

News from Bloomberg Terminal

Edison Beats Investor Suit Over LA Wildfire Mitigation Steps (1)

March 9, 2026, 11:05 AM PDT

Summary by Bloomberg AI

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- Edison International defeated investor allegations over statements about an electricity-shutoff program for wildfire mitigation before the Eaton Fire.
- Judge Otis D. Wright II said statements about the Public Safety Power Shutoff program were too vague for a reasonable investor to have relied on them or establish falsity.
- The investors can file an amended complaint within 21 days of Wright's order on only their risk reduction claims, as the judge said it's plausible they could plead these under another opinion theory.

By Gillian R. Brassil

(Bloomberg Law) --

Edison International defeated investor allegations over statements about an electricity-shutoff program for wildfire mitigation before the Eaton Fire that devastated the area north of Los Angeles last year.

Statements about the Public Safety Power Shutoff program were too vague for a reasonable investor to have relied on them or establish falsity, Judge Otis D. Wright II said, dismissing the consolidated complaint.

"At best" for the investors leading the case, the challenged statements "would lead a reasonable investor to believe that Defendants' PSPS operations were strong, but not perfect. At worst for Plaintiffs, the PSPS Statements would lead a reasonable investor to conclude that PSPS was a work in progress," the US District Court for the Central District of California judge said.

The shutoff option allows utilities to cut power to transmission lines experiencing extreme weather capable of generating dangerous sparks. The lead investors, a trio of Hawaiian sheet metal workers' benefit funds, alleged Edison subsidiary Southern California Edison knew about transmission line shortcomings at Eaton Canyon and Sylmar, where fires ignited in January 2025, but the company failed to implement non-shutoff related prevention measures.

The Eaton Fire killed 19 people and destroyed more than 9,000 structures, according to California's firefighting agency. A smaller fire ignited around the same time in Sylmar.

Edison touted the shutoff program combined with physical mitigation measures as reducing wildfire risks while concealing critical deficiencies from investors, the suit said. Edison's stock price suffered as information and accusations about the wildfires surfaced.

The Southern California utility unveiled a final Eaton Fire compensation plan for community members late last year, leaving residents to decide whether to fight in court or apply for the offer. Southern California Edison said as of Feb. 18, 2,405 claims had been submitted, with 593 offers extended to more than 1,700 individuals totaling more than \$183 million.

An official cause for the Eaton Fire hasn't been determined. The federal government sued Southern California Edison in September, accusing the utility's equipment of causing the deadly blaze and seeking to recover costs for suppressing it.

Risk Reduction

The funds also failed to sufficiently allege misstatements about wildfire risk reduction by not accounting for shutoff issues at Eaton Canyon and Sylmar. But it's illogical for investors to assume Edison could use the program on all of its transmission lines, said Wright's March 6 order.

The funds said these statements were misleading opinions, with allegations targeting a theory of actionable opinion based on omission. They can file an amended complaint within 21 days of Wright's order on only their risk reduction claims, as the judge said it's plausible they could plead these under another opinion theory.

"We agree with the court's decision and remain committed to wildfire mitigation through grid hardening, situational awareness and enhanced operational practices," said Southern California Edison spokesperson David Eisenhower in a phone call.

Robbins Geller Rudman & Dowd LLP represents the proposed class, which includes those who got Edison stock from Feb. 25, 2021, through April 29, 2025, and didn't immediately respond to an email seeking comment. Munger, Tolles & Olson LLP represents Edison, CEO Pedro J. Pizarro, chief financial officer Maria Rigatti, and Southern California Edison.

The case is *Elliott v. Edison Int'l*, C.D. Cal., No. 2:25-cv-01383, 3/6/26.

