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News | **Legal Technology**

Litigation Startup Advocacy Announces $3.5M Investment, With Backing From Fenwick & West, Rel Labs

The startup, which offers a litigation platform that streamlines discovery, case strategy and motion drafting, also said a “consortium” of Big Law and litigation boutique firm partners, as well as law school investors, participated in its seed funding round.

March 06, 2026 at 10:00 AM By **Rhys Dipshan**

Litigation startup Advocacy announced Friday that it raised $3.5 million in a seed funding round led by venture capital and private equity investor Relentless, with participation from Rel Labs—the investment arm of e-discovery company Relativity—Fenwick & West, investors from T14 law schools and what the startup called a “consortium” of Big Law and litigation boutique firm partners.

Relativity previously announced that it invested in Advocacy via Rel Labs in February.

Co-founded by Téo Doremus, a former associate at San Diego-based plaintiffs firm Robbins Geller Rudman & Dowd, Advocacy offers a litigation platform that streamlines discovery, case strategy and motion drafting, among other workflows. The platform specifically centralizes matter information to support research, drafting and case strategy, and organizes digital evidence—including audio and video files—into case timelines, according to a press release.

Advocacy, which also came out of stealth Friday, noted in the release that it will leverage the seed funding to grow its product and engineering staff as well as hire "specialized legal alignment experts to engage directly with practice groups" at law firms. In addition, the startup said it will look to "deepen strategic partnerships," including with Relativity.

With its seed funding round, Advocacy joins a growing list of legal tech companies that received investment from law firms or individual lawyers. In fact, Advocacy is at least the second legal tech startup Fenwick & West has invested in, following the firm's backing of legal and compliance software developer SingleFile in 2025.

It is also at least the second legal tech startup to publicly disclose backing from law school-related investors. August, a developer of agentic artificial intelligence tools for midsize law firms announced in 2025 that law schools—including Stanford Law School—participated in its $7 million seed funding around.

While Advocacy's seed funding round represents one of the first investments made by Relativity through Rel Labs, other legal tech companies have also been participating in funding rounds in 2026.

REV, the venture capital arm of LexisNexis parent company RELX, for instance, recently participated in a $60 million Series B round for AI-powered real estate legal platform Orbital, while Thomson Reuters Ventures participated in legal marketing company FirmPilot's $22 million Series A-1 funding round, announced last month.

Epstein Disclosures-Related Securities Suit Filed Against Apollo, Leon Black

dandodiary.com/2026/03/articles/securities-litigation/epstein-disclosures-related-securities-suit-filed-against-apollo-leon-black

Kevin LaCroix March 5, 2026

APOLLO

When I was in London last week, one of my friends there expressed concern that the various Epstein-related revelations involving company executives might lead to D&O claims. I confess that at the time I didn't really see her point. However, as it has turned out, just days after that conversation, investors filed a new securities suit against Apollo Global Management and its founder and former CEO Leon Black based on Epstein-related allegations. The March 2, 2026, complaint (here) alleges that the defendants misled the company's investors about the firm's business dealing with convicted sex offender Jeffrey Epstein.

Background

Apollo is a large American asset management firm. The firm was founded by several financial industry veterans, including Leon Black, who served as the company's CEO until his departure in March 2021, following revelations at the time concerning his financial and business dealings with Jeffrey Epstein. Epstein is an American financier who was convicted in 2008 of soliciting a minor for prostitution and who committed suicide in 2019 while facing charges of sexual trafficking.

In October 2020, several media reports were published reporting on business and financial relations between Black and Epstein, including communications that allegedly took place after Epstein's 2008 conviction. The media reports also stated that Apollo's board was investigating the allegations.

In a late October 2020 earnings call, company representatives stated that "Apollo never did any business with Epstein." In late January, the company issued a public statement saying that after investigations of the Epstein-related allegations, the investigation's findings were "consistent with the statements made by Apollo and Mr. Black regarding the prior relationship." These statements about the investigation were repeated in several of the company's subsequent SEC filings.

In February 2026, several news reports were published based on alleged revelations in the documents released by the U.S. Department of Justice from the Epstein files. Among other things, the news reports claimed that Epstein had requested and received internal Apollo documents and had called some of the company's most senior executives on sensitive matters. Among other things, the files allegedly reveal extended communications between Epstein and Mark Rowan, another of Apollo's founders and Black's eventual replacement as company CEO. Following this news, and subsequent news reports in which large institutional investors called for an SEC investigation of Apollo concerning the Epstein revelations, the company's share price declined.

The Lawsuit

On March 2, 2026, a plaintiff shareholder filed a securities class action lawsuit in the Southern District of New York against Apollo, Black, and Rowan. The complaint purports to be filed on behalf of a class of investors who purchased the company's securities between May 10, 2021, and February 21, 2026.

The complaint alleges that during the class period the defendants made misleading statements or failed to disclose that: " (1) Defendants Rowan and Black, among other leadership figures at Apollo Global, frequently communicated with Jeffrey Epstein in the 2010s, regarding Apollo Global's business; (2) as a result, Apollo Global's assertion that the Company had never done business with Jeffrey Epstein was untrue; and (3) because of the entanglement between Apollo Group's leaders and Jeffrey Epstein, the harm to Apollo Global's reputation was more than a mere possibility; and (4) as a result, Defendants' statements about its business, operations, and prospects were materially false and misleading and/or lacked a reasonable basis at all times."

The complaint alleges that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The complaint seeks to recover damages on behalf of the plaintiff class.

Discussion

Among the many disturbing aspects of the revelations from the release of the Epstein files is the number of prominent men (and some women) who had business ties with Epstein, some even after Epstein's initial conviction. For example, we have all seen and heard about the revelations concerning Prince Andrew and Lord Peter Mandelson, both of whom were arrested recently on Epstein-related criminal charges.

There is a long list of corporate executives whose names have shown up in the Epstein files in various connections, including, among others, Bill Gates; Howard Lutnick (current U.S. Commerce Secretary and formerly of Cantor Fitzgerald); Lesley Wexner (of L Brands); Reid Hoffman; and Peter Thiel. While these are among the most prominent names disclosed so far, there are many other names among the millions of pages in the Epstein files, and further reporting concerning the revelations in the files likely will identify others.

Undoubtedly, the connections among these individuals and Epstein will vary in significance and duration, and the mere fact that a name appears in the files should not be interpreted to signify culpability of any kind. Nevertheless, the revelations have been damaging to reputations both of the individuals involved and, in some cases, of their affiliated companies or institutions.

This case shows how these kinds of revelations can translate into securities litigation. Some people may think that this is just another example of the phenomenon that Bloomberg columnist Matt Levine famously described in his theory that “Everything Everywhere is Securities Fraud.” However, It is important to note that it is not the mere revelation of connections between this company’s senior executives and Epstein that led to the securities suit. The lawsuit is really about what the company said about the relations with Epstein rather than just about the revelations of the connections themselves.

The problem for everyone trying to assess the possibility for further Epstein-related D&O litigation is that the underlying story has much further to go. There are still masses of Epstein-related documents to be disclosed. There are also ongoing disputes about document redactions and even about allegedly missing files.

The Epstein files disclosures are like some kind of slow fuse bomb housing a series of explosive charges. Additional names undoubtedly will surface following future Epstein files document releases. As more names come to light, more companies could find themselves caught up in this debacle. In some cases, the revelations could, as happened here in connection with Apollo, result in further D&O litigation.

Musk attorneys accuse judge of improper contact with witness

DJ **dailyjournal.com**/articles/390136-musk-attorneys-accuse-judge-of-improper-contact-with-witness

Lawyers for Elon Musk accused Senior U.S. District Judge Charles R. Breyer of having improper contact with a witness during the Tesla CEO's trial over securities fraud allegations stemming from his 2022 acquisition of Twitter.

Ahead of trial Friday, Michael T. Lifrak of Quinn Emanuel Urquhart & Sullivan LLP told the courtroom he wanted it on the record that the judge had told former Twitter CFO Ned Segal, who currently serves as San Francisco Mayor Daniel Lurie's housing and economic policy adviser, to "say hi to the mayor for me" during Thursday's proceedings.

Lifrak said he was hesitant to raise it and meant to show nothing but respect for Breyer but was forced to after a few decisions the judge had made to protect Segal from the defense's questions.

"Should I put on the record that I've owned a series of Teslas?" Breyer responded.

The judge said he knows the mayor and doesn't think that's a big deal, but commended Lifrak for raising the comments in front of the court, knowing it couldn't have been easy. The record should accurately reflect what happened in the case, Breyer said, and if an appellate court takes issue with his comments to Segal, so be it.

"I can take it," Breyer said. "I can sleep at night."

If his friendships are at issue, Breyer said ahead of the day's first recess but without the jury present, he should mention he's known plaintiffs' attorney Joseph W. Cotchett for years and they have a friendly professional relationship. Breyer said he's also longtime friends with a partner at Quinn Emanuel, but they haven't discussed the case.

#390136

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Attorney-client privilege dispute emerges as Musk testifies in Twitter securities trial

DJ **dailyjournal.com**/articles/390134

In a pretrial hearing, Senior U.S. District Judge Charles R. Breyer described the securities lawsuit against Elon Musk over social media posts he made flip-flopping about his $44 billion acquisition of Twitter as one that would test the limits of attorney-client privilege.

Through nearly three days of trial, the issue had barely come up, but it came to the forefront late in the day Wednesday and into Thursday.

With Musk sitting ready to take the stand again -- after nearly six hours of testimony Wednesday -- Breyer read the lawyers a set of instructions on Thursday morning that he planned to read the jury asking them to disregard testimony Musk gave the day before. Musk had testified that he stopped fighting Twitter's attempts to enforce their merger agreement at the advice of his lawyers.

But Ellyde R. Thompson of Quinn Emanuel Urquhart & Sullivan LLP, representing Musk, took issue with Breyer's proposed instructions, which she called "highly prejudicial." Breyer had to specify that the jury couldn't draw any inference from the words in question, Thompson said.

"I just said that," Breyer pushed back. *Giuseppe Pampena v. Elon R. Musk*, 3:22-cv-05937 (N.D. Cal., filed Oct. 10, 2022).

No, Thompson clarified, Breyer had to instruct the jury not to draw any inference from Musk's assertion of privilege, not just from his testimony that called privilege into play.

"I'm doing my best," Breyer agreed.

Before trial, Breyer told defendants they couldn't use attorney-client privilege as a sword if they planned to use it as a shield.

When Musk returned to the stand, he leaned over to ask the judge what he could and couldn't say.

"I left 28 years ago giving legal advice," Breyer said, before telling the Tesla CEO to ask his lawyers.

The jury was then led into the room and plaintiffs' lawyer Aaron P. Arnzen of Bottini & Bottini Inc., who'd had over four hours of face time with Musk the day before, got his second chance to question the defendant.

Arnzen asked Musk why he didn't believe Twitter's estimate that less than 5% of its accounts were fake -- his stated reason for trying to back out of the merger. In his testimony Wednesday, Musk mentioned a report conducted by audience research firm SparkToro that estimated just over 19% of accounts that posted on the platform regularly were spam accounts.

On Thursday, Arnzen asked Musk if he knew that SparkToro's analysis only looked at accounts that had made posts in the previous 90 days -- Twitter's 5% number included accounts that used the platform but didn't typically post on it -- or that the author of the report said he wasn't refuting Twitter's estimate.

Musk said he didn't know that.

Arnzen then brought up court documents from Twitter's 2022 lawsuit against Musk to enforce the merger agreement. Twitter had asked Musk's team what information he got between signing the merger agreement and his May 13, 2022, post saying the deal was "temporarily on hold" indicating the 5% estimate was incorrect.

The Musk team's response to that question didn't mention any third-party analysis, Arnzen stated.

The plaintiffs' attorney also posited that Musk's response to a similar question about his Twitter post saying 20% of accounts were spam, didn't mention the SparkToro report either.

Maybe not by name, Musk responded, but insisted he referred to the report.

If his claims were right, Arnzen asked Musk, why didn't he provide evidence of it after taking over the company.

It's "like saying the sky is blue or the grass is green," Musk responded.

Was the 5% figure ever actually proven wrong? Arnzen asked.

It's "unequivocally, 100% factually wrong," Musk said.

Arnzen made way for Musk's attorney, Quinn Emanuel's Michael T. Lifrak, who pointed out that the SparkToro report hadn't been published at the time of the May 13 tweet, and Musk's response to the question about the May 17 tweet mentions information he'd gleaned from his own experience using Twitter, where he claims to have seen the May 15 report.

And Musk did commission a report of his own on the data, the jury learned, although they're still in the dark about its contents. When Lifrak asked Musk about the report, which was prepared for his litigation with Twitter before he decided to simply go through with the deal, Arnzen objected, pointing to plaintiffs' motion in limine to exclude the report, which Breyer deferred ruling on.

After the jury was ushered out of the room, Mark C. Molumphy of Cotchett, Pitre & McCarthy LLP argued that defense asserted privilege to stop plaintiffs from asking about certain parts of the document and didn't give their experts a chance to review it.

But Lifrak argued it is relevant to the case now since it was produced during the class period.

Breyer said he'd rule it later, but if he does admit it, Musk will have to answer plaintiffs' questions about it.

For now, Breyer said, he'd only allow Lifrak to ask questions establishing a foundation.

The jury returned to the room, and Lifrak asked Musk if he'd seen the report. He had.

Arnzen reserved his right to cross-examine Musk on the report, and the defendant was ushered out of the room by a team of security guards.

The jury also heard a passage from Walter Isaacson's biography of Musk, which quotes the billionaire as saying the acquisition "might work out at a much lower price" following a May 6, 2022, meeting that Musk's team describes as the turning point in his thinking.

Former Twitter mergers and acquisitions czar Stacey Conti testified to extensive measures the company took to provide all the information requested by Musk but struggled with Lifrak's questions about Slack messages she'd sent questioning Twitter's handling of its process for calculating its spam account estimate.

Former Twitter CFO Ned Segal took the stand after Conti, walking the jury through the merger agreement, including information the company was allowed to withhold from Musk under the deal. He also gave his account of the May 6 meeting -- at which Musk says Twitter's brass gave laughable answers to his questions about its fake account estimates, putting the entire deal in doubt.

Segal testified that the meeting went relatively smoothly, and Twitter's executives left with no reason to think the deal would be in doubt.

"I thought it went fine," Segal said.

#390134

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Securities

Manage Newsletters

Verrica Investors Gain Class Status Over Delayed FDA Approval

March 6, 2026, 10:29 AM PST

Summary by Bloomberg AI AI Generated

- A federal court ruled that Verrica Pharmaceuticals Inc. investors can proceed as a class in their suit over allegedly concealed ongoing drug production problems that delayed FDA approval.
- The investor leading the suit showed he's entitled to a presumption that all the shareholders in the proposed class relied on the alleged misrepresentations, according to Judge Kai N. Scott.
- The FDA issued letters declining to approve VP-102, a drug-device combination for treating the skin disease molluscum, in 2021 and 2022, which preceded market declines, including a nearly 64% drop on May 25, 2022.

Verrica Pharmaceuticals Inc. investors can proceed as a class in their suit over allegedly concealed ongoing drug production problems that delayed FDA approval, a federal court ruled.

The Food and Drug Administration's May 2022 letter saying it couldn't yet approve the skin treatment allegedly surprised the market and caused a 64% stock drop.

The investor leading the suit showed he's entitled to a presumption that all the shareholders in the proposed class relied on the alleged misrepresentations, Judge Kai N. Scott said in an opinion docketed Thursday in the US District Court for the Eastern District of Pennsylvania.

The FDA issued letters declining to approve VP-102—a drug-device combination for treating the skin disease molluscum—in 2021 and 2022. The first disappointment, on Sept. 20, 2021, preceded an 8.3% market decline the following day. The second, on May 24, 2022, preceded the steepest decline to that point in the stock's history, according to information compiled by Bloomberg—a nearly 64% drop on May 25, 2022.

Lead plaintiff Kranthi Gorlamari soon filed suit, alleging Verrica misled him and other investors about VP-102's prospects through statements expressing confidence, a "successful resolution" of problems, a "satisfactory" FDA inspection, and an anticipated approval date.

Judge Mitchell S. Goldberg, who previously oversaw the case, denied Verrica's dismissal request in September 2024.

Scott, addressing the class certification request, said Gorlamari presented sufficient evidence that the stock traded in an efficient market, allowing the presumption of reliance. She rejected Verrica's argument that the plaintiff couldn't use the reliance because the truth was fully revealed before the end of the class period. The company's argument was "scant on the relevant evidence," she said.

Glancy Prongay Wolke & Rotter LLP is class counsel. Cooley LLP; Morgan, Lewis & Bockius LLP; and Baker & Hostetler LLP represent Verrica and its former CEO.

The case is Gorlamari v. Verrica Pharms. Inc. , E.D. Pa., No. 2:22-cv-02226, docketed 3/5/26 .

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Securities

Howard Lutnick, Intel CEO Sued Over Firm's Sale of 10% to US (1)

March 5, 2026, 8:15 AM PST; Updated: March 5, 2026, 9:42 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 last year.

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.

Neither Intel nor the agency immediately responded to requests for comment Thursday.

The unorthodox stock sale in August reflected the increasingly heavy-handed economic approach deployed by President Donald Trump, whose boasts about dealmaking prowess have long formed a centerpiece of his political identity. The US Supreme Court last month rejected his declaration of an economic emergency justifying broad import tariffs, prompting the president to swiftly seek other means of imposing them.

The president's interventionist instincts have been at their most aggressive when he can tie them to a security rationale. At the time of the Intel transaction, the Trump administration characterized a US stake in the beleaguered semiconductor firm—America's largest—as a matter of national security. The Pentagon last month moved to designate Anthropic PBC a "supply-chain risk" after the AI giant pushed for some guardrails around military use of its technology.

Although the shareholder complaint against Tan and Lutnick isn't yet public, another related court filing says available information—including the company's regulatory filings and statements by Trump—suggests 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" at a time when they traded at $24.80, according to the court filings.

