling a lot of things, and when you have children that experience illness, on top of having to juggle all the difficulties that come with being a single mom, it elevates it," Bagot said.

"And at some points, kids are just not equipped to understand all the nuances of being an adult and all the responsibilities that you have being an adult," she continued. "And at times, I believe that Kayley's inability to understand what her mom was going through, understandably, because she was a child, and that caused some conflict and friction between the two women."

Bagot has previously testified that she examined Kaley and diagnosed her with social media addiction, and that it was a causal factor in her depression, anxiety and body dysmorphia. Wednesday was her **fourth day** on the **witness stand**, stretching long past its expected timeframe, as she was supposed to start a new job Monday that has been delayed due to her testimony.

Near the end of the day, as Paul W. Schmidt of Covington & Burling LLP, an attorney for Meta, was cross-examining Bagot, Lanier whispered a few things in his ear about how much time was left. Following a brief sidebar with the judge, Schmidt returned to the podium and started to offer his apologies that she would have to return Thursday for more questions.

Bagot commented that she was not surprised because there were only five minutes left, and she can "read the room," which got some laughs in the courtroom.

Bagot offered expert testimony on social media addiction in general, telling the jury it is real and can harm young people, while also offering a specific diagnosis of Kaley, so each side had many points they sought to score through Bagot's testimony as she was asked about various studies on social media, social media addiction and extensive details about Kaley's childhood.

After the jurors left for the day, Judge Carolyn B. Kuhl warned the attorneys they may be boring the jury with the lengthy questioning of Bagot.

"I want to say something to you all about where this is all going," the judge said. "Look at those jurors in your head and think, 'Have they got the picture?'"

The judge added: "And you can use your time as you will, but sometimes a third-party observer [can help]."

Counsel for the defendants have shown the jury several videos Kaley recorded of her mother screaming and swearing at her and her posts on Instagram accusing her mother of neglect and fat shaming her, and focused on Kaley's allegation that her mother hit her on the back of the head a few times as a child when she struggled with homework.

The defendants have also suggested at the trial that Kaley's father having moved out of the house when she was 3 could also be responsible for her mental health disorders. Lanier sought to neutralize these arguments by asking Bagot about their relationship.

Bagot said Kaley's father is not a driving factor in her mental health disorders despite Kaley having said she felt "abandoned" by him. They may have been estranged at times, but it didn't rise to the level of abandonment because Kaley was often the one responsible for the estrangement, she said.

"Kaley has not had regular contact with her father over the majority of her life," Bagot said, adding that she did, however, have a stable home life provided by her mother. While there was an allegation of her father committing domestic violence against her mother, Kaley was 3 at the time and there is no evidence Kaley witnessed the incident, she said.

The defendants have also suggested the difficulties of dealing with the COVID-19 pandemic and school bullies could be responsible for Kaley's troubles, but under questioning from Lanier, Bagot disagreed.

COVID was a "stressor" for Kaley and her family, as it was for most people in the world, but did not cause her conditions, Bagot said. Bullying did reinforce some of her conditions, but didn't cause them, she also told the jury.

Bagot said a social media addiction, including to Instagram and YouTube, was a "causative" factor for her anxiety, depression and body dysmorphia.

The **bellwether** is the first of at least nine trials planned out of thousands of cases consolidated in Judge Kuhl's courtroom, with the hope that parties might reach a settlement in the rest of the cases based on the outcome of the bellwether trials.

The social media companies behind TikTok, Snapchat, YouTube and Instagram are accused of purposely inducing young people to compulsively use the platforms through addictive features, such as infinite scroll, autoplay, notifications and reward systems. While the trial is focused on a single plaintiff's claims, the outcome of the consolidated cases poses billions of dollars in risk for the companies.

TikTok Inc. and Snap Inc. recently settled with Kaley, although the settlement did not resolve other consolidated personal injury cases in the Judicial Council Coordination Proceedings pending before Judge Kuhl.

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

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

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

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

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

--Editing by Covey Son.