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

Edison utility defeats shareholder lawsuit over LA wildfires

 [reuters.com/business/energy/edison-utility-defeats-shareholder-lawsuit-over-la-wildfires-2026-03-09](https://www.reuters.com/business/energy/edison-utility-defeats-shareholder-lawsuit-over-la-wildfires-2026-03-09)

Jonathan Stempel

March 9, 2026

Item 1 of 2 A charred vehicle burned during the Eaton fire is pictured in Altadena, California, U.S., January 15, 2025. REUTERS/Mario Anzuoni/File Photo

[1/2]A charred vehicle burned during the Eaton fire is pictured in Altadena, California, U.S., January 15, 2025. REUTERS/Mario Anzuoni/File Photo [Purchase Licensing Rights, opens new tab](#)

- Judge says Edison's statements were too vague to rely on
- No proof Edison claimed perfection
- Lawyers for shareholders not available for comment

March 9 (Reuters) - The parent company of Southern California Edison won the dismissal of a lawsuit alleging it defrauded shareholders prior to the January 2025 Los Angeles-area [wildfires](#) by assuring it had significantly reduced the risk of losses from such catastrophes.

Shareholders [accused](#) Edison International ([EIX.N](#))  [, opens new tab](#) of being "structurally unable" to address extreme weather events and safely implement its Public Safety Power Shutoff program, a last-resort measure to shut down power lines when fire risks grow too high.

Sign up [here](#).

The shareholders also said Edison falsely promised that the program, together with hardening power lines and trimming vegetation, could reduce wildfire risk by as much as 90%. Edison's share price fell by about one-third within one month of the wildfires.

But in a decision on Friday, U.S. District Judge Otis Wright in Los Angeles said Edison's statements about its power shutoff program were too vague to rely on, and shareholders didn't show that Edison promised to reduce wildfire risk everywhere it served.

"If anything, the PSPS statements, read charitably for plaintiffs, plainly indicate that PSPS was not perfect," Wright wrote. "Without an assertion of perfect or complete loss-reduction through PSPS, it would be illogical for reasonable investor[s] to assume that SCE could use PSPS on all 38 of their transmission lines."

The judge said shareholders may replead their risk reduction claims.

Lawyers for the shareholders did not immediately respond to requests for comment on Monday. Edison, based in Rosemead, California, and its lawyers did not immediately respond to similar requests.

The January 2025 wildfires [killed 31 people](#)  [, opens new tab](#) and destroyed or damaged more than 16,000 structures, with much of the damage caused by the Eaton Fire in Altadena and the Palisades Fire in Pacific Palisades.

In September, the U.S. government [sued](#) Southern California Edison, blaming the utility's equipment for starting the Eaton Fire and damaging National Forest System lands.

Reporting by Jonathan Stempel in New York; Editing by Franklin Paul

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

Securities

Aquestive Misled on Prospects of Sublingual Drug, Suit Says (1)

March 5, 2026, 2:49 PM PST; Updated: March 6, 2026, 1:40 PM PST

Aquestive Therapeutics Inc. made misleading statements about the progress of its FDA application for a new sublingual drug for anaphylaxis, an investor alleges in a suit filed Thursday.

Aquestive and its top executives made “overwhelmingly positive statements” to investors, Vincent Modica says in the proposed class action filed in the US District Court for the District of New Jersey. But the company “concealed or otherwise minimized the significance of the human factors involved in the use and deployment of its sublingual film, such as packaging, use, administration, and labeling,” Modica says.

Aquestive announced delays Jan. 9, saying the Food and Drug Administration identified application deficiencies, which the agency didn’t specify, according to the complaint. The FDA allegedly said the deficiencies blocked labeling discussions for the drug, Anaphylm. The company’s stock fell 37% to close at \$3.91 per share that day, Modica says.

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

Modica seeks damages on his claims for securities fraud.

“It is Aquestive’s policy not to comment on active litigation,” the company said by email Friday.

Levi & Korsinsky LLP represents Modica.

The case is Modica v. Aquestive Therapeutics, Inc. , D.N.J., No. 3:26-cv-02317, complaint 3/5/26 .