Skadden Link

According to one of those related court filings, public information indicates much or most of the price paid by the government for its stake actually came from billions it was already set to pay Intel anyway in connection with preexisting research and development grants.

The per-share figure appears to have been reverse-engineered by "dividing the disbursements (i.e., amounts awarded (but not yet paid) to Intel pursuant to the direct funding agreement and the secure enclave award commitment) by the number of shares of Intel's common stock that would represent a 9.9% ownership interest," the document says.

The lawsuit appears to target sections of the stock agreement pledging the government's support for Intel's sitting directors in any board election. Those provisions likely make a successful proxy contest impossible, according to the public filing.

The document also suggests the shareholder suit may seek to link the transaction to a $100 million pro bono agreement between the administration and Skadden, Arps, Slate, Meagher & Flom LLP, a leading white-shoe law firm that advised Intel on the stock sale.

Skadden didn't immediately respond to a request for comment Thursday.

It's one of a handful of major law firms that reached preemptive, widely criticized accords with Trump after he issued punitive executive orders against several others. Thursday's court filing refers to Skadden as "potentially conflicted" by virtue of its pro bono deal with the administration.

Each of the four firms targeted by Trump's orders prevailed against them in court, a wave of challenges that culminated in a bizarre spectacle earlier this week, when the Justice Department said it would drop its appeals and then reversed course.

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

The Intel investor, Richard Paisner, is represented by Heyman Enerior Gattuso & Hirzel LLP.

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

An incorrect AI summary previously at the top of this story was removed.

(Updates with additional details from available filings and context.)

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West Virginia part of ESG settlement with Vanguard | West Virginia Record

legalnewsline.com/west-virginia-record/west-virginia-part-of-esg-settlement-with-vanguard/article_680c305b-eec2-463b-8b03-3d486165fda4.html

Chris Dickerson, Chris Dickerson March 6, 2026

West Virginia Attorney General J.B. McCuskey
Courtesy photo

CHARLESTON – West Virginia Attorney General J.B. McCuskey is part of a first-of-its kind settlement with The Vanguard Group regarding its ESG policies.

In 2024, West Virginia and 13 other states filed a federal 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 West Virginia, 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.

McCuskey’s office declined to comment on the settlement. But Louisiana’s Liz Murrill, another AG who signed the lawsuit, did.

"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.”

Missouri AG Catherine Hanaway did as well.

“This agreement with Vanguard is an important step in the right direction to protect American investors from green energy scams seeking to undermine our energy markets,” Hanaway said in a press release. “ESG and radical social agendas have no place in our business marketplace.

“We will continue to support efforts to hold asset managers accountable and protect the millions of Missourians who rely on coal power.”

In addition to West Virginia, Louisiana and Missouri, the attorneys general from Alabama, Arkansas, Indiana, Iowa, Kansas, Montana, Nebraska, Oklahoma, Texas 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

Delay costs Boston its opioid lawsuit against PBMs | Federal Courts

legalnewsline.com/federal-courts/delay-costs-boston-its-opioid-lawsuit-against-pbms/article_9c580add-eac8-42c4-ad4d-8935ed2882c7.html

John O'Brien, John O'Brien March 6, 2026

Boston City Hall
https://www.cityofboston.gov/mayor/cityhallplaza.asp

BOSTON – It took too long for Boston to realize it wanted to expand its opioid legal strategy, as a federal appeals court has found its lawsuit blaming pharmacy benefits managers for the nation's addiction crisis missed the statute of limitations.

The U.S. Court of Appeals for the First Circuit reached that conclusion Monday, granting dismissal to companies like Express Scripts and OptumRx. Lawsuits against PBMs represented the next quest for money after opioid lawsuits initially targeted manufacturers, distributors and pharmacies.

Boston filed its suit on Jan. 12, 2024 – more than five years after it had filed the first round of defendants. PBMs argued Boston missed the three-year statute of limitations, while Boston said that period should have been paused because PBMs had "fraudulently concealed" their roles in filling sketchy opioid prescriptions.

A Boston federal judge had found there was plenty out there before 2021 that would have put the City on notice that there was a "probability of wrongdoing" by the PBMs.

"First, from 2018 to 2019, at least 74 lawsuits, all a matter of public record, were filed by other cities, towns and counties not just against opioid manufacturers but also against the PBM defendants," Judge Sandra Lynch wrote.

Boston's private lawyers – the firm Motley Rice – even received a letter in 2018 from colleagues who had filed the first lawsuit against PBMs. Eight months later, Motley Rice did not include PBMs when suing manufacturers, distributors and pharmacies on behalf of Boston.

PBMs have made the "too late" argument elsewhere, like Philadelphia, where that city sued them years after filing its first case, similar to the situation in Boston. A motion to dismiss the Philadelphia case cited the result in Boston and remains pending.

Boston hoped three other rulings – from Alaska, Washington and West Virginia - would sway the First Circuit. Though those decisions found the cases against PBMs were timely, they differed from Boston's, the First Circuit said.

None applied to the "Massachusetts statutory scheme at issue here," and the Alaska court used a "relaxed" standing for pleading fraud, the First Circuit said.

More than $50 billion has been recovered by hundreds of local and state governments from settlements with various companies. The lawsuits alleged the pharmaceutical industry ignored red flags in prescriptions and flooded communities with painkillers, leading addicts to turn to illegal drugs like heroin and fentanyl.

Ex-Meta engineer says Instagram addiction concerns were downplayed

DJ dailyjournal.com/articles/390131-ex-meta-engineer-says-instagram-addiction-concerns-were-downplayed

Mark Lanier

A former Meta Platforms safety engineer told jurors Thursday that company leadership was aware of evidence suggesting Instagram's features could foster addictive behavior among young users but treated the issue like a "dirty word" internally while failing to prioritize child safety.

The testimony came as a Los Angeles County jury heard its fourth week of evidence in a coordinated proceeding alleging social media companies designed their apps to addict minors in harmful ways.

Kaley G.M., a 20-year-old plaintiff in the first bellwether trial before Superior Court Judge Carolyn B. Kuhl, claims her compulsive use of Instagram and YouTube contributed to her diagnosed mental health issues during childhood that persist today - allegations the companies deny.

On the stand Thursday was Arturo Béjar, a former Meta engineering director and consultant who worked on safety and security issues at the company and is among the plaintiffs' final witnesses. His examination did not finish before press deadline.

Prior to Béjar, jurors heard five days of testimony from Dr. Kara Bagot, a child and adolescent psychiatrist who evaluated Kaley and testified that platform features such as likes, comments and other forms of social validation are "one of the reasons why she's continued to use social media over time."

Bagot said posts Kaley made that expressed "absolutist" emotions often generated the most engagement. Posts expressing sentiments such as, "My mom is the worst," she testified, tended to draw higher levels of comments, likes and other forms of validation.

"I think that's carried over into Kaley's real life as well," Bagot said, adding that such "absolutist thinking is what gets her validation."

Last week, jurors saw some of Kaley's Instagram posts expressing such frustration with her mother and suggesting her mother's actions could lead her to harm herself. Kaley testified that while she was upset at the time, she never intended to act on those statements and said she made them largely to get attention.

Bagot also testified that sleep is critical for healthy adolescent brain development. Kaley acknowledged that while platforms such as YouTube gave her an outlet for self-expression, she said the app also kept her awake late at night scrolling content.

Meta and Google, represented by Covington & Burling LLP and Wilson Sonsini Goodrich & Rosati, contend their platforms are not inherently addictive and did not cause Kaley's alleged mental health harms, which include anxiety and body dysmorphia. Instead, the defense argues her struggles stemmed from factors unrelated to Instagram or YouTube, including preexisting family and social stressors. *Social Media Cases*, JCCP5255 (L.A. Super. Ct., filed Oct. 24, 2022).

Bagot's extended time on the stand did not go unnoticed. Before testimony resumed early Thursday morning, Lanier Law Firm founder Mark Lanier, for the plaintiff, joked to the judge, "Hashtag, free Kara Bagot," while discussing the day's expected witnesses and his intention to finally finish Bagot's examination.

The issue surfaced again during Bagot's testimony, when she mentioned on the stand that she had been given an extra week before reporting to her next job assignment.

"With all due respect, you should never have said that," Lanier joked, drawing laughter in the courtroom. He added that the lawyers "felt bad" about how long Bagot had remained on the stand, though he implied he could not extend questioning even if he wanted to because Kuhl had the attorneys on a "very strict" time limit.

Béjar, whom the plaintiff's counsel framed as a Meta whistleblower, told jurors he had two stints with the company from 2009 to 2015, and again from 2019 to 2021.

During his later role, Béjar said he reviewed internal research and spoke with company researchers who had identified social media addiction as a potential concern. But he testified that leadership avoided the term.

"They changed the name of it and we couldn't talk about it," Béjar said, referring to "addiction." Instead, the company began referring to the issue as "problematic use," which he described as a narrower framing that drew less attention internally.

Earlier in the trial, Meta executives, including CEO Mark Zuckerberg and Instagram head Adam Mosseri, testified that the company uses the term "problematic use" because addiction is a clinical concept and that its research focuses more broadly on identifying patterns of platform use that may negatively affect well-being.

"Meta does not adequately protect kids on Instagram," Béjar testified.

According to him, several core design elements of the platform - including infinite scrolling, autoplay and algorithmic recommendations - work together to keep users engaged for long periods of time.

At one point, Béjar said Instagram implemented a chronological feed that reached an end point. But he said the company quickly did away with that feature and evolved it into a system that continuously recommends content tailored to user behavior.

"More eyeballs, more time, more inventory, more ads, more money," Béjar said.

At one point during his tenure, Béjar said Instagram reassigned nine engineers to work on well-being issues - a move he characterized as insufficient given the company's engineering workforce, which numbers in the tens of thousands.

#390131

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In the $7.25 billion Roundup settlement, opting out comes at a price

reuters.com/sustainability/boards-policy-regulation/725-billion-roundup-settlement-opting-out-comes-price-2026-03-05

Jenna Greene March 5, 2026

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

March 5 (Reuters) - Some things work best if everyone plays along: A game of tug-of-war; the quiet car on a train – and the proposed $7.25 billion Roundup class action settlement.

What's notable about the deal, which aims to resolve thousands of current and future claims alleging the weedkiller causes cancer, is how it's structured to keep class members from walking away.

That includes a provision denying legal fees to individual plaintiffs' lawyers with more than 25 clients who opt out of the settlement, and another that could shave millions of dollars off Bayer's total payout if more than 650 plaintiffs reject the deal.

A state court judge in Missouri on Wednesday gave preliminary approval to the settlement. But Roundup maker Monsanto, a unit of Bayer, still has the right to terminate the agreement entirely if an "excessive" number of plaintiffs opt out. The escape hatch reflects a central tension in high-stakes class actions: some plaintiffs may believe they could win more money litigating on their own, but defendants willing to cut a check to resolve the uncertainty of litigation need the vast majority of claimants to stay in.

Putting financial pressure on individual plaintiffs' lawyers is one form of leverage.

"The whole concept of class action (legal) fees is you're providing a common benefit to everyone," plaintiffs' lawyer Christopher Seeger, who helped negotiate the settlement, told me. When class members opt out, they're "exposing the deal to risk – and that should be taken into account." In essence, he added, it amounts to "a common detriment" to the class.

The public version of the Roundup agreement doesn't define what qualifies as an "excessive" number of opt-outs, and a Bayer spokesperson declined to specify. The company has not admitted liability or wrongdoing.

Class members who reject the settlement have until June 4 to submit their opt-out paperwork. It's a process that plaintiffs' lawyer Asim Badaruzzaman, a partner at Sbaiti & Company who was not involved in negotiating the settlement, calls a "confusing maze."

With 11 separate requirements including wet-ink signatures, government photo ID and sworn declarations, it "appears designed to trap cancer patients" in the settlement, he said via text.

As my colleague Diana Novak Jones has reported, Bayer faces about 65,000 claims in U.S. state and federal courts that Roundup exposure caused non-Hodgkin lymphoma. In settling the class action, the company in a Feb. 17 news release said it was doing so “solely to contain the litigation.”

Bayer, which has said decades of studies , opens new tab have shown Roundup and its active ingredient glyphosate are safe for human use, has prevailed in a series of trials. However, plaintiffs have also won several large judgments, including a $2.1 billion award by a Georgia jury in 2025 and a $332 million California verdict in 2023.

The settlement payouts are based on multiple factors. According to plaintiffs' lawyers , opens new tab, the average award for a younger person with aggressive non-Hodgkin lymphoma who used Roundup as part of their job would be about $165,000, while someone first diagnosed at age 78 or older would get about $10,000.

Like many large settlements, the deal requires plaintiffs' lawyers to attest that they made their “best efforts” to recommend the agreement to their clients -- with the obligatory ethical caveat that they also exercise their “independent judgment” in offering advice.

Weighing in favor of taking the deal – and the certainty of payment that it offers – is looming review by the U.S. Supreme Court that could sharply limit the litigation. In April, the high court will hear Bayer’s appeal that federal law preempts state law failure-to-warn claims involving the Roundup label.

Still, Seeger said negotiators in crafting the settlement recognized that plaintiffs’ lawyers, however persuasive in touting the deal’s advantages, may have “a handful of clients who say, ‘I want more, I want my day in court.’”

Up to a point.

If more than two dozen of a lawyer's pre-existing clients opt out – and the lawyer continues to represent them – that lawyer under the terms of the settlement becomes ineligible for any share of the legal fees. This holds true even if the lawyer also has many more clients who stay in.

The settlement doesn't specify how much the plaintiffs' lawyers will get paid overall. Instead, the negotiators are to submit a fee application to Judge Timothy Boyer in St. Louis before the fairness hearing scheduled for July 9.

In addition, if more than 650 class members opt out, Bayer can deduct what it would have paid them from the overall settlement fund, up to $400 million.

Seeger, however, is optimistic it won't come to that. Instead, he predicts that an "overwhelming" number of plaintiffs will pick the certainty of settlement over the risk of opting out.

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

Jenna Greene writes about legal business and culture, taking a broad look at trends in the profession, faces behind the cases, and quirky courtroom dramas. A longtime chronicler of the legal industry and high-profile litigation, she lives in Northern California. Reach Greene at jenna.greene@thomsonreuters.com

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News | **Mass Torts**

Federal Judge Orders Talc Lawyers to Discuss 'Alternative Counsel' to Beasley Allen: 'Real Risks Exist'

U.S. Magistrate Judge Rukhsanah Singh, in the District of New Jersey, rejected Beasley Allen's request to hold off her decision on whether to disqualify the plaintiffs' firm from leadership of the talc multidistrict litigation.

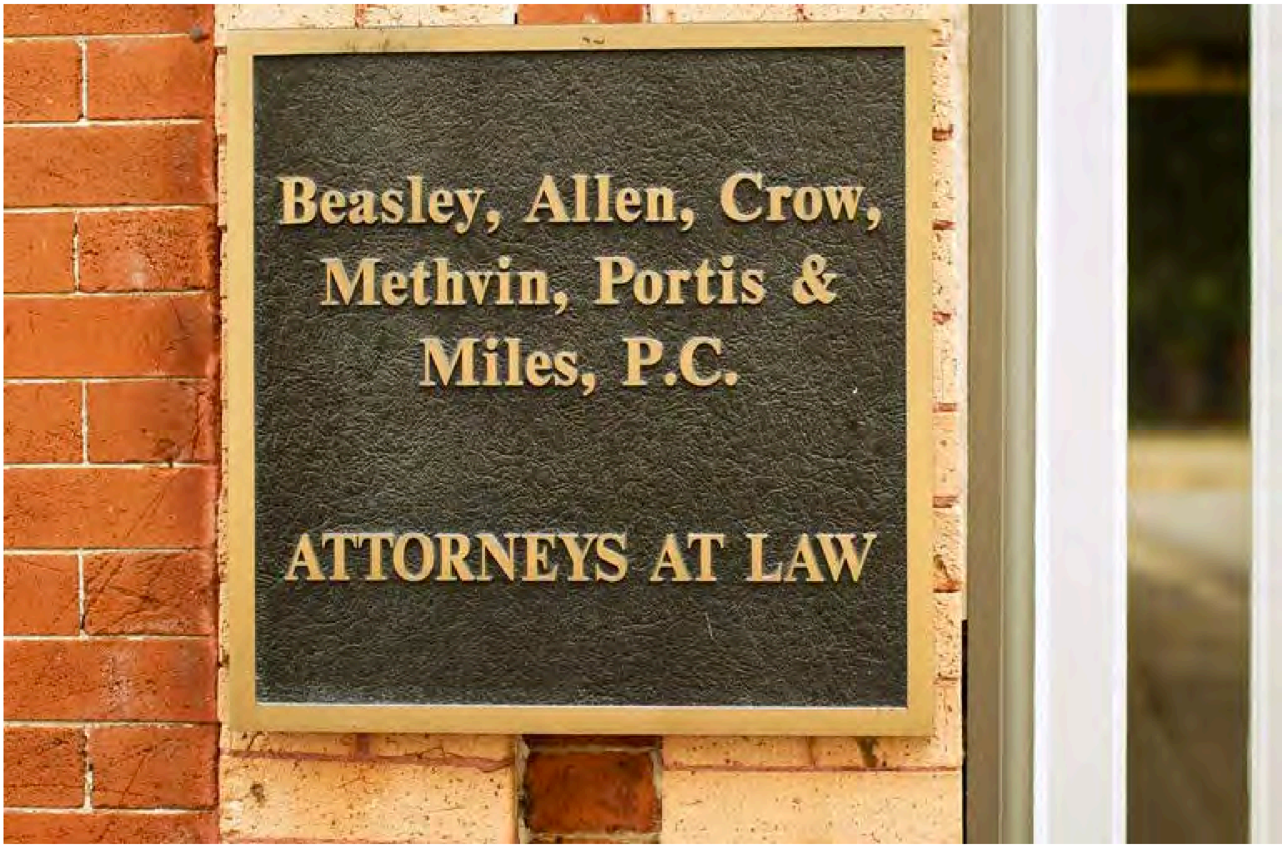
March 05, 2026 at 04:02 PM By **Amanda Bronstad**

What You Need to Know

- Beasley Allen, whose principal Leigh O'Dell serves as co-lead counsel in the talc multidistrict litigation, has petitioned the New Jersey Supreme Court to overturn a Feb. 6 decision by the New Jersey Court of Appeals that found the Montgomery, Alabama-based firm and principal Andy Birchfield should be disqualified in the talc cases in New Jersey state courts.