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\$7.25B Nationwide Roundup Deal Gets First Approval

By **Emily Field**

Law360 (March 4, 2026, 8:27 PM EST) -- A Missouri state court on Wednesday gave a preliminary nod of approval to a settlement that could pay up to \$7.25 billion over 21 years to resolve current and future claims across the U.S. that weed killer Roundup causes non-Hodgkin lymphoma, two weeks after the deal was announced.

Now that Circuit Judge Timothy J. Boyer has granted preliminary **approval** of the settlement, there will be a hearing on July 9 where the court will decide if it gives final approval. Class members will have 90 days to opt out or file objections, and lawsuits in Missouri will be stayed until final approval.

"This is the first major step in putting this settlement into effect, and we remain confident that the long-term and well-financed class settlement plan, which is supported by leading plaintiffs' law firms, warrants final approval by the court," Bill Doderer, general counsel for Bayer AG, which acquired Monsanto in 2018, said in a Wednesday statement.

The settlement was **announced** on Feb. 17, and it forms one piece of a wider strategy that turns on how the U.S. Supreme Court rules on **Durnell v. Monsanto** , which could determine whether state failure-to-warn claims are preempted by federal pesticide-labeling rules, according to Bayer.

A ruling in favor of Monsanto would curb future suits, while the class program is intended to resolve claims that would remain no matter what the court decides.

If given final approval, the settlement's long-term plan would provide for declining, capped annual payments, and allow claimants diagnosed before or within 16 years of final approval to seek compensation.

"This settlement was reached amid the threat of a Supreme Court ruling that could eliminate their claims entirely and a potential Monsanto bankruptcy that would leave claimants with nothing," Christopher A. Seeger of Seeger Weiss LLP, proposed class counsel in the settlement, said in a statement Wednesday. "It represents the best path to compensation for all plaintiffs, and we look forward to working with the court and all stakeholders to address concerns and see this through to final approval."

Roundup, the herbicide at the center of years of mass-tort litigation, has drawn waves of personal injury suits alleging that its active ingredient, glyphosate, causes cancer and other health problems. Bayer inherited the portfolio of claims when it acquired Monsanto in 2018, taking on the agrichemical company's liabilities just as plaintiffs began filing tens of thousands of cases over legacy products.

The litigation has weighed on Bayer since, contributing to steep stock declines and pressure from investors who argue the company should separate its struggling crop-science division. The Roundup docket, along with other Monsanto-related disputes, has become a central factor in calls to restructure the business.

In January, the high court agreed to take up the case brought by John L. Durnell, whose 2019 suit alleges he developed non-Hodgkin lymphoma after exposure to Roundup.

Monsanto petitioned the high court in April, arguing that Durnell's failure-to-warn claim is preempted by the Federal Insecticide, Fungicide, and Rodenticide Act, which it said includes a provision that preempts all state requirements for labeling and packaging that are "in addition to or different from those required under" the law.

Earlier this week, the federal government, 15 state attorneys general and business groups **urged the high court** to strike down the \$1.25 million verdict for Durnell, saying that "patchwork" labeling regulations could harm the nation's farmers if the judgment stands.

If the high court finds against Monsanto, the federal government said the uniform labeling requirements under FIFRA would be swapped for a "free-for-all," where individual states, courts and juries would compel more, potentially conflicting warnings.

The benefits of glyphosate — the most commonly used herbicide in the country — as a weed killer are immense for farming states, the state attorneys general said in their separate brief.

Nebraska, Iowa, Missouri and the other states said that glyphosate is easy to administer and works on hundreds of different weeds with minimal residual toxic effects on crops and other vegetation.

About 90% of corn, cotton, soybean and sugar beets are treated with glyphosate, the states said.

If individual states can mandate their own tailored labeling requirements for glyphosate, that would be disastrous for their own farmers and agricultural industries, they said.

The case is King et al. v. Monsanto Co., case number 2622-CC00325, in the Circuit Court of the City of St. Louis in the State of Missouri.

--Editing by Adam LoBelia.