(Updates story originally published March 5 with response from company in sixth paragraph.)

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Securities

Boston Scientific Overpromised Segment's Performance, Suit Says

March 6, 2026, 2:45 PM PST

Boston Scientific Corp. artificially inflated its stock price by touting growth in key product segments that it knew was unsustainable, leading to a disappointing revenue report and a significant stock drop, an investor alleges.

In particular, the medical device maker and its top executives flagged its US electrophysiology business unit as having a strong growth trajectory, John Troike says. Troike filed his proposed class action Thursday in the US District Court for the District of Massachusetts.

But that unit, which “develops and manufactures products used in the detection and treatment of heart rate and rhythm disorders,” had disappointing Q4 and full-year 2025 sales, Troike says. Those numbers contributed to Boston Scientific’s “net income miss and underwhelming guidance for the first half of fiscal 2026,” he says.

The company “attributed its results and dismal guidance on a combination of slower than expected market growth alongside increased competition, despite management’s previous claims of a ‘growing’ EP business and assertions they ‘have a very good understanding of what competition we will face and in what time frame,’” he says.

The company’s stock price closed at \$75.50 per share on Feb. 4, 2026, the day it released the results—a decline of nearly 18%. That was the stock’s steepest single-day decline in more than 25 years, according to data compiled by Bloomberg.

“We don’t believe the case has merit and intend to vigorously defend these claims,” Boston Scientific said Friday in an emailed statement.

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

Troike seeks damages on his securities fraud claims.

Levi & Korsinsky LLP represents Troike.

The case is Troike v. Bos. Sci. Corp. , D. Mass., No. 4:26-cv-40075, complaint 3/5/26 .

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Securities

Manage Newsletters

Brookfield Pays \$84 Million to End \$3 Billion TerraForm Case (1)

March 9, 2026, 6:36 AM PDT; Updated: March 9, 2026, 7:26 AM PDT

Summary by Bloomberg AI

AI Generated



- Brookfield Asset Management Inc. has agreed to pay \$83.75 million to end shareholder litigation over its \$3.3 billion acquisition of TerraForm Power Inc.
- The settlement was disclosed in Delaware's Chancery Court, where a judge in 2023 dismissed claims that Brookfield affiliates timed the take-private sale to exploit a stock exchange ratio warped by the pandemic-related market meltdown.
- The case requires court approval to ensure it's fair to outside parties such as former Brookfield investors not involved in the dispute.

Brookfield Asset Management Inc. has agreed to pay \$83.75 million to end shareholder litigation over its \$3.3 billion acquisition of TerraForm Power Inc.

The alternative asset manager and the pension fund leading the case disclosed the amount March 6 in Delaware's Chancery Court, where they filed notice of a settlement in principle last November. A judge in 2023 dismissed claims that Brookfield affiliates timed the take-private sale to exploit a stock exchange ratio warped by the pandemic-related market meltdown, but Delaware's top court revived the case the next year, citing potential conflicts of interest among the deal's architects.

That ruling breathed new life into the second major court fight over Brookfield's stewardship of TerraForm, which it already controlled before the buyout. Abuses of corporate control comprise a recurring theme for Delaware's preeminent business tribunal, particularly in the context of M&A transactions that cash out minority investors.

A wave of decisions cracking down on those conflicts prompted a major legislative overhaul last year that got the state supreme court's blessing last month.

The 2024 decision against Brookfield came several years after the same high court issued a novel ruling in the earlier litigation, which took aim at TerraForm's acquisition of a Spanish energy company. The 2021 ruling overrode 15 years of precedent to clarify when certain merger-related claims must be brought by stockholders derivatively, on a company's behalf, rather than directly.

Because the case is a proposed class action, the legal accord requires court approval to ensure it's fair to outside parties such as former Brookfield investors not involved in the dispute.