- Beasley Allen had asked U.S. Magistrate Judge Rukhsanah Singh to hold off issuing her ruling on a separate disqualification motion Johnson & Johnson filed in the multidistrict litigation until the New Jersey Supreme Court heard the firm's appeal.

- Among other things, the judge noted that there are expert hearings and preparations for the first bellwether trial in a Beasley Allen case.



Courtesy photo

A federal judge said she wouldn't hold off her decision about whether to remove Beasley Allen from leadership of the talcum powder multidistrict litigation against Johnson & Johnson, ordering both sides to discuss whether “alternative counsel” was needed.

Beasley Allen, whose principal Leigh O’Dell serves as co-lead counsel in the talc multidistrict litigation, has petitioned the New Jersey Supreme Court to overturn a Feb. 6 decision by the New Jersey Court of Appeals that found the Montgomery, Alabama-based firm and principal Andy Birchfield should be disqualified in the talc cases in New Jersey state courts. Beasley Allen had asked U.S. Magistrate Judge Rukhsanah Singh, in the District of New Jersey, to hold off issuing her ruling on a separate disqualification motion Johnson & Johnson filed in the multidistrict litigation until the New Jersey Supreme Court heard the firm’s appeal.

Singh, in a Wednesday order, said that wasn’t a good option.

“Beasley Allen seeks the court to find the relative harm to the plaintiffs it represents and the cumbersome logistical machinations that may result in the event of disqualification here outweigh other considerations, such as maintaining the integrity of this court’s proceedings as well as the Rules of Professional Conduct,” Singh, who held an evidentiary hearing on Tuesday, wrote in the order. “The court is not convinced that further delay is warranted.”

Noting that she had “wide discretion” to appoint and remove leadership, regardless of any finding of ethical violations, she concluded that waiting on a potential New Jersey Supreme Court decision would “lead to even greater logistical, administrative, and substantive complications later in time.”

“Real risks exist,” she wrote. “Further delaying, indefinitely, the decision on the motion fails to provide certainty to the tens of thousands of plaintiffs represented by Beasley Allen and defendants, and it risks compromising the integrity of proceedings going forward as well as thwarting the setting of a bellwether trial,” she wrote. “Such risks outweigh the concerns raised by Beasley Allen. At this stage, the parties, counsel, and this court require resolution of the outstanding issues raised in the motion to move this MDL forward in any manageable and equitable fashion.”

She ordered both sides to meet with the special master to discuss whether “alternative counsel to Beasley Allen should be made available for the evidentiary hearings and other proceedings.”

Retired U.S. District Judge Freda Wolfson, the judge originally assigned to the 10-year-old talc multidistrict litigation, is serving as special master. Earlier this year, she recommended allowing all 39 plaintiffs’ experts to testify.

The disqualification issue comes as the first talc trial in New Jersey state courts is set for April 13. The talc multidistrict litigation is planning for its first bellwether trial later this year.

O'Dell and Birchfield have led ovarian cancer trial teams against Johnson & Johnson over the past year. Birchfield and Dan Robinson, of Robinson Calcagnie, in Newport Beach, California, won a $40 million verdicton Dec. 12 in Los Angeles Superior Court, in the first bellwether trial among the California state court talc cases against Johnson & Johnson. On Feb. 13, O'Dell won a $250,000 verdict in a talc trial in the Philadelphia Court of Common Pleas.

A Johnson & Johnson spokesman declined to comment. Johnson & Johnson has suggested replacing Beasley Allen with R. Allen Smith, of the Smith Law Firm in Ridgeland, Mississippi, who obtained the first-ever talc verdict in 2013 and shared 11,000 of the same clients under a joint venture agreement between the two firms. Both Beasley Allen and the Smith Law Firm have sued one another over the joint venture agreement, which came up during a 2025 hearing on whether to dismiss the third talc bankruptcy filed by a Johnson & Johnson subsidiary. One of Smith's clients, Aletha Wilson, who was diagnosed with uterine cancer in 2009, supported Johnson & Johnson's suggestion on replacing Beasley Allen with the Smith Law Firm.

A spokesperson for Beasley Allen, which represents 435 women in New Jersey state courts, and 5,500 in the multidistrict litigation, said the firm declined to comment.

In a Monday letter, Christopher Placitella, of Cohen Placitella & Roth in Red Bank, New Jersey, who is liaison counsel in the talc multidistrict litigation, described O'Dell's confident but quite leadership while "privately battling serious illness."

"She was afraid that disclosure would be perceived as weakness or would distract from the clients and the work," he wrote. "In a litigation environment where perception can influence momentum, she did not want her personal battle to alter the focus."

"From my vantage point," he continued, "her continued leadership does not merely preserve continuity; it serves the just and efficient advancement of this case."

In a separate letter to Singh, Robinson, who is co-lead of the talc cases in California state courts, praised O'Dell's inclusiveness and leadership in her communications with his team.

"When she flew out to California to help with the first bellwether trial in the JCCP, despite her health struggles, Ms. O'Dell demonstrated determination and grit in examining witnesses and substantially contributed to the case's success," he wrote. "Her decision to participate in the trial was consistent with the commitment she has demonstrated throughout this litigation in always prioritizing the needs of her clients and other plaintiffs."

‘Equivalent of an Ostrich Burying its Head’

The New Jersey Court of Appeals overturned a 2024 opinion by Atlantic County Superior Court Judge John Porto, who is overseeing the talc cases in New Jersey state courts. Johnson & Johnson had sought to disqualify Beasley Allen after uncovering that Birchfield had partnered with one of its ex-lawyers, James Conlan, a former attorney at Faegre Drinker Biddle & Reath who founded Legacy Liability Solutions LLC, to negotiate a proposed $19 billion talc settlement. But Porto, who held an evidentiary hearing for three days, attended by Singh, concluded that Beasley Allen should not be disqualified because Conlan, who was no longer a practicing attorney, never shared confidential information with Birchfield and was not associated with or employed by the firm.

Judge John Porto. Courtesy photo

The New Jersey Court of Appeals, however, found the relationship violated New Jersey’s Rules of Professional Conduct—specifically, a section that outlines the rules for nonlawyers “employed or retained by or associated with a lawyer,” which does not define what it means for a lawyer to be “associated” with a nonlawyer.

Porto, on remand, disqualified Beasley Allen, rejecting the firm’s request for a stay.

“This court exercises wide discretion in the management of its docket and considers with serious reflection questions of efficiency, comity, fairness, and equity, the import of which are underscored in an MDL of this size and maturity,” Singh wrote in Wednesday’s order. The outcome of the disqualification motion “may significantly impact the trajectory of this MDL—and potentially the related state court matters across the nation.”

She noted that there are expert hearings and preparations for the first bellwether trial in a Beasley Allen case. Citing “prudence and fairness,” Singh questioned the reasoning of waiting further on the speculative possibility that the New Jersey Supreme Court grants Beasley Allen’s petition and reverses the New Jersey Court of Appeals decision.

“Reserving on the motion pending the speculation of proceedings and timings before the New Jersey Supreme Court would be the equivalent of an ostrich burying its head in the sand—an approach contrary to the fundamentals of MDL management and Federal Rule of civil Procedure 1, as well as the ability to provide finality and due process to all plaintiffs and defendants in this matter," she wrote.

Beasley Allen, facing DQ from talc cases, can't push pause | Attorneys & Judges

legalnewsline.com/attorneys-and-judges/beasley-allen-facing-dq-from-talc-cases-can-t-push-pause/article_6645694d-403d-48dc-8533-12fed8747269.html

John O'Brien, John O'Brien March 6, 2026

Clarkson S. Fisher U.S. Courthouse in Trenton, N.J.
https://www.njpt.uscourts.gov/

TRENTON, N.J. – Tens of thousands of lawsuits alleging cosmetic talc causes cancer won't wait in limbo while the parties argue whether the law firm leading those cases is fit to do so.

Beasley Allen has already been disqualified from more than 3,000 cases against defendants like Johnson & Johnson in New Jersey state court for working with a lawyer who previously represented that company. Up next is the same removal effort in a federal multidistrict litigation that houses ovarian cancer and other claims.

While Beasley Allen says any decision should wait on the outcome of its appeal to the New Jersey Supreme Court, U.S. Magistrate Judge Rukhsanah Singh on Wednesday said no. She ordered a meeting to discuss whether other firms should be made available to handle proceedings while the disqualification motion is pending.

"Further delaying, indefinitely, the decision on the motion fails to provide certainty to the tens of thousands of plaintiffs represented by Beasley Allen and Defendants, and it risks compromising the integrity of proceedings going forward as well as thwarting the setting of a bellwether trial," Singh wrote.

J&J filed a disqualification motion in the federal MDL based on the same facts the New Jersey Appellate Division used to remove Beasley Allen.

And a disgruntled former client of the firm has also come forward to ask the MDL court to remove it. In a motion filed by Beasley Allen-rival Smith Law Firm, Aletha Wilson says Beasley Allen tried to trick her into signing a retroactive power of attorney giving the firm the power to vote against a $9 billion bankruptcy plan Johnson & Johnson once floated to settle talc litigation against it.

Beasley Allen voted against the bankruptcy plan on behalf of some 11,500 clients, claiming they were better off negotiating a settlement or suing in court. Allen says she stood to gain money under the bankruptcy plan but nothing if she sued in court, since plaintiff experts back claims Baby Powder can cause ovarian cancer, but not uterine cancer.

"I feel like (Beasley Allen) was trying to trick me into signing this Power of Attorney to cover up the fact that BA voted on behalf of clients, such as myself, without my consent and against my best interest," Allen said in a declaration filed Feb. 18 in the MDL court, where Beasley Allen is lead counsel.

Smith's allegations were filed by attorney Robert Allen Smith, whose firm formed a joint venture in 2014 with Beasley Allen to pursue talc lawsuits. The arrangement soured after a couple of years and Smith broke into open opposition with Beasley Allen over the J&J bankruptcy plan, which Smith supported and Beasley Allen opposed. Smith has accused Beasley Allen of violating its duties to clients by voting against the bankruptcy plan so it could try to earn larger fees in court.

Beasley Allen is suing Smith in federal court in Alabama, meanwhile, claiming Smith began "secretly undercutting" it in settlement talks because Smith is desperate to repay some $240 million to litigation funders. Smith is suing Ellington Financial, ICG Investments, Stifel Financial and other lenders in Mississippi, accusing them of a "loan to own" scheme to force the law firm into default and seize its talc fees.

The lenders' "motivation was pure greed, realizing the billions of dollars at stake in the talc litigation," Smith says in that lawsuit.

The New Jersey state Appellate Division took the unusual step of finding Beasley Allen violated professionalism rules when it strategized with James Conlan on a mass settlement of talc claims. The ruling disqualifies Beasley Allen from 3,600 cases in New Jersey state court.

Conlan was a former partner at Faegre Drinker Biddle & Reath who defended J&J in talc litigation. He left the firm to start Legacy Liability Solutions, where he attempted to buy the company's talc liabilities and opposed the company's ultimately unsuccessful plan to settle all cases in bankruptcy court.

Wilson says she was betrayed by Beasley Allen and attorney Andy Birchfield, who has testified that cases over some cancers have no value in court because they aren't backed by science. Despite that, J&J included those cases in its settlement plan in bankruptcy court, but since it was defeated those claims might be worthless.

J&J vowed to fight the cases in court after its settlement plan was rejected by a Houston federal judge. In addition to the offensive against Beasley Allen, it is taking aim at experts put forth by plaintiff lawyers who plan to testify products like Baby Powder contained asbestos, the asbestos migrated into their clients' bodies and their cancers were caused by this exposure – and not from asbestos elsewhere.

If the MDL judge prevents those experts from testifying to juries, it will be a major hurdle that Beasley Allen – or some other firm – would have to clear.

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News | **Mass Torts**

Two Talc Trials Teed Up Against Johnson & Johnson in Washington, Florida

Dean Omar Branham & Shirley, the Dallas plaintiffs' firm that won verdicts of $966 million and $1.5 billion last year, is spearheading both mesothelioma trials that are set to begin in the coming days.

March 06, 2026 at 02:57 PM By **Amanda Bronstad**

What You Need to Know

- Opening statements are slated to begin in Spokane County Superior Court in a case brought by the daughter of Verna Richards, who died after a diagnosis of mesothelioma in 2018.
- In Broward County Circuit Court, jury selection is set to begin next week in a case brought by Mary Martinez, 41, the mother of two children, who in 2022 was diagnosed with mesothelioma.
- Kirkland & Ellis and King & Spalding are heading up the defense trial teams for Johnson & Johnson.

Johnson's talc powder on a supermarket shefl in Baltimore, MD. Photo: Diego M. Radzinschi/ALM

Two Johnson & Johnson talcum powder trials, one in Washington and one in Florida, are set to begin in coming days, both involving plaintiffs with mesothelioma.

Dallas-based Dean Omar Branham & Shirley, which in the past year has won jury awards of $8 million, $42 million, $65.5 million, $966 million and $1.5 billion against Johnson & Johnson, and lost one verdict, is handling both trials.

This week, a Spokane County Superior Court jury was seated in a case brought by the daughter of Verna Richards, who died after a diagnosis of mesothelioma in 2018. Opening statements are slated to begin Monday.

"It's an incredibly delayed case because of bankruptcy efforts," Dean Omar partner Jessica Dean told Law.com, referring to the three Chapter 11 bankruptcies filed by Johnson & Johnson subsidiaries since 2021. "Almost eight years after her death, we're starting the trial."

But, unlike most product liability cases in Washington, Dean plans to ask jurors for punitive damages. That's because, in *Erickson v. Monsanto*, the Washington Supreme Court, in a rare choice-of-law decision, ruled on Oct. 30 of last year that plaintiffs could pursue punitive damages under Washington's Product Liability Act, whose statute of repose limits claims against manufacturers for harms done after 12 years, if they could show a corporate defendant has a connection to another state. The ruling came in Monsanto's appeal of a $185 million verdict, the first of several involving children, teachers and parents who sued over exposure to PCBs, or polychlorinated biphenyls, in a school near Seattle.

"If you have all the bad decisions occurring in a state that recognizes punitive damages, you have a powerful argument that the choice of law analysis should prioritize that state," Dean said, "and you can have punitive damages based on how they're handled in the state."

In this case, that's New Jersey, where Johnson & Johnson is based.

Kirkland & Ellis partners Bill Oxley, in Los Angeles, and Brian Raphel, in Philadelphia, are heading up Johnson & Johnson's team for the trial, which is anticipated to last through the end of next month.

Florida: A 'Very, Very Young' Plaintiff

In Florida, Dean Omar's Benjamin Braly, who is in Novato, California, said he expects jury selection to begin next week in a case brought by Mary Martinez, 41, the mother of two children, who in 2022 was diagnosed with mesothelioma.

He said Martinez, who lives in DeLand, Florida, started working at her mom's daycare when she was 13.


Benjamin Braly of Dean Omar Branham Shirley. Courtesy photo

"As workers responsible for diapering, she used a lot of Johnson's baby powder," he said. "Sadly, when you're dealing with a person who is so young with this kind of disease, the facts always jump out at you. And Mary Martinez is very, very young to have this type of a cancer."

He said punitive damages are not available in the case.

Will Stute, a Miami partner at King & Spalding, and lawyers from Shook, Hardy & Bacon, represent Johnson & Johnson. CVS is also a defendant. The case is before 17th Judicial Circuit Court Judge Martin Bidwill, who oversaw a talc trial against Johnson & Johnson last year that ended in a $20 million verdict. Christopher Tisi, of Pensacola's Levin Papantonio Proctor Buchanan O'Brien Barr Mougey, and Kelley | Uustal's John Uustal, in Fort Lauderdale, handled that trial on behalf of the family of Dr. Alberto Casaretto Sr., who died of mesothelioma in 2022.

"We're fully prepared for trial," Johnson & Johnson's Worldwide Vice President of Litigation told Law.com in an emailed statement. "These lawsuits are predicated on 'junk science' and refuted by decades of studies that demonstrate Johnson's baby powder is safe, does not contain asbestos and does not cause cancer."

DEEP DIVE

Rival Websites Fuel NY Archdiocese-Chubb Feud Over Abuse Payouts

March 6, 2026, 2:04 AM

By Olivia Alafriz, James Nani, and Randi Love

Summary by Bloomberg AI AI Generated

- The Archdiocese of New York's former chief financial officer acknowledged the church had been briefed on communications and fundraising by an abuse victims' advocacy group, the Coalition for Just and Compassionate Compensation.
- Chubb Ltd. asserted the affidavit was "further proof that the CJCC is just an arm" of the archdiocese, despite the church's denial of any ties to the group.
- The archdiocese and Chubb are engaged in a legal battle over who should pay for more than 1,500 claims from alleged abuse victims, with the church accusing Chubb of trying to push it toward bankruptcy and Chubb arguing it has no obligation to cover the claims.

A few paragraphs deep in a sworn statement filed in court last month was a curious admission by the former chief financial officer for the Archdiocese of New York:

The church had been briefed in late 2023 and early 2024 on communications and fundraising by an abuse victims’ advocacy group, the Coalition for Just and Compassionate Compensation, ex-CFO William Whiston acknowledged, without elaborating.

Since launching in 2023, the group had been publicly savaging the archdiocese's insurer, Chubb Ltd., attempting to shame it into paying out sex abuse claims filed against the church.

It slammed Chubb in a full-page ad in the New York Times, sent protesters to the Chubb-sponsored US Open, flew a banner over another Chubb event in Florida, launched an anti-Chubb website, and enlisted TikTok influencers to assail the company.