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Amazon Shoppers' Attys Must Explain AI Use In Botched Brief

By **Rae Ann Varona**

Law360 (March 4, 2026, 11:29 PM EST) -- A Washington federal judge Wednesday ordered attorneys representing Amazon customers in a proposed class action alleging deceptive supplement labeling to explain whether and how generative artificial intelligence was used in a filing with errors they've since apologized for, and what "verification mechanisms" they had for the nascent technology's use.

U.S. District Judge John H. Chun also asked the attorneys from Just Food Law PLLC and Boies Schiller Flexner LLP to explain "each signatory's role in the use of the 'juxtaposed' language and accompanying false citation" in the filing.

Judge Chun said they have until March 18 to provide their explanation.

Amazon shoppers have been pursuing fraud claims against the e-commerce giant since 2023, alleging it sold drugs under the guise that they were dietary supplements. According to the proposed class, the supplements were not reviewed or preapproved by the U.S. Food and Drug Administration and lacked mandatory disclaimers.

The suit brings claims for implied breach of warranty and violations of California's Unfair Competition Law, False Advertising Law and Consumer Legal Remedies Act.

Judge Chun's Wednesday order grants a motion to show cause that Amazon filed in late January, informing the court that there was a "strong indicia of hallucinated content" in the Amazon shoppers' opposition to the company's **motion to stay** the suit pending a regulation the company said the FDA was "poised to be revised."

Amazon said in its motion to show cause that the shoppers' filing had quoted a portion of the U.S. Code and advanced a statutory-language argument that dietary supplements sold through Amazon do not comply with federal law because those products fail to carry a disclaimer "juxtaposed with the information" the disclaimer qualifies.

That quoted language, however, "does not appear anywhere" in 21 U.S.C Section 343, Amazon said. The company also said that the "subsection (D)" of the quoted Section 343(r)(6)(D) "does not exist."

Amazon asserted that the "nonexistent statutory language" was quoted three times in the shoppers' opposition filing and that the statutory subsection was cited four times.

The online retailer asked the court to have the shoppers' counsel explain where the "nonexistent authority" came from and address whether it was the result of generative AI.

In response to Amazon's motion to show cause, the shoppers' counsel **apologized** and acknowledged that "certain miscitations and misquotations" resulted from a Just Food Law attorney's use of generative AI and a failure by Boies Schiller co-counsel to catch the errors.

According to their response memo, Just Food Law attorney Maia C. Kats had run an early draft of the opposition brief through an AI system, at which point an error was inserted.

Counsel from Just Food Law and Boies Schiller had "continued assiduously to rework and edit the draft, but no one caught the error," the memo stated. "At no point in the drafting process did

attorneys from Boies Schiller use AI for drafting or research. However, Ms. Kats notified that she used AI in the draft."

The shoppers' attorneys told the court that their failure to catch the error was "obviously a failure of process and inconsistent with Boies Schiller's professional standards and expectations for every submission to a court — AI or no AI."

Judge Chun's order comes shortly after he **denied** Amazon's bid to pause the putative class action pending completion of FDA rulemaking, finding that the court or jury can still address whether the company complied with existing requirements.

The customers' counsel did not immediately respond to a request for comment Wednesday evening.

The customers are represented by Maia Kats of Just Food Law PLLC, George Carpinello, Adam Shaw and Patrick Marris of Boies Schiller Flexner LLP, and Todd Maybrown of Allen Hansen Maybrown & Offenbecher PS.

Amazon is represented by Joshua Hill, Ariane Rockoff-Kirk, Roberto J. Gonzalez and Walter Brown of Paul Weiss Rifkind Wharton & Garrison LLP and Charles C. Sipos and Lauren J. Tsuji of Perkins Coie LLP.

The case is Medal et al. v. Amazon.com Services LLC, case number 2:23-cv-01975, in the U.S. District Court for the Western District of Washington.

--Additional reporting by Emily Sawicki and Rachel Riley. Editing by Jay Jackson Jr.

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