The pension fund, the City of Dearborn Police and Fire Revised Retirement System (Chapter 23), is represented by Labaton Keller Sucharow LLP, Andrews & Springer LLC, Friedman Oster & Tejtell PLLC, Julie & Holleman LLP, and Robbins LLP. Brookfield is represented by Abrams & Bayliss LLP and Weil, Gotshal & Manges LLP.

The case is *In re TerraForm Power Inc. Merger S'holder Litig.*, Del. Ch., No. 2022-0097, settlement filed 3/6/26 .

(Updates with context in third, fourth, and fifth paragraphs and attorney information in seventh paragraph.)

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Geopolitical Whiplash and the Shifting Ground of D&O Liability

K [dandodiary.com/2026/03/articles/geopolitical-risk/geopolitical-whiplash-and-the-shifting-ground-of-do-liability](https://www.dandodiary.com/2026/03/articles/geopolitical-risk/geopolitical-whiplash-and-the-shifting-ground-of-do-liability)

Sarah Abrams

March 9, 2026

Global events have continued to encroach into the domestic world of corporate governance and [D&O insurance](#). Historically, "[geopolitical risk](#)" was often considered a niche concern confined to specialized sectors like oil and gas, aerospace, or companies operating in high-risk, volatile regions. However, as the first quarter of 2026 comes to a close, two military conflicts, the [war in Ukraine](#) and the expanding [military conflict in the Middle East](#), may have a direct impact on D&O liability and exposure.

The following discusses the potential D&O risk stemming from managing immediate operational disruptions and unpredictable shifts in trade policy, sanctions regimes, and investor expectations that may follow.

Sanctions, Divestment, and Disclosure

As the conflict in Ukraine enters its fifth year, the nature of the D&O risk may continue to evolve into a more complex web of long-term compliance and disclosure obligations. The initial wave of Russian sanctions was unprecedented in its speed and breadth, forcing thousands of companies to make snap decisions about exiting the market or halting operations. BP, for example, [announced on February 27, 2022](#), just three days after the invasion of Ukraine, that it would exit its 19.75% stake in the Russian state-owned oil giant Rosneft. The decision resulted in a significant financial hit, requiring BP to write off approximately \$25.5 billion in assets.

However, the prolonged instability in Ukraine may now shift from the immediate logistics of war to the long-term accuracy of corporate disclosures and the effectiveness of internal controls. Shareholders may begin to scrutinize whether companies understated the financial hit of these conflicts by delaying impairment charges for stranded assets or manufacturing facilities in a way that misled investors about the company's true valuation. This scrutiny extends to what is now being termed "sanctions hygiene."

The Securities Class Action brought against Super Micro Computer, Inc. in October 2024 (Super Micro SCA), may serve as a primary blueprint for an emerging litigation trend, illustrating how a failure in “sanctions hygiene” can evolve into a securities claim. As discussed in a prior post ([here](#)), while the Complaint focused on a “culture of aggressively focusing on quarterly revenue” and a “tone at the top” that ignored accounting integrity, allegations against the company included the alleged inability to maintain internal controls over its global supply chain. Specifically, a [2024 Hindenburg Research report](#) detailed how Super Micro Computer allegedly bypassed Western export controls by utilizing a complex web of third-party intermediaries and shell companies to continue shipping high-tech components to Russia despite public claims to the contrary.

This scrutiny signals a potential shift in D&O risk from immediate wartime logistics to the long-term accuracy of corporate disclosures. The Super Micro SCA allegations demonstrate how trade compliance has moved to a board function; the company’s auditor ultimately resigned because it could no longer rely on management’s representations regarding “governance, transparency and completeness of communications.” The resulting fallout, including an alleged 33% single-day stock plunge and [an ongoing Department of Justice \(DOJ\) probe](#), may demonstrate an emerging expectation of a higher standard of oversight by directors and officers in a period of prolonged geopolitical instability.