Church leaders had previously denied any ties, and Whiston's statement repeated they had no role in funding or directing the group. Still, Chubb asserted his affidavit was "further proof that the CJCC is just an arm" of the archdiocese.

The allegations had a familiar ring. Chubb weeks earlier acknowledged it had been the anonymous operator of a different attack website – one made to look as if it represented abuse victims and advocates outraged by the church's pace in resolving the claims.

In court filings, the archdiocese contends that website is part of Chubb's shadow campaign against it. It has publicly accused the insurer of trying to push the church toward bankruptcy.

The back-and-forth and dueling websites reflect what longtime court observers say has become an unusually vicious and protracted fight between the powerhouse insurer and its client, one of the country's largest Catholic institutions.

For nearly three years, the two sides have battered each other in relentless legal filings in a New York court, and their war over who should pay shows few signs of abating.

Stuck in limbo are more than 1,500 claims from alleged abuse victims that together could cost the church – or its insurer – at least hundreds of millions of dollars.

"I would say that both houses, the house of Chubb and the house of the Archdiocese of New York, have had more than enough ugly behavior and despicable behavior," said Michael G. Dowd, a lawyer representing about 30 claimants.

Chubb vs. Archdiocese

Scroll Timeline

Child Victims Act Become

New York Child Victims Act is signed creating a lookback window for surv child sexual abuse to file claims.

CVA Filing Window Open

The one-year CVA window opens (la extended due to the pandemic), trig surge of abuse claims across New Yo

Flood of Lawsuits

The underlying claims in New York aren't vastly different from the tens of thousands of abuse-related lawsuits filed against many Catholic dioceses over the past two decades.

By 2023, six of the eight Catholic dioceses in New York had filed for Chapter 11. Together, those dioceses were named in at least 2,800 abuse claims. Half have secured court approval of their bankruptcy plans, agreeing so far to pay at least $1 billion to victims.

The Archdiocese of New York dwarfs them all. It says it's home to more than 2.5 million Catholics, and owns or operates hundreds of parishes, schools and other sites across Manhattan, Staten Island, the Bronx, and seven suburban counties.

In 2017, the archdiocese cited the looming abuse-victim settlements as the reason it took out a $100 million mortgage on midtown Manhattan property it owned; the next year it announced it had already paid $60 million to settle some cases.

A flood of new claims followed when New York's 2019 Child Victims Act temporarily opened a statute of limitations window that let accusers sue over decades-old abuse.

Most of the lawsuits rely on negligence-based theories, accusing the archdiocese of failing to properly vet or supervise abusers it hired — not just priests but also teachers, coaches, and other employees or volunteers at parishes and schools.

Chubb sued in 2023, arguing it had no obligation to cover such claims because its policies with the archdiocese only covered accidental "occurrences."

The archdiocese, Chubb asserted, knew about and fostered widespread sexual abuse for nearly a century, prioritizing its reputation and financial survival over child safety, and making the resulting injuries both expected and uninsurable. Chubb has also said church leaders resisted providing information necessary to investigate individual claims.

In turn, the archdiocese accused Chubb of pursuing a nationwide corporate strategy of "reneging on and avoiding its obligations" to cover abuse claims, despite collecting tens of millions of dollars in premiums.

There's no dispute the abuse claims had hurt the bottom line for Chubb, one of the world's biggest publicly traded property and casualty insurance companies. Its costs between 2022 and 2024 came in $262 million above projections, largely because of so-called "reviver" statutes like the one passed in New York, its financial reports show.

Catholic dioceses and Chubb have fought similar battles across the country, including disputes with dioceses in San Francisco, Camden, NJ, and other New York-based dioceses.

The church-insurer rifts aren't unusual, particularly with the wave of abuse lawsuits. Some bankrupt dioceses have been forced to strike deals with insurers and claimants — but not always both, opening the door for victims to sue insurers directly.

And the share that all insurers are paying to resolve sex abuse cases has been shrinking, according to the US Conference of Catholic Bishops.

Between 2004 and 2013, when the clergy sex abuse scandal exploded worldwide, insurers on average paid 22% of the costs related to claims, the conference said in a report. That share dropped to 10% from 2014 through 2023.

Nationally, Catholic dioceses and other religious communities paid out $5 billion between 2004 and 2023.

Lawyers for the New York archdiocese, led by Blank Rome LLP's Jim Murray, succeeded in getting Chubb's initial lawsuit dismissed in 2023. The archdiocese argued that litigating insurance coverage while trying to resolve the underlying abuse claims would unfairly force them to simultaneously defend the church on "two fronts."

But Chubb, whose lawyers have included John Baughman and the O'Melveny & Myers firm, appealed and the suit was reinstated in April 2024.

Soon after, a new website went live. Its name: The Church Accountability Project.

A Cackling Cardinal

The website was simple but stark. At the top were rotating newspaper headlines about the clergy abuse scandal. Below, with white and yellow text on a black background, was a bullet point-like list of accusations.

"Under the leadership of Cardinal Timothy Dolan, the Archdiocese is deploying all of its VAST resources to deny its victims the compensation they rightfully deserve," read one.

The page also linked to a handful of news stories highlighting the scale of sex abuse by New York clergy, the archdiocese's expansive real estate holdings, and the cardinal's 15,000-square foot residence. In two spots, the webpage encouraged visitors to "hold the Archdiocese of New York accountable" and register their email address to receive updates.

The site also pointed to forms for reporting abuse to church or state authorities, as well as links to prominent organizations on the topic, such as the Survivors Network for those Abused by Priests, and BishopAccountability.org, the similarly named independent watchdog that has catalogued thousands of claims and cases.

Within a year, ChurchAccountability.com expanded to add another page touting a "Dolan dossier" specifically attacking the archbishop. Near the top was a doctored image of Dolan cackling with $100 bills swirling around him.

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NYSCEF DOC. NO. 648

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RECEIVED NYSCEF: 01/31/2026

EXHIBIT 6

CHURCH ACCOUNTABILITY PROJECT

Cardinal Timothy Dolan's True Legacy

The Dolan Dossier on what the Cardinal doesn't want you to know:

Over the past two decades, Cardinal Dolan led the archdiocese in two major metropolitan American cities (Milwaukee and New York City). What he doesn't want you to know is his focus on three "C's:" Cover up, Conceal, and avoid Compensating victims of church sex abuse.

Below is a timeline of the lengths Cardinal Timothy Dolan has gone to protect the Church at all costs, while rapidly growing the Church's bank accounts.

Court Filings

"It's time for ADNY to drop the lawsuits and fairly compensate the hundreds of victims of sexual abuse and assault NOW," read a line toward the bottom.

Nowhere did the website explain who was behind it.

Late last year, Chubb's secret role as its creator began to unravel, after church lawyers asked the court to compel the insurer to turn over evidence of what they called its "shadow" campaign to undermine the archdiocese.

In December, the Church Accountability Project website was suddenly rebranded with Chubb's corporate logo in large letters at the top, above the phrase "Insurance stops where complicity begins." The site also introduced a table seeking to compare "myths" about its role in the case against "facts" about the archdiocese's complicity in the abuse scandal.

Archdiocesan lawyers seized on the changes as proof of the insurer's bad faith, and in January asked the presiding New York judge, Lori Sattler, for permission to amend their suit to claim fraud and seek punitive damages from their insurer.

"Chubb has used the guise of defending as a smoke screen to delay, obstruct, and stonewall resolution of the Underlying Claims, while Chubb secretly undermines and seeks to weaken" the archdiocese, they wrote.

In filings since, Chubb hasn't disputed its role creating the website but says its public relations efforts were "only in response to the ADNY's systematic, years-long undertaking to hide its complicity in sexual abuse and distort the public record."

The insurer said it wasn't the only one waging a behind-the-scenes public relations campaign.

Astroturf Allegations

Whiston's Feb. 19 affidavit was part of a filing intended to build the archdiocese's case that it had no ties to the Coalition for Just and Compassionate Compensation, the group whose self-proclaimed mission is "holding insurers and regulators accountable."

The former CFO's sworn statement described the group as a separate and independent entity. It did not, however, explain why he would have received briefings on the fundraising and communications plans of the purportedly independent party.

Chubb contends the CJCC is really an astroturf group – designed to appear like an independent, grassroots advocate – guided and funded by the archdiocese as part of a guerrilla war of public smears.

Photo Illustration: Jonathan Hurtarte/Bloomberg Law

It's noted a phrase in the group's New York Times ad – that Chubb was "welching on its promises" – echoed language that had been in the church's legal filings.

It also pointed out that CJCC's leadership includes David Catalfamo, a longtime New York political operative with deep ties to John Cahill, the archdiocese's chancellor and Dolan's former chief of staff. Both worked together under former New York Gov. George Pataki; Catalfamo was also the spokesperson for Cahill's 2014 unsuccessful campaign for state attorney general.

Last week Chubb said in a filing that Cahill and Catalfamo together worked "hand-in-glove to use the CJCC" to advance the archdiocese's interests, including fundraising for the effort.

The group spent nearly $1 million in its first 15 months, with about $500,000 going to a public relations consultant, its tax records show.

But as an exempt 501(c)(4) "social welfare" organization, it isn't required to disclose its donors' identities. Catalfamo has said they include survivors, their lawyers, and others who "care about" the archdiocese, but he hasn't released names or details.

The archdiocese has declined comment on the allegations, but denied in legal filings that it's bankrolling or controlling the CJCC. Catalfamo told Bloomberg Law the organization had received no funding from the archdiocese.

There's no support for "any claim that CJCC is a Church directed or funded front organization" acting on behalf of the archbishop, James Marsh, a plaintiffs' attorney who represents dozens of claimants against the church and a trustee of the CJCC, said in a signed affirmation.

Stephen Jimenez, another CJCC trustee and clergy abuse survivor, called Chubb's accusations "a smack in the face."

'Expected and Intended'

The nonstop mudslinging and aggressive stances have surprised even seasoned court watchers.

Chubb's bid to rally public support for its hard-line position through the Church Accountability website seems unprecedented, according to Marci Hamilton, a University of Pennsylvania professor who focuses on child sex abuse issues.

"There's been no insurer across the United States that has taken an 'I pay nothing' tactic and then tries to reinforce its intentional argument by putting the archdiocese in a bad light," said Hamilton, a longtime legal consultant on cases involving the church. "It's a pretty extreme tactic to combine those two elements."

Jeffrey Stempel, a professor at University of Nevada, Las Vegas, William S. Boyd School of Law, pointed out that insurers have an inherent good-faith duty to not throw their policyholders under the bus.

In the past decade, the New York archdiocese sold off real estate assets, cut staff, and reduced its operating budget to free up funds, purportedly for the sake of resolving sex abuse claims. Still, none have reached trial since the victims' act passed in 2019.

In December, just ahead of his resignation announcement, Dolan said the archdiocese was seeking to begin a global settlement process.

Chubb has argued the church could compensate victims more quickly with its own money even while their coverage dispute is ongoing. Lawyers say that could backfire on the archdiocese if its policies include standard clauses that say it can't pursue reimbursement if it settles a case without its insurer's consent.

So the battle with Chubb over who owes what languishes in court.

There is no scheduled trial date, or even a prediction as to when one could be set. Sattler first has to rule on each side's request to amend their lawsuits to add allegations over the rival public relations campaigns. And both continue to push back on every incremental decision.

As the case drags on, the greatest impact could be on abuse victims. Several have sought to intervene in the coverage dispute, contending that Chubb and the archdiocese share a common interest in delaying a resolution as long as possible. The court rejected their bid, but that decision is on appeal.

Most of the claimants are older; some have died waiting for a resolution, said Terry McKiernan, a board member for Bishop Accountability, the independent watchdog group.

"That's important here," he said, "because there's a kind of heartlessness involved."

Class Action

Manage Newsletters

Google’s $135 Million Deal to End Phone Data Suit Gets First Nod

March 6, 2026, 10:11 AM PST

Google LLC’s deal to pay $135 million to settle a proposed class action alleging it illegally consumes the cellular data consumers have purchased from their providers was preliminarily approved by a federal court.

The settlement covers US residents unless they’re citizens of California, who are class members in a different suit. Class members here will likely recover no more than $2 from a pro rata cash payment, according to the order from the US District Court for the Northern District of California. Google will also tell consumers that Google Play services uses cellular networks when not connected to Wi-Fi, and therefore might use their mobile data.

The monetary and injunctive relief offered by the settlement weighed in favor of preliminary approval, Magistrate Judge Virginia K. DeMarchi said

Google will be required to change its terms of service and FAQs to explain that some background communications can’t be turned off, and any fees incurred because of that activity is the consumer’s responsibility

DeMarchi said that the settlement that covers California residents was $350 million, but was satisfied that the increased monetary recovery reflected cases that were resolved at different stages of litigation

Bartlit Beck LLP and Korein Tillery LLC are appointed as class counsel. Cooley LLP represents Google.

The case is Taylor v. Google LLC , N.D. Cal., No. 5:20-cv-07956, 3/5/26 .

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Q&A | **Litigators**

Litigators of the Week: Delaware Supreme Court Upholds Controversial Changes to State's Corporate Law

The decision sided with arguments Jonathan Bond of Gibson Dunn, who represented Clearway Energy, a company facing a shareholder lawsuit in Delaware Chancery Court, and William Savitt of Wachtell, who represented the state and governor as intervenors.

March 06, 2026 at 07:30 AM By **Ross Todd**

William Savitt (L) of Wachtell Lipton Rosen & Katz, and Jonathan C. Bond (R) of Gibson, Dunn & Crutcher. Courtesy photos

Our Litigators of the Week are **Jonathan Bond** of **Gibson, Dunn & Crutcher** and **William Savitt** of **Wachtell, Lipton, Rosen & Katz**, who secured a ruling from the Delaware Supreme Court upholding last year's closely watched changes to Delaware's corporate law.

The state's high court last week found that Senate Bill 21's safe harbor provisions for controlling stockholder transaction were constitutional, having neither divested the Court of Chancery of equity jurisdiction nor retroactively extinguished any vested plaintiff rights. The decision was a win for Gibson Dunn's client Clearway Energy, a company facing a shareholder lawsuit where the issue was taken up in an interlocutory appeal, and Wachtell's clients, the state and governor of Delaware, who intervened to defend SB 21.

Litigation Daily: Who are your clients and how would you characterize what was at stake here?

Jonathan Bond: We represent Clearway Energy Inc., a publicly traded energy infrastructure investor and one of the largest owners of clean energy generation assets in the United States. Clearway acquires assets from its controlling stockholder, Clearway Energy Group LLC, in the ordinary course of business, in transactions that are reviewed and approved by a committee of fully independent Clearway directors. As a result, this case challenged transactions that are at the core of Clearway's business model.

Bill Savitt: Our clients are the Governor and State of Delaware. For the state and its political branches, the stakes were high: At issue was whether the legislature and the governor had the authority to amend Delaware's world-leading corporate law in response to evolving commercial realities.

How did this matter come to you and your firms?

Bond: Clearway is a long-standing client of our firm. This case started in 2024 as a Section 220 books-and-records demand. After Clearway completed its document production in response to the Section 220 demand, the plaintiff filed a derivative action, and Clearway retained Gibson Dunn to represent it in that litigation.

Savitt: We were contacted by the governor's office.

Who was on your team and how did you divide the work in this interlocutory appeal?

Bond: **Colin Davis** and **Brian Lutz**, two of our preeminent Delaware Court of Chancery litigators, represented Clearway in connection with the Section 220 demand and the derivative litigation. After the Court of Chancery certified the plaintiff's constitutional challenge to SB 21 to the Delaware Supreme Court, Colin and Brian recognized this as a perfect opportunity to leverage the strengths of Gibson Dunn's world-class appellate practice. That's how **Russell Balikian** and I became involved in the case. Russell and I led the briefing and argument in the Supreme Court, with substantial assistance from Colin, Brian, the Gibson briefing team (including **Giuliana Cipollone**, **Connor Mui**, **Zach Tyree** and **Hunter Mason**) and our Delaware counsel, **Elena Norman** of **Young Conaway Stargatt & Taylor**. We also collaborated extensively with **Srinivas Raju** and his firm, **Richards, Layton & Finger**, representing codefendants Clearway Energy Group and Christopher Sotos.

Savitt: Our firm's core team included partners **Anitha Reddy** and **Ryan McLeod**, counsel **Alexander Mackler** and associates **Daniel Listwa** and **Stephen Levandoski**. We approached the appeal as we approach all our projects—on a task force basis, attacking the issues from first principles.We had the good luck to work with a spectacular team at **Potter Anderson** led by **Peter Walsh** and **Callan Jackson**.

What was the level of coordination between your two teams?

Bond: We coordinated substantially with the state's counsel at Wachtell and Potter Anderson. From the outset, it was apparent that Clearway—as the real party in interest—was best positioned to address how SB 21 affects the particular transaction at issue, while the state could offer a broader perspective on the policy arguments in play. We worked to develop distinct but complementary briefs and delivered mutually reinforcing arguments to the Supreme Court. Bill Savitt and the Wachtell and Potter Anderson teams were exemplary partners and a genuine pleasure to work with.

Savitt: We and the superb team at Gibson Dunn and Young Conaway were in good touch and pursued complementary approaches reflecting our clients' respective interests.

Opposing counsel, Greg Varallo of Bernstein Litowitz, conceded at the beginning of his oral argument that his cause was "extremely unpopular." He had the burden of overcoming the presumption that statute was valid and constitutional. Did that take any pressure off you?

Bond: Not for me, because the court clearly is committed to getting the law right and following the state constitution and its precedents where they lead. What's popular or not doesn't come into it. Although we argued, and strongly believe, that the plaintiff's challenge couldn't surmount the high bar for invalidating an act of the Delaware legislature exercising its own constitutional authority over corporate law, we knew the court had taken the case on certified questions and took these issues very seriously.

Savitt: Not at all. Greg is a skilled advocate. This was his attempt to suggest that he was invoking constitutional principles where they matter most, in support of a position that was unpopular but right. The only trouble is that his position was unpopular and wrong.