Furthermore, boards and their D&O carriers can face increased risk regarding the mismanagement of “re-entry” or “exit” logistics. A [February 2022 Yale Study](#), updated in March 2026, provided examples of companies taking a public stance on “values-based” divestment, often touted in ESG reports or press releases, that conflicted with actual operational footprint or its eventual quiet attempts to return to a sanctioned region. With the [SEC’s heightened focus on corporate conduct](#), as with its Cross Border Task Force, and its [update](#) to facilitated faster, more coordinated enforcement actions could mean that lapses in sanctions compliance may result in regulatory exposure.

Supply Chain Fragility and the New “Oil Shock”

While the war in Ukraine could be seen as a sanctions risk, the recent military conflict, beginning with the March 1, 2026, strike on Iran, which is now stretching from the Red Sea to the Persian Gulf, highlights the physical and economic vulnerabilities of global trade. The threat to [maritime security](#) and [aviation routes](#), may increase a level of margin volatility that executives and boards are yet unprepared to explain to the market.

For a director, the risk can become an “omission.” When a company fails to meet quarterly earnings guidance and blames “unforeseen” logistical disruptions in the Middle East, investors may ask: *Was it really unforeseen?* If competitors were successfully rerouting cargo or hedging energy costs while the defendant company remained exposed, plaintiff shareholders could argue that the board failed in its duty of oversight.

Also following the March 1, 2026 strikes on Iran, [global energy markets faced immediate and severe disruption](#), with oil prices surging over 15% in just a few days. Given the potential for a prolonged conflict, this “oil shock” may become a structural risk driver that could erode corporate margins and destabilize cash flow. For companies and D&O insurers, the challenge extends beyond just high fuel costs; the conflict has halted energy exports through the Strait of Hormuz, forcing production stoppages. The impact of which may result in procurement challenges and unplanned capital expenditures.

With potential impairment to revenue, corporate disclosures and subsequent share price volatility may lead to shareholder scrutiny and the potential for litigation.

Discussion

The wars in Ukraine and the Middle East have the potential to become significant litigation catalysts for companies that previously treated geopolitical risk as a peripheral or infrequent board concern. As global volatility intensifies, shareholders and regulators may raise expectations around how companies identify, assess, and communicate exposure to geopolitical events.

In this environment, boards may be expected to establish more formalized geopolitical intelligence functions, implement rigorous dual-use and trade-compliance controls, and adopt stress-tested scenario planning to demonstrate continuous oversight. These practices may serve as evidence that directors and officers are exercising prudent governance in the face of sustained instability.

At the same time, corporate disclosures that speak in broad or generic terms about geopolitical uncertainty may come under scrutiny. If material impacts to revenue, margins, or supply chain operations emerge from conflicts such as those in Ukraine or the Middle East, investors may argue that management failed to

provide timely, specific, or accurate information. This risk is heightened if competitors were better prepared or if early warning signals were apparent but not integrated into enterprise risk management frameworks.

Ultimately, as conflicts reshape trade routes, sanctions regimes, and market expectations, companies that do not meaningfully incorporate these realities into governance and disclosure practices may face heightened allegations of oversight failures, inadequate controls, or misleading statements.

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Securities

This Week in Chancery Court: Bill Foley's Pay, Igloo Sale Trial

March 9, 2026, 2:00 AM PDT

Bill Foley's compensation as Fidelity National Financial Inc.'s board chairman leads a familiar slate of pay, earnout, and books-and-records disputes in the Delaware Chancery Court this week.

Here's more from the Delaware court calendars:

Monday: WT Rep. LLC v. Philips Holdings USA, Inc., Del. Ch., No. 2024-0170, trial 3/9/26.

At issue: Koninklijke Philips NV's US unit goes to trial in a breach-of-contract case alleging the company is dodging payments tied to its \$250 million deal for a medical device maker. Delaware Superior Court Judge Paul R. Wallace will preside over the trial. Superior Court judges are assigned some breach of contract litigation to help alleviate the Chancery Court's busy caseload. Wallace previously determined it's "reasonably conceivable" the Dutch conglomerate owes more money to former Vesper Medical Inc. investors, after regulatory approval of a breakthrough stent system. That ruling also narrowed the litigation, dismissing claims that Philips failed to use "commercially reasonable efforts" to bring enough alternative versions of the stent system to market.