The court included an overview of the evolutions of Delaware law government controlling-stockholder transactions aimed at a reader "not steeped in the arcana of Delaware corporate law." Did the amount of attention this case was receiving from the broader corporate law world in any way shape how you approached your own arguments?

Bond: I think everyone involved recognized the stakes of the case for Delaware corporate law, and the gravity of the constitutional moment unavoidably affected how the parties presented their arguments and their implications. As advocates we all strive to be helpful to the court, and when you know a court is grappling with really weighty issues—where its decision will be an inflection point however it rules—you try to put yourself in their shoes, anticipate the concerns they're confronting and offer ways to help the court work through them, cognizant of the potential ripple effects of their decision. We understood that the court would ultimately need to explain its ruling in an opinion for multiple audiences—corporations, the Delaware bar and the public—and we tried to present our position in a way that makes sense to legal and non-lawyer audiences alike: The Delaware legislature writes the laws that govern corporations. The state constitution sets which cases courts can hear, but at the end of the day, courts are applying the law the people's representatives have made.

Savitt: Ultimately we rooted our arguments in legal history, the separation of powers and the relevant precedents. Though the case had very broad implications, the appeal needed to be and was prosecuted for the erudite judges on the court.

What do you think this decision means for shareholder litigation in Delaware moving forward? How do you expect the plaintiff's bar and others who opposed SB 21 to react in light of this decision?

Bond: To me the biggest takeaway is that corporations and investors alike can trust that Delaware's corporate law means what it says and that when the legislature changes the law—including in the wake of judicial decisions interpreting it—Delaware courts will give effect to that law. The court wasn't deciding what Delaware law should be going forward—just that the legislature can exercise its own constitutional authority and responsibility to make the law. I don't know how plaintiffs will respond, but what I hope everyone takes from the decision is that the constitutionally mandated process of revising corporate law in Delaware—which requires supermajorities in both houses to make a change—is working and that Delaware's courts give due respect to the laws the legislature makes.

Savitt: The plaintiffs' bar is resourceful and effective. There will be much litigation to decide what SB 21 means in practice. The Supreme Court's affirmation of its constitutionality is a pivotal point of departure, but the impacts of the law will be worked out in the traditional way of common law, case by case.

What else is important here in the court's decision?

Bond: The decision reinforces the legislature's important role in shaping Delaware's corporate law. In enacting SB 21, the legislature addressed an area of the Delaware common law that many perceived as having become unpredictable. The court's decision confirms that response was an appropriate exercise of the legislature's authority, subject to constitutional limits.

Savitt: In addition to validating an important corporate law reform, the decision reaffirms the right of the political branches to make the law and the flexibility of Delaware in addressing the evolving commercial needs of its corporations and their investors.

Mr. Bond, what comes next in this case? How will litigating it back at the Court of Chancery for Clearway be different than it would have been had the SB 21 safe harbors been found to violate the state's constitution?

Bond: The Supreme Court's decision changes significantly how this case will be litigated in the Court of Chancery. Before SB 21, this case likely would have been subject to entire fairness review under the Supreme Court's decision in *Match*, which required approval by both an independent special committee and a majority of disinterested stockholders to trigger business judgment review. Now, following the Supreme Court's decision, this transaction falls squarely within SB 21's safe harbor for controlling stockholder transactions that are approved by a fully informed committee of independent directors acting in good faith.

What will you remember most about this matter?

Bond: Two things stand out to me. First is getting to play a part, however small, in a dispute about state constitutional law with such far-reaching implications. I had the tremendous good fortune to clerk for Judge Sutton on the Sixth Circuit, who instilled in me and countless others the critical but often-underappreciated importance of state constitutional law. This case illustrates how central state constitutional law is to issues that can affect everyone. We all interact with Delaware corporations every day, and the law that governs them ultimately affects everyone. The court's decision here not only upheld SB 21, but also confirmed and clarified the legislature's authority to write those rules.

Second, this case was one of the most joyfully collaborative matters I've worked on. Our Gibson Dunn team led by Colin, Brian and Russell worked seamlessly with Elena and her colleagues at Young Conaway and Srini and his team at Richards Layton. Their expertise and insight into Delaware corporate law are really unparalleled and were invaluable in this case. It's so rewarding to team up with experts like that and so reassuring to walk to the lectern knowing that the best minds in the business have thought through every angle, looked around every corner and armed you with the best answers to the hardest questions.

Savitt: The honor of representing the state and the governor.

Lawyer at Tom Girardi's firm pleads guilty to contempt in client funds case

reuters.com/legal/government/lawyer-tom-girardis-firm-pleads-guilty-contempt-client-funds-case-2026-03-05

David Thomas March 5, 2026

A man walks through the street carrying a briefcase in Manhattan, New York City, U.S., August 19, 2020. REUTERS/Andrew Kelly/File Photo Purchase Licensing Rights, opens new tab

March 5 (Reuters) - A California attorney who worked with jailed former plaintiffs' attorney Tom Girardi pleaded guilty on Thursday to criminal contempt in connection with Girardi's failure to pay millions of dollars in client settlement funds.

Keith Griffin, 54, pleaded guilty to one criminal contempt of court charge before U.S. District Judge LaShonda Hunt in Chicago, federal prosecutors said.

Griffin's sentencing is set for Aug. 6, a spokesperson for the Chicago U.S. attorney's office said. Griffin's attorneys at Los Angeles-based law firm Werksman Jackson & Quinn did not immediately respond to a request for comment.

Griffin was one of two attorneys at Girardi's law firm who worked with him on litigation in Chicago over the 2018 crash of Boeing 737 MAX Lion Air Flight 610 in Indonesia, which killed all 189 onboard.

Girardi and his California firm, Girardi Keese, were accused by their co-counsel in the case of stealing more than $2 million in settlement funds meant for the families of victims.

Girardi, once a top U.S. plaintiffs' lawyer, was convicted by a Los Angeles jury in 2024 for stealing $15 million in settlement funds from his clients in a separate case. He was sentenced last year to more than seven years in prison.
Prosecutors initially charged Griffin with four counts of criminal contempt for failing to turn over settlement funds in the Lion Air case, as ordered by U.S. District Judge Thomas Durkin. He was also charged with two counts of failing to report a crime.

David Lira, another Girardi Keese attorney who worked on the case with Girardi and Griffin, was sentenced to four months in prison in October after he also pleaded guilty to a criminal contempt charge.
Prosecutors said in their plea agreement with Griffin they will not recommend more than four months in prison, while Griffin and his lawyers will seek "a non-custodial sentence of probation."

Durkin in November 2022 excoriated Lira and Griffin for their failure to inform anyone that Girardi had lied about paying clients the funds they were owed from Boeing in the Lion Air case.
"Griffin and Lira knew from the start that Girardi did not pay the clients when he was supposed to," Durkin said, though he did not sanction the attorneys.

Girardi is currently incarcerated at a federal prison medical center in Rochester, Minnesota, according to the Federal Bureau of Prisons. He has appealed his conviction.

David Thomas reports on the business of law, including law firm strategy, hiring, mergers and litigation. He is based out of Chicago. He can be reached at d.thomas@thomsonreuters.com and on Twitter @DaveThomas5150.

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NewsRoom

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Akron Beacon Journal (Ohio)

March 6, 2026

Section: News

Prosecution closes in FirstEnergy bribery trial

Patrick Williams

March 6, 2026

The prosecution has finished questioning its witnesses in the bribery trial of former FirstEnergy executives Chuck Jones and Michael Dowling, with testimony March 5 focusing on conversations at a 2019 investor conference.

A former vice president of investor relations and communications at FirstEnergy provided additional context about statements that former company CEO Jones made at a 2019 conference that other witnesses have testified about in the trial.

State witness Irene Prezelj, who is retired from FirstEnergy, recalled a discussion with Jones at the 2019 EEI Financial Conference. At the time, Prezelj was vice president of investor relations.

Prezelj said Jones told her that he had talked with Sam Randazzo, who was appointed chairman of the Public Utilities Commission of Ohio that year, and that Jones was planning to tell investors he wasn't concerned about a potential FirstEnergy base distribution rate case before the state regulators in 2024.

Jason Lisowski, FirstEnergy vice president, controller and chief accounting officer, previously testified that Jones assured investors in November 2019 that a rate case in 2024 didn't pose a risk to the company's finances.

Additionally, FirstEnergy Vice President and Treasurer Steven Staub formerly said Jones told investors that chances were slim that FirstEnergy would have to file for a 2024 rate case.

Prezelj's testimony included the additional point that Jones said he had talked about the status of the rate case in 2019 with Randazzo — the man Jones and ex-FirstEnergy Senior Vice President Dowling are accused of bribing.

The state alleges the defendants paid $4.3 million to Randazzo to do their bidding, including scuttling the 2024 PUCO rate review, writing part of House Bill 6 and lobbying the Ohio General Assembly for that bill's passage. Randazzo died in 2024.

Base distribution rate cases before the PUCO determine how much utilities can charge customers for the distribution portion of their bills.

Eileen Mikkelsen, former FirstEnergy vice president of rates and regulatory affairs, and other trial witnesses have testified about how company executives were concerned in the late 2010s about a gap between expenses and revenues continuing, which executives believed would cause the PUCO to reduce FirstEnergy's rates in 2024.

Gregory Price, PUCO's deputy legal director, had testified that Randazzo directed him in 2019 to write in an agency filing that FirstEnergy wouldn't need to file the 2024 PUCO rate case.

On March 5, Ohio Assistant Attorney General Matthew Meyer showed Prezelj a text message that Dowling sent her in November 2019.

Dowling shared with Prezelj what he said was a text from Randazzo with an intended message for Jones, which in part said, "Sam says he is clear on you definitively stating that you believe our Ohio utilities will not see a rate decrease in the foreseeable future."

Prezelj said she didn't recall the text, but when Meyer asked her whether she understood what it meant, she said yes.

"Mike is telling Chuck that he spoke with Sam about the 2024 rate case and, further to that, that we wouldn't see a rate decrease in the foreseeable future," Prezelj said.

On cross-examination, Grimes, an attorney for Dowling, confirmed with Prezelj that she didn't have a complete understanding of what Dowling was saying in the text to her.

Prezelj said she didn't understand the "clear" part of the text.

Grimes asked, "You have no information whatsoever that Sam Randazzo told Chuck Jones that there wouldn't be a rate decrease, right?"

"I do not have that information," Prezelj said.

What's next in FirstEnergy trial?

The defense will begin calling its witnesses, including the man who served as lieutenant governor at the time of the actions in question.

Republican Jon Husted, whom Ohio Gov. Mike DeWine appointed to replace Vice President JD Vance as U.S. senator for Ohio, will virtually testify for the defense. The date and time of the senator's testimony has not been finalized, but on March 4, defense attorney Steve Grimes said the testimony could occur March 13.

Defense attorneys said March 5 they plan to call Jason Rafeld to the witness stand. The defense previously said Jones and Dowling wanted Columbus attorney Rafeld to become PUCO chair — as opposed to Randazzo, who ultimately was appointed to the post.

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

Inside

Husted could testify at trial by video link. 4A

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cleveland.com (Cleveland, OH)

March 5, 2026

FirstEnergy exec says CEO got assurances from regulator accused in $4.3M bribery scheme

Adam Ferrise; cleveland.com

AKRON, Ohio — Former FirstEnergy CEO Chuck Jones got assurances from a state regulator — whom he's accused of bribing — that he wouldn't have to worry about an important regulatory review, a former company executive testified Thursday.

That review would have examined the company's finances, and it was scaring off investors, said Irene Prezelj.

During dramatic and contested testimony, Prezelj said Jones told her at a 2019 conference that he spoke with then-Public Utilities Commission of Ohio chair Sam Randazzo before telling investors they shouldn't worry about the review.

"I recall him telling us that he spoke to Sam Randazzo and that in the meetings that day, he was going to tell investors that he was not concerned at all about a potential" review, Prezelj said.

Randazzo delivered less than two weeks later, killing the PUCO review that would have cut millions in company revenue, Prezelj said.

Prezelj, the former vice president of investor relations, was the final prosecution witness in the trial of Jones and former FirstEnergy top lobbyist Michael Dowling, who are accused of paying a $4.3 million bribe to Randazzo.

Randazzo, who died by suicide in 2024, helped push for the passage of scandal-ridden House Bill 6 and made regulatory rulings, like killing the rate case, that were worth more than $1 billion to FirstEnergy, prosecutors say.

Jones attorney Carole Rendon questioned Prezelj's memory, and suggested that Prezelj misinterpreted Jones' statement. Rendon said Jones actually meant the company would be in good shape for the review and was confident it wouldn't result in a revenue drop.

Prezelj's testimony piggybacked off two prior witnesses who said they were surprised that Jones told groups of investors during the November 2019 Edison Electric Institute conference they didn't have to worry about the potential for review.

During the first day of the conference, Jones was peppered with questions about the review, Prezelj said.

The next morning, Prezelj said Jones pulled her and another FirstEnergy executive aside, motioning to follow him into a corner of his hotel suite. There, he told them that he'd spoken with Randazzo, who said the review would never happen, Prezelj said.

Prezelj said she thought it was odd, but was busy during the conference and didn't push back or ask any questions.

That day, Jones told investors they had no reason to worry about the review, she said.

"I would say that once Chuck talked so confidently in the meetings about not being concerned about the rate case, I think it did calm investors," Prezelj said. "And so the issue was kind of off the table."

Prosecutors also showed the jury a text message from Dowling to Prezelj days before the conference.

Dowling shared with Prezelj a message he'd just sent Jones that read: "Sam says he is clear on you definitely stating that you believe our Ohio utilities will not see a rate decrease in the foreseeable future," the text read. "He was VERY appreciative of us checking with him."

Prezelj initially testified that she believed the message showed that Randazzo told Jones he could say there was no reason to worry about the rate review. On cross examination by Dowling attorney Steven Grimes, she backtracked and said she couldn't interpret the meaning of the text.

The PUCO, with Randazzo as its leader, voted Nov. 21, 2019 to strike down FirstEnergy's financial review.

Prezelj also told the jury about a call she got from Dowling months later when she was putting together a script for Jones to read during a February 2020 call with investors.

In the script, Prezelj included information that the PUCO decided FirstEnergy wouldn't have to undergo the review, she said.

She said she got a call from Dowling ordering her to remove it. When she asked why, Dowling said "the decision was made by the chair of the PUCO and that the staff and others at the commission were bothered by it."

On cross examination, Rendon showed that Jones ultimately told investors about PUCO removing the rate case.

Grimes, pacing around the courtroom, showed the jury an email between Prezelj and Dowling in which Dowling told her: "We'll manage it if you want to keep it in."

Grimes asked if Dowling may have meant that the company shouldn't do a "touchdown dance" after getting a big win at the PUCO.

"I absolutely understand that," Prezelj replied.

---- Index References ----

Company: FIRSTENERGY CORP

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Word Count: 723

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March 6, 2026

Defense: FirstEnergy execs backed rival to man they're accused of bribing

Adam Ferrise; cleveland.com

AKRON, Ohio — Two former FirstEnergy executives accused of bribery launched their defense Friday, arguing that their preferred candidate to lead the state's utility regulator actually wasn't the man they're accused of bribing.

Jason Rafeld was the first witness to testify on behalf of former CEO Chuck Jones and ex-top lobbyist Michael Dowling, who are accused of bribing the man who beat Rafeld out for PUCO chairman in 2019 — Sam Randazzo.

Rafeld's testimony underscored one of the defense's arguments — that Jones and Dowling wouldn't have bribed Randazzo in late 2018, while simultaneously pushing incoming Gov. Mike DeWine and Lt. Gov. Jon Husted to pick Rafeld.

Prosecutors have argued that while Jones and Dowling pushed for Rafeld, they bribed Randazzo after learning DeWine and Husted preferred him.

After Randazzo was appointed PUCO chair in April 2019, prosecutors say he pushed for tarnished House Bill 6, which gave a $1.3 billion bailout to two struggling nuclear power plants owned by a FirstEnergy subsidiary. He also took several other steps, including regulatory rulings, worth millions to FirstEnergy.

Rafeld previously worked for the PUCO as its chief of staff in 2015 and 2016, but left for private law practice.

He said he was first approached by Boich Companies President Matt Evans, a coal executive, in 2018 about the PUCO chairmanship. Rafeld said he warmed up to the idea over time, getting encouragement from a slew of people in the industry, including Jones, Dowling and even Randazzo.

Rafeld said that FirstEnergy hired an outside lobbyist, Josh Rueben, with connections to DeWine to help put Rafeld's name at the forefront for the chairmanship. He said he spoke with Jones about the chairmanship and had dinner with Dowling in November 2018 during a conference in Orlando, Florida.

"I felt very clearly and confidently that FirstEnergy had offered their support should I choose to pursue the chair position," Rafeld said. "And they made me feel certain that they would be 100% behind me, do whatever they could to help me."

Rafeld said he was about to formally submit his application for PUCO chair when he learned from Evans that DeWine and Husted chose Randazzo over him.

Prosecutors sought to show Rafeld had a cozy relationship with FirstEnergy dating back to his time at PUCO.

Under questioning by Assistant Ohio Attorney General Matthew Meyer, Rafeld described an April 2016 dinner at Mitchell's Steakhouse in downtown Columbus with Jones and several other FirstEnergy employees. The dinner turned into a night of drinking at Char Bar until the bar closed.

That came on the heels of PUCO allowing FirstEnergy to buy electricity from its struggling Davis-Besse power plant, Rafeld said. The decision was later struck down by the Federal Energy Regulatory Commission. That commission found that FirstEnergy would have forced customers to pay extra monthly fees to guarantee the plant made a profit.

The ruling set in motion a series of events that led to the passage of HB 6, which gave subsidies to Davis-Besse, along with the Perry Nuclear Power Plant.

---- Index References ----

Company: FIRSTENERGY CORP; UNITED STATES, GOVERNMENT OF

News Subject: (Crime (1CR87); Fraud (1FR30); Social Issues (1SO05))

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Kalshi Sued Over Death Carveout in Iran Leader Prediction Market

March 6, 2026, 8:24 AM PST

Summary by Bloomberg AI

AI Generated

- A proposed class action says Kalshi Inc. should've paid out on a market speculating when Iran's Supreme Leader Ali Khamenei would vacate his role after he was killed during US and Israeli airstrikes.
- The complaint alleges Kalshi didn't adequately disclose a "death carveout" until after news of Khamenei's death spread, and instead lured more traders into "yes" positions while knowing it wouldn't deliver payouts.
- The traders seek damages, a return of any ill-gotten gains, injunctive relief requiring updated disclosure practices, and more, alleging breach of contract and violations of certain California laws.

Kalshi Inc. should've paid out on a $54 million market speculating when Iran's Supreme Leader Ali Khamenei would vacate his role after he was killed during US and Israeli airstrikes, a proposed class action said.

Kalshi and its exchange's plain-language rules made traders who predicted his departure expect payouts, and they didn't adequately disclose a "death carveout" until after news of Khamenei's death spread, said the complaint filed in the US District Court for the Central District of California. Then rather than halt trading as reports of military strikes accumulated Feb. 28, Kalshi lured more traders into "yes" positions on Khamenei's exit while knowing it wouldn't deliver payouts, Thursday's suit said.

"With an American naval armada amassed on Iran's doorstep and military conflict not merely foreseeable but widely anticipated," traders and Kalshi "understood that the most likely—and in many cases the only realistic—mechanism by which" the 86-year-old "autocratic leader would 'leave office' was through his death," the suit said.

The language on Kalshi's market "was clear, unambiguous, and binary" that if Khamenei left office, those with "yes" positions would receive their full payout, according to the complaint.

Kalshi's CEO said on social media Feb. 28 that the company doesn't list markets that are "directly tied to death."

As backlash mounted, CEO Tarek Mansour said in a March 1 post Kalshi would reimburse fees and net losses and that the company would update how it presented similar markets with a death carveout "so traders can see the exception more clearly before they trade."

"While the rules were clear and we tried our best to highlight them, traders vocalized they were not prominent enough. We heard you, and we decided to reimburse out of pocket for all fees and all net losses from trading in the market," Mansour said.

Platforms like Kalshi's have recently come under widespread scrutiny, including over prediction markets related to geopolitical conflict, as they fight a widespread legal battle over preemption. States say these markets' event contracts, mainly sports-related, are gambling subject to their regulations. Prediction market providers and President Donald Trump's Commodity Futures Trading Commission say these are a form of financial contract traded on markets under the agency's exclusive jurisdiction, barring additional state oversight.

Proposed Class

Novian & Novian LLP represent the Kalshi traders, Adam Risch and Yonatan Gliksman. Their proposed class would cover those in the US who held "yes" on Kalshi's "Ali Khamenei out as Supreme Leader?" market across any expiration date when trading halted Feb. 28. Expiration dates speculated on whether that outcome would occur before March 1, before April 1, and so on. Risch and Gliksman also seek to represent subclasses based on when they acquired their "yes" positions.

The traders seek damages, a return of any ill-gotten gains, injunctive relief requiring updated disclosure practices, and more. They alleged breach of contract, violations of certain California laws, among other claims.

Kalshi didn't immediately respond to an email seeking comment.

The case is Risch v. KalshiEX LLC , C.D. Cal., No. 2:26-cv-02390, complaint filed 3/5/26 .

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Bloomberg Law

Manage Newsletters

Matt Levine's Money Stuff: Be Liquid When Others Are Illiquid (Correct)

March 5, 2026, 12:22 PM PST

The illiquidity premium

Money Stuff this week has mostly been about capturing the illiquidity premium. On Tuesday, I argued that pooled retirement savings vehicles like pension funds and annuity companies have predictable cash needs and can lock up a lot of their money for the long term to earn high returns, while individual retirement savers can never be *sure* they won't need their money back tomorrow and so demand more liquid investments.

On Wednesday, we discussed how those individual savers withdrew a lot of money from a Blackstone Group Inc. private credit business development company called BCRED, in part because of *credit* worries (loans might default, etc.) but also in part because of *liquidity* worries (people are suddenly paying attention to the fact that it is sometimes hard for individual investors to get their money out of private BDCs). I argued that, if you are a professional investor who thinks the credit worries aren't too serious, this could be a good buying opportunity.

It is conventional to assume that there is such a thing as an "illiquidity premium": Investors who lock their money up for a long time sacrifice some flexibility, and thus should demand a higher return than investors who can get their money back whenever. We have occasionally discussed Cliff Asness's clever argument that actually it's the reverse — that investors love to own assets that don't trade, because then they don't have to stress out all the time about the assets' prices, so they should accept a *lower* return for illiquid assets — but surely *this week* there is an illiquidity premium. Right now, individual investors in private BDCs seem to be reacting to headlines about how BDCs might be limiting redemptions; they think "hmm I don't want *my* redemptions to be limited" so they try to take out their money. They are demonstrating a demand for liquidity, and if you are willing to *provide* that liquidity — to give them their money back and lock up your own money for a while — then you should be able to get paid.

For legal and marketing reasons, a lot of the big private credit firms can't do exactly that — they can't just go out to their own BDC customers and say "hey I see you want out, that's fine, I'll cash you out at 80 cents on the dollar" — but *other* people could. Specifically, last month Saba Capital Management and Cox Capital Partners announced an opportunistic tender offer for a Blue Owl Capital Inc. BDC called OBDC II, as well as a few other Blue Owl BDCs, "with an offer price that's expected to be at a 20% to 35% discount" to net asset values.

This strikes me as a smart trade: You can't measure it exactly, but intuitively it sure seems like the illiquidity premium in private BDCs blew out over the last few weeks, and Saba and Cox might reasonably think "well, we'll sell liquidity high, and the premium will come down and we'll make a big profit." (The risk here is not so much "the liquidity premium will keep going up" as it is "actually the *credit* is worse than we think." It is hard to isolate the illiquidity premium, though I guess you could hedge out the credit.)

It is also a good bit of *trolling;* the implicit message is something like "Blue Owl won't give you your money back but we will, for a price." I don't know if they'll actually get any shares in their tender offer. Blue Owl *is* giving OBDC II investors their money back over time, and it previously offered them the chance to get all their money back at a 20% discount , but they said no to that; why would they say yes to Saba and Cox?

Anyway this is partly a story about Blue Owl and Blackstone and private credit and the structure of non-traded BDCs, but more broadly it is a story about the illiquidity premium as a market-wide factor, about individual investors' general demand for liquidity. The Saba and Cox trade is not *just* about trolling Blue Owl; it is structurally a bet on the illiquidity premium. You could scale that trade up and buy retail illiquidity wherever you can get it. Bloomberg's Loukia Gyftopoulou and Patrick Clark report today :

Boaz Weinstein's Saba Capital Management and Cox Capital Partners have started a tender offer for Starwood Capital Group's real estate investment trust, less than two weeks after the firms proposed buying shares of some Blue Owl Capital Inc. funds.

Saba and Cox are offering to buy about 5.4% of the outstanding Class S and Class I shares of Starwood Real Estate Income Trust, at discounts of 28.6% and 24.4%, respectively, from their Feb. 12 price, according to a statement Thursday.

SREIT, as it's known, tightened limits on investors' ability to pull money from the fund in May 2024, at a time when higher-for-longer interest rates had ground real estate markets to a halt. It lifted the restrictions slightly in June. The $8.2 billion fund was part of a wave of non-traded REITs that attracted capital from wealthy individuals and invested in warehouses, apartments and other commercial property.

Here is their announcement. SREIT is not a private credit BDC — it's non-traded real estate investment trust — but it's the same basic problem. Starwood raised money from individuals in a structure that mostly locked up their money, but allowed them to withdraw some of it in some circumstances; then those individuals got nervous, they asked for more money back than SREIT could really give them, and the headlines got bad.

One way to put it is that, when big asset managers raised money from individual investors for semi-liquid non-traded REITs and BDCs, the illiquidity premium was low. "Ehh I'll probably be able to get my money back if I need it," the individual investors thought, because (1) those vehicles do offer *some* liquidity, (2) everyone wanted in on the private-market action and (3) people don't read the prospectus and probably weren't paying that much attention to the liquidity terms. Now, some investors do want their money and can't get it, or can't quite get it, or at least are reading headlines about how they might not be able to get it. They value liquidity more than they used to. The big asset managers bought liquidity cheap when they launched these funds, but now liquidity is valuable. The big asset managers can't quite sell it back, because opportunistically trading the illiquidity premium against your own customers is pretty icky. But Boaz Weinstein, maybe, can.

Buy the dip

By the way! The standard story here is that *individual* investors are getting nervous and trying to take their money out of private credit, but *institutions* are untroubled. My Bloomberg Opinion colleague Paul Davies writes :

A saving grace is that insurers and pension funds — institutional investors that by nature take a longer view — continue to put money into private credit. Indeed, Blackstone had record institutional inflows in the final quarter of last year.

And this makes some intuitive sense, both psychologically (professional investors should be less flighty and take a longer-term fundamental view) and structurally (insurers and pension funds really *can* bear more illiquidity risk than individuals). I occasionally mention the old stereotype that retail investors are prone to panic and to selling at the worst time.

But that is famously no longer true, these days, in the stock market. Retail investors now love *buying* when the market crashes. The Wall Street Journal reports:

War in the Middle East. Artificial-intelligence jitters. A "SaaS-pocalypse" that wiped billions in value from software stocks. Whatever fresh shocks have rippled through markets, individual investors have fallen back on the same strategy: buy, buy, buy.

Fears of economic disruption from AI and the conflict with Iran have sent stocks on a roller-coaster ride in recent weeks—but the everyday traders who play an increasingly pivotal role on Wall Street have remained the market's most loyal buyers. February was one of the strongest months for retail buying since the meme-stock frenzy of 2021, according to a report from Citadel Securities, and the fifth-biggest month on record.

And on Monday, as major indexes slid in early trading during the first session since the conflict's outbreak, individual investors poured $2.2 billion into stocks and exchange-traded funds, according to analysts at JPMorgan Chase. Stocks finished almost flat. Dip-buyers also helped pare Tuesday's early drop.

This is an interesting stock market story: Are retail investors the ultimate value investors in the stock market? Does the constant retail buy-the-dip bid insulate the market against volatility? If you are a professional equity investor or market maker or options trader, are your models evolving because markets now can't go down much before retail investors flood in and push them back up? Just a strange new way to think about stock markets, that passionate individual investors *prevent* crashes.

It also might make you wonder about all the retail investors who want their money back from OBDC II and BCRED and SREIT. These days retail stock investors have nerves of steel and love to buy when the professionals are panicking and selling. But retail private credit investors are the reverse.

Dispersion

Two weeks ago, I would have said that there are two main theses about the US stock market:

1. "Artificial intelligence will eat everything." Every company in every industry will be replaced by AI , and trillions of dollars of revenue that previously went to software companies or financial services companies or whatever will be redirected to a handful of companies — AI labs, electric utilities, Nvidia — in the AI supply chain.
2. "Artificial intelligence is a bubble." The companies in the AI supply chain are raising umpteen gazillion dollars of debt to build data centers and power plants with no clear business model and with lots of circular deals, it is all overhyped, and eventually it will collapse.

These theses are basically opposites, so it is tempting to assume that they cover 100% of the possible outcomes. Also, "AI companies" in some loose sense represent a huge chunk of US equity market capitalization, so you might casually make some assumption like "either half of the market will go up a lot and the other half will go down a lot, or else the first half will go down a lot and the second half will go up a lot."

Either way, the overall market might not change too much, but there will be a lot of *dispersion:* These are not generally theses about the overall level of stock prices, but rather about which particular stocks will have high prices and which will have low prices.

The nice thing about this schematic description is that you can bet on dispersion directly. You don't have to choose a thesis, "AI will be big" or "no it won't." You can bet on "*either* AI will be big or it won't." That is, you can make a bet of the form "some stocks will go up a lot, and other stocks will go down a lot, and they will offset each other so that the overall stock market doesn't go up or down all that much."

This is called a "dispersion trade." The normal way to do it is to sell a lot of index stock options (which become more valuable when the stock index moves up or down a lot) and buy a lot of options on all of the individual stocks in the index (which become more valuable when those individual stocks move up or down a lot). You can do this in a hedged way so that you are not betting on the overall price level of the stock market, or on the overall volatility of the stock market.

Instead, it is a bet on correlation: If the individual stocks are all very volatile but in different directions, then the single-stock options will be worth a lot (high volatility) but the index will not be volatile (the moves will cancel out), the index options will not be worth much and you'll make money. If the individual stocks all move together, though, then the index will be just as volatile as the individual stocks (all of the moves will reinforce each other), the index options will be very valuable, and you will lose money.

We have talked about the dispersion trade generally as a sort of structural feature of the stock market: Some real-money end-user investors like to *sell* single-stock options (buy-write strategies, etc.), others like to *buy* index options (crash insurance), so hedge funds step in to take the other sides of those trades, effectively betting against correlation.

But of course you could also do the trade as a fundamental bet on the scenario I laid out here: "Some companies will do well from AI, some will get crushed, I don't know which is which but they will largely offset each other." That's a fundamental bet against correlation, and the dispersion trade is an obvious way to implement it.

And so last week the Financial Times had a story about how "investors are embracing so-called dispersion trades" and "exploiting the divergence in sectors tipped to be either winners or losers from AI's advance." This week, the Wall Street Journal had a story about how stock-market dispersion in 2026 through Feb. 13 has been "the largest since at least 1994, signaling a market with unusually high divergence in returns between different companies."

Through Feb. 13, though. Since then things have changed, and the AI-will-or-won't-eat-everything theses have some competition for the market's attention. Bloomberg's Bernard Goyder reports today :

The escalating conflict in the Middle East has jolted a popular hedge fund strategy, threatening a spillover into broader markets if volatility persists.

The dispersion trade — which uses options to exploit the difference between the volatility of a broader index and that of its individual components — has been a favorite with investors. The bet pays off as long as the S&P 500 Index continues edging higher while stocks keep churning beneath the surface, a market dynamic that has persisted for months.

But investors received a jarring wake-up call earlier this week, when the war in Iran sparked a bout of risk aversion. A measure of implied one-month correlation jumped to its highest level since November on Tuesday, with single stocks and indexes both tumbling. ...

"We could be at an important inflection point," said Amy Wu Silverman, head of derivatives strategy at RBC Capital Markets. "One thing geopolitical events can trigger is a spike in correlation."

The thesis today might be more like "AI makes dispersion go up, but war makes correlations go up," and it's not clear which effect wins.

Nonfungible cash

A theory that you sometimes hear about crypto is that typical crypto tokens — Bitcoin, Ether, etc. — are fungible. One Bitcoin is the same as any other Bitcoin, just like one dollar bill is just as good as any other. The *point* of money is that it is fungible, and Bitcoin is "peer-to-peer electronic cash."

Now, this is not *exactly* true. Most people who use Bitcoin *intend* it to be fungible, and do not think much about the identity or provenance of their individual Bitcoins. But in fact every Bitcoin (or fraction of a Bitcoin) is individually identifiable and fully, permanently, immutably traceable on the Bitcoin blockchain. And so if you had some reason for thinking some Bitcoins were better than others, you could discriminate between the good Bitcoins and the bad ones.

And people do! Not most of the time, but a little. We have talked about people who collect "rare sats" : Certain satoshis (indivisible 100-millionths of a Bitcoin) are valuable to collectors, because they were "produced in the year bitcoin was created" or "part of transactions made by bitcoin's inventor" or "correspond with a particular transaction milestone." On the other hand, certain other Bitcoins — the ones stolen from exchange hacks , for instance — are in a practical sense *less* valuable than normal Bitcoins: Regulators and prosecutors can track where they go, so a lot of exchanges and counterparties will be wary about accepting stolen Bitcoins and/or will report them to the police.

In this sense, arguably, Bitcoin is *not* like cash: It is traceable, so it is easy to discriminate between "good" and "bad" Bitcoins.

Except that this is kind of true of cash too? Most countries' bills have serial numbers, so if you had some reason for thinking some dollar bills were better than others, you could discriminate between the good and bad ones, by looking at the serial numbers.

And people do! Not most of the time, but a little. "Non-sequential unmarked bills" is a cliché in movies about bank robberies for the same reason it's hard to launder stolen Bitcoins. And people do collect dollar bills with cool serial numbers; a reader once sent me this Reddit post about a $100 bill, encased in plastic, with the serial number LF 69420800B, which is presumably worth considerably more than $100 to the right collector.

With Bitcoin and with cash, you cannot expect everyone to discriminate perfectly between good and bad money: It is so culturally and practically important that money be fungible that most people are not going to check their Bitcoin's provenance, or their bills' serial numbers, against the Index of Forbidden Money. Generally speaking you shouldn't have an Index of Forbidden Money. If you do, that is going to make commerce slower and less certain. Fungibility really is the point of money, and if you make your money nonfungible then it becomes less useful.

Bloomberg's Marcelo Rochabrun and Sergio Mendoza report :

A military cargo plane filled with new bills for Bolivia's central bank crashed near El Alto International Airport on Friday afternoon, killing at least 22 and injuring at least 37. ...

The deadly crash also unleashed some 17 million bank notes into the highly populated city of El Alto, according to figures released by central bank president David Espinoza, totaling 423 million bolivianos ($62 million). People raced to the area of the crash to try to collect as many bills as possible, while authorities rushed to look for survivors and also burn the bank notes as fast as they could. The central bank estimates about 30% of the bills have been stolen from the crash site.

In a large rich country you might just let that go — just some accidental redistribution of wealth — but Bolivia did not :

The new currency was legitimately printed, but the central bank has voided its serial numbers to prevent its use. While thousands swarmed the site to pick up the banknotes in one of Latin America's poorest nations, authorities have tried to burn and destroy the new cash, arresting dozens and raiding homes in a rushed hunt for the missing bills.

That has sent Bolivians into a frenzy. No longer able to quickly tell if a banknote is valid or voided and fearing the crackdown, businesses don't know what bills to accept anymore, leaving customers frustrated and panicked that their real money is now worthless. ...

The bank has said that all the bills being carried by the plane — which were denominated in 10, 20 and 50 bolivianos — belonged to a Series B that include 9-digit serial numbers. Initially, the central bank suspended the use of any Series B bill for 48 hours. Now, it's released a mobile app for vendors to manually input the serial numbers to verify if a bill is legitimate or voided.

"It doesn't matter if the serial number is valid, they won't take it," said Sonia Queveriano, 50, who sells fresh juices in La Paz but has not been able to buy fruit for her business using Series B bills. "It's unfortunate that we have to pay for this, as if we had gone to steal that money."

Vendors acknowledge they're being extra cautious and would rather avoid Series B bills altogether. The risk of a voided bill is one thing, but there's also a chance that other sellers won't take any Series B bills themselves.

Yes if you have to *type the 9-digit serial number into an app* to decide if the money is good or not, it becomes less useful as money.

Things happen

BlackRock Slashed Another Private Loan Value From 100 to Zero. Morgan Stanley Lays Off 2,500 Employees Across All Divisions. Judge Orders Government to Begin Refunding More Than $130 Billion in Tariffs. Iran war triggers aluminium supply crunch and shutdowns across Middle East. CEO of Collapsed Lender MFS Spent on Artwork, Parties, Rapper . Elon Musk battles Twitter market manipulation case in court appearance. Wealthy Dubai residents race back to UAE to avoid tax bills. Robinhood Adds $695 ‘Actual’ Platinum Card to Compete With Amex. Pizza Hut Classic. “The real problem with findom is that somewhere around much less than a tenth of the time it involves *interesting* financial instruments.” Your morning can’t be as bad as the finance guys photographed for *Interview* .

If you’d like to get Money Stuff in handy email form, right in your inbox, please subscribe at this link. Or you can subscribe to Money Stuff and other great Bloomberg newsletters here. Thanks!

(Corrects the serial number of the graded $100 bill in the fourth item.)

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1. Honestly this stuff is on a bit of a lag — BCRED’s redemptions were submitted a while ago — but the headlines have been going on for a while.

2. Of course there are nonfungible tokens (NFTs), but those are special; their name calls out their nonfungibility because, by default, tokens are fungible.

Bloomberg Law

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First Brands Ex-CFO Pleads Guilty, Turns on James Brothers (1)

March 5, 2026, 5:43 PM PST

Summary by Bloomberg AI AI Generated

- Former First Brands Group Chief Financial Officer Stephen Graham pleaded guilty to four counts, including bank fraud, wire fraud, and conspiracy to commit those crimes.
- Graham will testify against company founder Patrick James and his brother Edward at their criminal trial, which is set for July 13.
- Graham admitted to making false statements to First Brands Group's lenders and financiers regarding its financial condition and the existence, nature, and value of collateral.

Former First Brands Group Chief Financial Officer Stephen Graham pleaded guilty over a massive fraud that drove the auto-parts supply firm into bankruptcy, and he will testify against company founder **Patrick James** and his brother Edward at their criminal trial.

Graham, 68, entered his plea Monday before US District Judge Analisa Torres to four counts, including bank fraud, wire fraud, and conspiracy to commit those crimes between 2018 and 2025. He became the second high-level executive to plead guilty, and he could give jurors a roadmap into a fraud that caused billions of dollars in losses.

"Mr. Graham is expected to testify at a trial that your Honor has set for July 13 against Edward and Patrick James," Assistant US Attorney Marguerite Colson told the judge, according to a transcript of the hearing.

The collapse last year of First Brands has rippled across Wall Street, as Jefferies Financial Group Inc.'s Point Bonita Capital, Raistone Capital LLC , Evolution Capital Partners and other firms had invested in receivables at the company. Prosecutors have charged Patrick and Edward James with orchestrating a scheme to falsify documents and inflate invoices to deceive investors.

First Brands has attempted to restructure in Chapter 11 but has struggled with more than $10 billion in debt and the challenges stemming from the alleged fraud. The company has proposed selling its remaining auto-parts factories and has been in mediation with creditors to avert a liquidation.

Graham served as CFO from 2014 until he resigned last Oct. 22. He admitted to a criminal charging document that said he made "a series of false statements to First Brands Group's lenders and financiers regarding its financial condition and the existence, nature, and value of collateral that First Brands pledged or sold to its lenders and financiers."

The Jameses have pleaded not guilty and deny wrongdoing.

"Patrick James is presumed innocent and unequivocally denies all allegations and charges against him," his spokesperson said Thursday. "He built First Brands from nothing into a global industry leader and has always been devoted to the success of the company. Mr. James looks forward to presenting his case in court."

Lawyers for Graham and Edward James didn't immediately respond to requests for comment on Thursday.

Graham faces as many as 30 years in prison on each of four counts he admitted. He is expected to seek leniency at sentencing for his cooperation.

"I knew that the financial statements issued to First Brands' lenders contained false and misleading information," Graham said in pleading guilty, according to the transcript. "I also participated in lender presentations where I presented the false and inflated financial statements to First Brands' lenders to obtain financing for First Brands on better terms than the banks would otherwise offer. I knew this was wrong."

Graham said that he worked with others to concoct the phony financial results. Colson said that the evidence against Graham includes the testimony of coconspirators and creditors, false financial statements and written communications from those involved, according to the transcript. He signed a cooperation agreement on Feb. 25.

First Brands executive, Peter Andrew Brumbergs, a former senior vice president of finance, has also pleaded guilty and is cooperating with prosecutors.

Prosecutors have said they will prove the case against Patrick and Edward James through documents, text messages, consensual recordings made by multiple witnesses, and testimony by insiders who said the brothers directed them to engage in fraud.

The case is US v. Brumbergs, 26-cr-25, US District Court, Southern District of New York (Manhattan).

(Updates with details of Graham's cooperation.)

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Securities

Shareholders Surprised by Corporate Engagement After SEC Retreat

March 6, 2026, 2:00 AM PST

Shareholders entered the year expecting the cold shoulder from companies after the SEC's retreat from proposal oversight, but have been pleasantly surprised by higher than expected engagement from corporations looking to avoid lawsuits and reputational damage.

ISS-Corporate's recent analysis found companies are putting more than 70% of investor proposals to a vote at annual meetings so far this year. On top of that, several investor groups say they've reached more behind-the-scenes agreements with companies on policy initiatives ahead of those meetings than in previous years. Others say companies are scheduling more meetings and approaching conversations with increased willingness to work things out.

The reported fidelity to shareholder engagement signals many corporations aren't cashing in on an increasingly deregulated environment, even if attitudes vary company-to-company.

"I was surprised at how conservative some companies were. I think companies could have excluded more proposals," said Ronald Mueller, partner at Gibson Dunn who advises companies. "Our approach on advising was really just stay the course. Look at the precedent, look at the rules, look at the significance or lack of significance."

The Securities and Exchange Commission rattled shareholders in November by putting the fate of written shareholder proposals largely in companies' hands. The move marked a sea-change, as the agency had for decades issued guidance on which proposals had to see a vote at annual meetings and which ones could be excluded.

"We had no idea what to expect," said Laura Krausa, corporate advocacy director for health system CommonSpirit Health's shareholder arm. "I honestly feel like it's been one of the more successful shareholder seasons that we've had."

More Agreements, Fewer Exclusions

Companies have issued fewer exclusion notices thus far during this proxy season because they're being more conservative and proponents seem to be withdrawing more resolutions and not submitting as many to begin with, said Michael Mencher, partner at Cooley LLP. Withdrawals often happen when companies accommodate shareholders or shareholders scale back their initiatives to avoid the bad optics of low ballot support, he said.

Shareholder proponent James McRitchie said he has withdrawn roughly half of his proposals so far after reaching agreements with companies, such as Marriott International Inc. He withdrew about 40% last year and about 20% in previous years, he said. McRitchie said he thinks companies are "more eager to reach an agreement" this year.

"They don't want to have proposals on the ballot, but they don't want to use the fake process either," he said, referring to the SEC's new policy.

Prior to November, companies would notify the SEC of their intent to exclude a shareholder proposal, and agency staff would send a letter either approving or denying the decision based on the company's argument. Under the new guidelines, companies still have to alert the SEC if they exclude proposals, but the agency isn't weighing in on the merits of their arguments as it signs off.

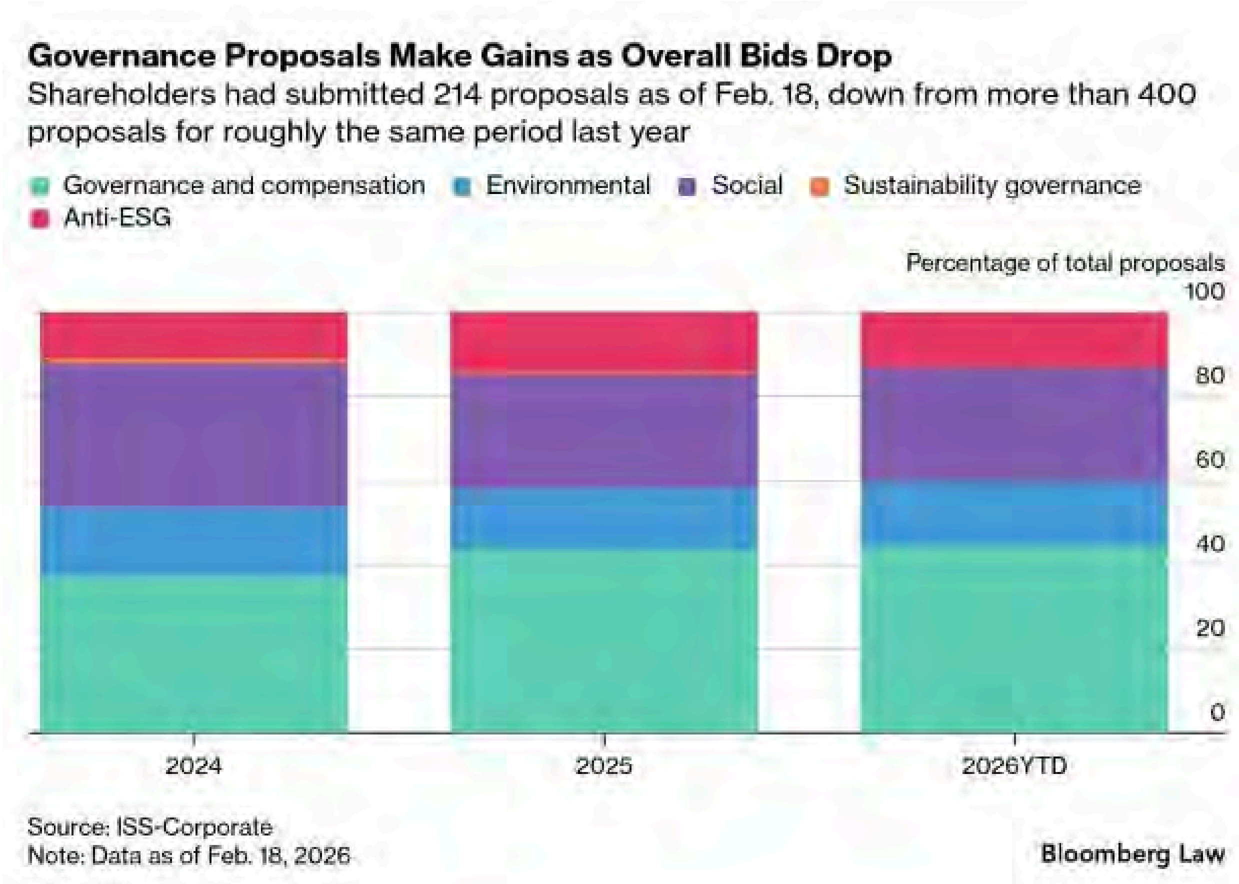
Even with the agency largely on the sidelines, companies are still facing liability. The shareholder proposal process is ultimately governed by federal regulation, not just internal SEC staff guidance, so investors can —and do—sue if they feel a proposal has been improperly excluded. The first two months of the year have already seen five lawsuits, two of which have ended with companies agreeing to include the proposals in question.

Other risks for companies include vote-no campaigns against board governance committee chairs, negative voting recommendations from proxy advisory firms, and reputational fallout.

In short, both companies and shareholders are navigating new terrain with unknown consequences, which has compelled them to work together, said Danielle Fugere, president and chief counsel at progressive shareholder group As You Sow.

Sometimes what investors want already aligns with corporations' existing strategies. Paul Chesser, who leads think tank National Legal and Policy Center's corporate engagement arm, has this year reached agreements with large-cap companies like Goldman Sachs Group Inc., Deere & Co., and American Express Co. to dropdiversity criteria from the board director selection process. Concessions like these are politically favorable after President Donald Trump's 2025 executive order that put a target on diversity, equity, and inclusion in the private sector.

Environmental and social proposals can be negotiable if because companies have related initiatives in the works, Mencher said.



Closed Doors Persist

Companies and shareholders can have a more difficult time reaching agreements on other proposals. For instance, governance proposals, which are gaining steam and ask for things like independent board chairs, are more black-and-white and harder to negotiate on, said longtime shareholder proponent John Chevedden.

And not every company is willing to negotiate or send proposals to a vote. Starbucks investors, for instance, said in a Feb. 18 letter that they were having trouble getting meetings with the company's board directors.

Chevedden said he has seen an uptick in meetings and some successful agreements on political spending disclosures with companies like F5 Inc. and Floor & Decor Holdings Inc. But others are excluding similar resolutions, which typically made the ballot in past years, he said.

Sanford Lewis, director and general counsel of Shareholder Rights Group, said he's surprised how many proposal exclusions have been on "ordinary business" grounds, in which a company argues that shareholders want control over day-to-day matters.

Some proposals were written explicitly with previous SEC opinions in mind but were still excluded, he said.

Pia de Solenni, vice president of corporate engagement for shareholder group IWP Capital LLC, said that while she's seen less company pushback overall this year as she engages with them on charitable giving practices, some are more hostile.

"It's all over the place," she said. "It's such a wild west right now."

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SEC Ends Case Against Crypto Billionaire Justin Sun (3)

March 5, 2026, 4:56 PM PST

Summary by Bloomberg AI

AI Generated

- The US Securities and Exchange Commission will end its lawsuit against Justin Sun, and a firm affiliated with him will pay $10 million.
- The SEC sued Sun in 2023, alleging he committed securities fraud and sold unregistered securities through companies he owned and controlled.
- The settlement plan requires a judge's approval, and under the plan, the SEC will drop all claims against Sun, while Rainberry will pay a $10 million civil penalty without admitting to or denying the allegations.

The US Securities and Exchange Commission said it will end its lawsuit against crypto billionaire **Justin Sun** and a firm affiliated with him will pay $10 million, as the regulator continues to resolve the spate of digital asset enforcement cases brought during the Biden administration.

The SEC sued Sun in 2023 , alleging he committed securities fraud and bilked investors by working with companies he owned and controlled – the Tron Foundation , BitTorrent Foundation Ltd., and Rainberry Inc. – to sell unregistered securities.

The regulator said at the time that Sun artificially boosted the trading volume of Tronix, the native cryptocurrency of the Tron network, by directing employees to conduct more than 600,000 so-called “wash trades” of the token between crypto accounts he controlled.

The SEC said it would drop all claims against Sun under the settlement plan. A lawyer for the agency called the proposal “fair and reasonable” in a letter. Rainberry, which agreed to the terms without admitting to or denying the allegations, would pay a $10 million civil penalty, according to a filing on Thursday. A judge needs to approve the settlement.

Sun said he was “very pleased” the SEC has moved to dismiss the claims against him.

“Today’s resolution brings closure, but I never stopped building,” Sun said in a post on X.

The SEC declined to comment beyond the filing.

Since President Donald Trump's return to the White House, the SEC has dismissed or paused at least a dozen cases against crypto companies, including high-profile lawsuits against crypto exchanges Coinbase Global Inc. and Binance Holdings Ltd. That reversal coincides with Trump's pledge to make the US the "crypto capital" of the world, as digital assets have transformed his family's wealth .

Sun's profile rose after he made big purchases of some of the Trump family's cryptocurrencies, including the president's memecoin. He returned to the US for the first time in several years after the purchase earned him an invitation to a dinner where the president made an appearance.

Read More: Justin Sun's Path From Crypto Pariah to Trump Family's Moneyman

Sun's case has also drawn scrutiny from lawmakers after attorneys for Sun and the SEC sought a pause in the proceedings in February 2025. In January, Democrats on the House Financial Services Committee called on the regulator to resume the case, warning that abandoning it could create the appearance of pay-to-play politics.

(Updates with SEC declining to comment beyond filing.)

--With assistance from Bob Van Voris.

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Chipotle Seeks To Beat Investor's Burrito-Size Beef

By **Emilie Ruscoe**

Law360 (March 5, 2026, 9:05 PM EST) -- Chipotle Mexican Grill says an investor suit tied to complaints about its portion sizes should be dismissed again, telling a federal judge that the plaintiff's latest attempt has failed to fix deficiencies that got the suit tossed previously and that "alleging a social media frenzy is not enough to plead securities fraud."

In its filing Tuesday, Chipotle, its former CEO Brian Niccol and others asked U.S. District Judge Sherilyn Peace Garnett of the Central District of California to toss investor Lisa Tai's second amended complaint, arguing that the revised claims show that all Tai "can plead is viral social media controversy about Chipotle's portion sizes."

Specifically, the defendants said Tai had failed to address issues with the claims that Judge Garnett referenced in December, when **dismissing** the suit with leave to amend.

For example, the judge found that Tai's allegations about "viral criticism" of the company's portions hadn't shown that Niccol or Laurie Schalow, chief corporate affairs officer, had lied about the company's portion sizing, the defendants noted.

"The most plausible inference from the allegations set forth in the complaint is that defendants honestly believed the company had not changed the size of its portions," Judge Garnett said in her December dismissal order.

In the latest version of Tai's suit, from January, she said Chipotle's leadership was dismissive of consumer complaints about its portion sizes, even as the company allegedly scrambled behind the scenes to investigate portion practices and correct course.

Tai claimed that the issue caused trading prices for Chipotle shares to be artificially inflated for roughly six months. That proposed class period starts April 25, 2024, when the company's risk disclosures referenced its vulnerability to customer social media feedback, despite the fact that it already knew that that risk had already materialized, Tai said.

The putative class period ends Oct. 29, 2024, when the company revealed that it was raising menu prices in connection with higher sales costs that it tied to "ensuring consistent and generous portions."

During that period, the investor claimed, trading prices for the company fell on three occasions following what the investor described as corrective disclosures.

On Tuesday, Chipotle asserted that despite the judge's December findings, Tai "changed next to nothing" when she amended her suit. For one thing, she hadn't added allegations showing how statements about its portion sizes weren't true, the company said.

The suit also failed to support its general assertion that Chipotle's leaders knew or should have known about companywide portion trends based on a purported internal investigation into portion-sizing practices that it supposedly conducted across is 3,700 locations.

The company conceded that on a June 2024 analyst call, Niccol had said the company planned to retrain certain restaurants that it found had "outlier portion scores based on customer surveys."

But as "with the original complaint, plaintiff does not connect the dots between this 'internal investigation's' existence and the alleged falsity of any challenged statement," the company said.

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

Lisa Tai is represented by Tor Gronborg and Trig R. Smith of Robbins Geller Rudman & Dowd LLP.

Chipotle Mexican Grill Inc. and defendants Brian Niccol; John R. Hartung, chief financial officer; and Laurie Schalow are represented by Michele D. Johnson, Ryan A. Walsh, Andrew B. Clubok, Susan E. Engel and Matthew J. Peters of Latham & Watkins LLP.

The case is Michael Stradford v. Chipotle Mexican Grill Inc et al., case number 8:24-cv-02459, in the U.S. District Court for the Central District of California.

–Additional reporting by Sydney Price. Editing by Karin Roberts.

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Drugmaker Aquestive Hit With Suit Over FDA Approval Delay

By **Sydney Price**

Law360 (March 5, 2026, 9:31 PM EST) -- Pharmaceutical company Aquestive Therapeutics Inc. has been hit with a proposed class action accusing it of harming investors by failing to disclose the likelihood that the U.S. Food and Drug Administration would delay approval of the company's drug application for its allergic reaction treatment.

According to the complaint, filed Thursday in the U.S. District Court for the District of New Jersey by investor Vincent Modica, one of Aquestive's main products is Anaphylm, a dissolvable film used to control allergic reactions. During the class period, Aquestive made only "optimistic" statements regarding its new drug application submitted to the FDA for the product, the suit alleges.

Investors learned on Jan. 9, however, that Aquestive had received a letter from the agency identifying deficiencies related to its application, and saying the FDA needed to extend the new drug application review process, the suit states.

This delay pushed the potential approval of Anaphylm "well beyond" the Jan. 31 Prescription Drug User Fee Act date, which is the FDA's target deadline for completing its review of new drug applications, according to the suit.

"Aquestive stated on multiple occasions that management was in contact with the FDA, that Aquestive was familiar and comfortable with the FDA approval process, and did not indicate any reason to be concerned that the Jan. 31, 2026, [Prescription Drug User Fee Act] date could not be met," the complaint states.

The suit's class period begins June 16, 2025, the day Aquestive announced FDA acceptance of its new drug application.

Several weeks later, on Aug. 12, 2025, the company told investors that it was "on track" in the FDA review process to meet the January approval date.

Without previously acknowledging a potential delay, Aquestive announced three weeks before the Jan. 31 deadline that the FDA's review process remains ongoing, and that it would not meet the original timeline for approval.

Analysts reacted negatively to the news, and shares of Aquestive fell $2.30 each, or about 37%, to close at $3.91 on Jan. 9, according to the complaint.

"The frequent, in-depth discussion of Aquestive's new drug application for Anaphylm and the weight placed on the regulatory timeline ... confirms that defendants' statements during the class period were material," the suit states.

In addition to Aquestive, its CEO, Daniel Barber, is a defendant. The complaint accuses the defendants of violating the Exchange Act and acting with scienter.

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

Modica is represented by Adam M. Apton of Levi & Korsinsky LLP.

Counsel information for Aquestive and Barber was not immediately available on Thursday.

The case is Modica v. Aquestive Therapeutics Inc. et al., case number 3:26-cv-02317, U.S. District Court for the District of New Jersey.

--Editing by Karin Roberts.

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Intel, Lutnick Face Investor Suit Over Government's 10% Stake

By **Jessica Corso**

Law360 (March 5, 2026, 5:38 PM EST) -- An Intel Corp. shareholder is suing the company's board of directors and Commerce Secretary Howard Lutnick over a deal in which the government received a 10% stake in the company in exchange for releasing billions of dollars in previously agreed-upon funding.

Richard Paisner filed a derivative suit against Lutnick, Intel CEO Lip-Bu Tan and the company's board of directors in Delaware Chancery Court on Thursday.

Though the complaint was filed under seal, an exhibit shows that Paisner last year requested and was denied access to Intel's books and records to investigate possible misconduct tied to its deal with the Trump administration.

The deal "raises significant red flags about which stockholders have legitimate concerns, i.e., that Intel's fiduciaries prioritized their own interests over those of the minority stockholders," according to Paisner's books and records request, submitted to the company in November.

Intel announced in August 2025 that the U.S. government **had agreed to invest** $8.9 billion in the company by taking common stock in exchange for releasing previously awarded grant money.

Of that money, $5.7 billion was awarded to the company under the 2022 bipartisan CHIPS and Science Act in exchange for the company building up its semiconductor manufacturing capabilities in four U.S. states. The rest of the money released was the $3.2 billion awarded to the company by the Biden administration for the supply of secure tech to the U.S. Department of Defense, according to Intel.

President Donald Trump said on Truth Social at the time of announcement that the U.S. now "fully controls and owns" 10% of Intel.

"The United States paid nothing for these Shares, and the Shares are now valued at approximately $11 Billion Dollars," Trump wrote.

The Intel shareholder said in his books and records demand that it appeared as if the company had been pressured into accepting the deal by the U.S. Department of Commerce after being criticized for allegedly failing to meet its CHIPS commitments and after Malaysian-born Tan was accused by Trump of having ties to the Chinese Communist Party.

Intel responded with a letter saying that the Paisner was not owed access to the company's books and records, as he had not "set forth a credible basis for a court to infer wrongdoing or mismanagement" by the company's board or officers, according to an exhibit filed alongside the complaint.

"The demand is devoid of any allegation of self-dealing or conflicts of interest on the part of the directors," the letter reads. "Indeed, there is no allegation that any director stood on both sides of the Transaction or received a non-ratable personal benefit."

Neither Intel nor the Commerce Department immediately responded to a request for comment Thursday. Attorneys for Paisner declined to comment.

Paisner is represented by Kurt Heyman and Gillian Andrews of Heyman Enerio Gattuso & Hirzel LLP.

Counsel information for Intel and its board of directors wasn't immediately available. Counsel information for Lutnick wasn't immediately available.

The case is Paisner v. Tan et al., case number 2026-0307, in the Court of Chancery of the State of Delaware.

--Additional reporting by Lauren Berg. Editing by Alanna Weissman.

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Twitter 'Lied' About Bots, Musk Says At Stock Fraud Trial

By **Bonnie Eslinger**

Law360 (March 5, 2026, 10:57 PM EST) -- Elon Musk continued his testimony in California federal court Thursday in litigation over Twitter investors' claims he publicly trashed the company to get a better deal on his buyout, calling Twitter's claims about bots on the platform "utterly absurd" and contending "they lied in public SEC documents repeatedly."

Thursday marked the fourth day of trial in the securities fraud class action brought by investors claiming they lost money as a result of Musk's misleading statements and threats to abandon the $44 billion deal to purchase the social media platform. Musk testified for the entire day Wednesday, responding to nearly six hours of questions from a lawyer for the investors and then from his counsel.

Aaron Arnzen of Bottini & Bottini Inc., who represents the investors, cross-examined Musk on Thursday morning and reminded the businessman that he had said the number of bots on Twitter made him feel like he had bought a termite-infested house.

"If you're going to use that analogy … you didn't get your own termite inspection before agreeing to purchase Twitter, did you?"

Musk said no.

"I was relying on the public disclosures of Twitter, as a publicly traded company," he stated.

According to the investors' lawsuit, Musk had initially pushed for the deal in April 2022, without doing any due diligence and even waiving his right to do so to make the acquisition "seller-friendly."

The lawyer shifted to a May 2022 analysis from a third-party company that Musk told jurors he relied on, saying that 19.42% of active Twitter accounts were likely spam or bot accounts.

Arnzen noted Musk did not disclose the SparkToro report in litigation Twitter brought in Delaware in 2022 to force Musk to consummate the $44 billion deal. In that case, Twitter had asked Musk for information he had to support his May 17, 2022, tweet stating fake and spam accounts make up at least 20% of Twitter's users.

Musk said that tweet referred to the SparkToro report "although it's not mentioned by name."

Arnzen later asked Musk about an analysis he said he had data scientists do after he took over Twitter.

"You never produced anything to plaintiffs in this investigation or litigation that documented such an analysis, did you?" Arnzen pressed.

Musk said it could be produced.

"Twitter statements aren't wrong just because you say they're wrong," Arnzen said.

Musk bristled and said Twitter's assertions that bots were less than 5% of the platform's users were wrong.

"Unequivocally 100% factually wrong," Musk said. "It was false. It was a lie. They lied in public SEC documents repeatedly."

Musk lawyer Michael Lifrak of Quinn Emanuel Urquhart & Sullivan LLP followed and asked Musk about an expert report produced in the Delaware litigation. Arnzen objected.

Outside the presence of the jury, Lifrak told U.S. District Judge Charles R. Breyer the expert report opined on the bot issue.

Another lawyer for the investors, Mark Molumphy of Cotchett Pitre & McCarthy LLP, told the court the date on the document is October 2, 2022, just before Musk agreed to complete the deal, so the report had not been produced in the Delaware case. In addition, the author of the report wasn't designated as an expert in the investor case now before Judge Breyer, Molumphy said.

"They want to backdoor" the report, Molumphy added.

Lifrak told Judge Breyer the report had been produced in the Delaware litigation and said the issue had been brought up by Arnzen's questions about reports other than the SparkToro analysis.

"They've opened the door," Lifrak said.

Judge Breyer said the two sides could present the court with written briefs on whether the expert report is admissible in the case before him.

After Musk stepped off the stand, a lawyer for the plaintiffs read a transcript from the deposition of author Walter Isaacson, who wrote an authorized biography of Musk published in 2023.

Musk is quoted in the book as telling Isaacson after a May 6, 2022, meeting with Twitter representatives at the company's headquarters, "The $44 billion price requires taking on a lot of debt, both the company and me personally, I think Twitter may be headed off the rails. It might work out at a much lower price. I mean literally, half or something."

The investors Thursday also called to the stand Stacey Conti, former Head of M&A Integration at Twitter, who detailed her role in the 2022 acquisition by Musk, including managing the information-sharing and diligence process. Conti said Twitter tried to provide accurate, timely information while acknowledging there were challenges pulling together and summarizing all the data Musk and his team requested.

She also told jurors Musk had waived his right to diligence in the purchase agreement, which only allowed him limited information rights.

Lifrak had her confirm there were provisions that allowed for information sharing.

"It was very limited in the actual agreement, but our interpretation of that was to be collaborative, and so we expanded the amount of information that we were providing to him," Conti said. "It was really only supposed to be about books and records and closing the deal."

The day wrapped with testimony from Ned Segal, the former chief financial officer of Twitter, who was also involved in the 2022 merger. Segal told jurors Twitter was allowed to withhold information to avoid competitive harm or legal breaches and also underscored privacy concerns related to platform users' data.

During his cross-examination, Lifrak asked Segal about the Delaware litigation.

"Do you recall, there was a public order that required Twitter to provide this very information that is necessary for Mr. Musk to verify the 5% number?"

Segal said that sounded accurate.

After the jury left for the day, Judge Breyer said he wanted to see the Delaware order.

"What is suggested, I think, by your question, is that since it was produced by court order in Delaware, [Twitter] could have been produced here," the judge said.

The trial continues Friday.

During **opening statements** Monday, a lawyer for the investors told jurors Musk "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.

Musk told jurors during his testimony Wednesday that he eventually paid the full $44 billion offer price because a Delaware district judge overseeing litigation over the sale was "**extremely biased**" against him.

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.

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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Pharma Co. Investors Secure Class Cert. Over FDA Obstacles

By **Katryna Perera**

Law360 (March 5, 2026, 9:38 PM EST) -- A Pennsylvania federal judge has granted certification to a group of Verrica Pharmaceuticals Inc. investors who claim the company defrauded them by hiding obstacles it faced in obtaining approval from the U.S. Food and Drug Administration for its lead product, though she made a slight change to the class definition to avoid what she called a "heads I win, tails you lose strategy."

U.S. District Judge Kai N. Scott issued a **memorandum** on Wednesday granting certification to all individuals and entities that purchased publicly traded Verrica common stock between May 19, 2021, and May 24, 2022.

According to the memo, the originally proposed class definition ended with the phrase "and were damaged thereby," but Judge Scott expressed concern on Wednesday that the inclusion of such language renders the class definition "impermissibly fail-safe."

The memo states that a class definition is "fail-safe" if it is defined "so that whether a person qualifies as a member depends on whether the person has a valid claim."

Judge Scott said she questioned plaintiffs' counsel during oral arguments about the inclusion of "and were damaged thereby," and that plaintiffs' counsel responded that it is common practice to certify classes with such language.

However, the judge said in her memo that just because other courts have certified classes with such language, that does not "sufficiently allay" her concerns.

"Suppose the class is certified with the current definition. If the class prevails on its claims, then all class members reap the benefits of the class action device. If, however, the fact finder ultimately deems that no class members suffered an injury, then the class is zeroed out and all putative members evade the effects of res judicata because there exist no persons and no entities that 'were damaged thereby,'" the memo states.

"Fail-safe classes epitomize a heads I win, tails you lose strategy that this court will not endorse," the memo added. "Additionally, it remains opaque to this court about what the phrase 'and were damaged thereby' adds to the class definition."

Judge Scott therefore decided to remove the phrase "and damaged thereby" from the class definition before certifying it.

In granting certification, the judge found that the proposed class meets all necessary requirements, including typicality, adequacy and predominance.

Verrica develops medications for skin diseases, and its lead product VP-102, also known as YCANTH, was developed to treat poxvirus-induced infection that causes lesions and warts.

The hurdles cited include FDA investigations in 2021 and 2022 into manufacturing compliance deficiencies that had to be addressed for the agency to grant approval.

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

The class is represented by Lee Albert and Leanne H. Solish of Glancy Prongay & Murray LLP, and Frank R. Cruz of The Law Offices of Frank R. Cruz.

Verrica and the other defendants are represented by Aric H. Wu, Luke T. Cadigan and Zachary Sisko of Cooley LLP, and Michael L. Kichline of Morgan Lewis & Bockius LLP.

The case is Gorlamari v. Verrica Pharmaceuticals Inc. et al., case number 2:22-cv-02226, in the U.S. District Court for the Eastern District of Pennsylvania.

--Editing by Melissa Treolo.

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Progenity Investors' $1M Billing Fraud Suit Deal Gets Final OK

By **Sydney Price**

Law360 (March 5, 2026, 6:56 PM EST) -- Genetic test distributor Progenity Inc., now known as Biora Therapeutics Inc., has received final approval of a $1 million settlement with investors, resolving claims that it made misleading statements ahead of its June 2020 initial public offering about its practice of overbilling the government.

According to the Wednesday order, the court found that the settlement is "fair, reasonable and adequate" following a hearing on Feb. 23.

Lead counsel for the investors requested $250,000 in attorney fees, litigation costs of approximately $79,000 and $2,500 awards for each of the three lead plaintiffs, according to the order.

The settlement ends claims, launched in 2020, that Progenity hid from investors that it participated in "illegal marketing practices," which included price gouging when selling its genetic tests to government entities.

Progenity's own data indicated a high probability that the company was being significantly overpaid by government health programs for its "Preparent" tests, which are used in pre-conception or early pregnancy to identify genetic mutations, the suit said.

The overpayments "would almost certainly have to be refunded under applicable laws and regulations," the suit said.

According to the investors, Progenity's illegal marketing tactics included telling patients they would only need to pay small charges, and billing third-party payors extremely high amounts for Progenity's tests.

"This practice caused patients and doctors to order Progenity tests regardless of their true overall costs, and saddled governmental and commercial third-party payors with astronomical bills from Progenity, thus reducing the limited funds available for other reasonable and necessary medical treatments," the suit said.

Before its IPO, Progenity reached a $49 million settlement with government regulators related to similar tactics used to sell its other product, according to the suit.

A couple of months after its IPO, Progenity reported weak financial results and told the public that it had received $10.3 million in overpayments pursuant to its billing practices for its Preparent tests.

Progenity announced the end of its central genetic testing business less than a year after the IPO, according to the suit.

"This business was no longer viable without using Progenity's illegal marketing practice of waiving patient payment amounts," the suit alleged. "Since then, Progenity has exited its historical core genetic testing business, parted ways with its former CEO [Harry] Stylli, changed its name to Biora Therapeutics Inc., and completely changed all of its business activities."

Progenity's shares closed at $2.11 each on June 3, 2021, more than 85% less than the $15 IPO price, according to the complaint.

The suit's defendants also include several of the company's executives and IPO underwriters.

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

The investors are represented by Casey Edwards Sadler, Joseph Daniel Cohen, Robert Vincent Prongay and Garth A. Spencer of Glancy Prongay Wolke & Rotter LLP.

The Progenity defendants are represented by George B. Adams III and Brian M. Lutz of Gibson Dunn & Crutcher LLP

The underwriter defendants are represented by Daniel L. Cantor and Matthew William Close of O'Melveny & Myers LLP.

The case is Soe v. Progenity Inc. et al., case number 3:20-cv-01683, in the U.S. District Court for the Southern District of California.

--Editing by Drashti Mehta.