Court action: A five-day trial starts Monday in Wilmington.

Philips Case Over \$250 Million Stent Deal Moves Toward Trial

Monday: Ayers v. Foley, Del. Ch., No. 2025-0650, hearing 3/9/26.

At issue: Foley wants the Chancery Court to dismiss an investor lawsuit challenging the board's compensation decisions. Patrick Ayers' "attempts to impugn director independence based on minority co-investments in sports teams and routine professional relationships fall far short" of standards required to overcome the presumption of director independence in Delaware, Foley's attorneys said. The lawsuit challenges a \$50 million equity grant to Foley and \$100,000 equity grants to some directors. Oral arguments on the motion to dismiss were rescheduled from January.

Court action: Hearing in Wilmington.

Bill Foley Ends Pension Fund's Pay Lawsuit With \$6 Million Deal

Tuesday: Chordia v. Lee, Del. Ch., No. 2023-0382, hearing 3/10/26.

At issue: A long-running dispute between two Alphonso Inc. founders and LG Electronics Inc., its subsidiary Zenith Electronics Inc., and some of their executives continues in Chancery Court. The defendants want the court to force the founders to take their claims for money damages to arbitration. LG has also asked the court to dismiss the claims against it, saying the court doesn't have the authority to make rulings about it since the company has no real connection to Delaware.

Court action: Hearing in Wilmington.

LG, Zenith Added to Alphonso Investor Suit Over Board Fight

Wednesday: Witmer v. Armistice Capital LLC, Del., No. 381,2025, oral arguments 3/11/26.

At issue: The Delaware Supreme Court will hear an appeal of a Chancery Court ruling that allowed Armistice Capital LLC to exit insider trading claims over its Aytu BioPharma Inc. stock sales. An investor says the trial court incorrectly determined the hedge fund didn't owe fiduciary duties, arguing such duties extend to any party with access to a company's material non-public information. "Armistice was indisputably a non-controlling stockholder with no agency, employment, or similar relationship to the company," the hedge fund says. "It therefore owed no fiduciary duties to Aytu at the time of the trades in question."

Court action: Oral arguments in Dover.

Armistice Capital Overcomes Novel Ruling in Aytu Stock Case

Wednesday: Metro. Water Reclamation Dist. Ret. Fund v. Paramount Glob., Del. Ch., No. 2025-0377, trial 3/11/26.

At issue: Among the shareholder challenges to Paramount's recent M&A dealings is a books-and-records demand seeking more information about its 2025 merger with Skydance. Shareholders seek "informal" materials such as emails, text messages, and other electronic communications concerning the departures of three special committee members during the deal's negotiation. Paramount says the shareholders are "fishing" for informal materials because the former board records they've already received don't support their theory of potential wrongdoing.

Court action: A half-day trial in Wilmington.

Paramount Loses Bid to Get Warner Bros. Suit on Fast Track

Wednesday: ACON Igloo Holdings, LLC v. Dometic Corp., Del. Ch., No. 2022-1057, trial 3/11/26.

At issue: A trial over the sale of cooler and drinkware maker Igloo involves arguments over earnouts and trade secrets. ACON Igloo Holdings, an affiliate of the private equity firm ACON Investments LLC, sold Igloo in 2021 to Dometic Corp., the US subsidiary of a Swedish outdoor and recreational equipment maker. ACON claims Dometic interfered with Igloo's operations after the sale, costing ACON millions in earnout payments. Dometic asserts counterclaims that ACON induced Igloo's former CEO and CFO to improperly disclose confidential information and trade secrets in exchange for promises of employment, board seats, or consulting agreements at ACON portfolio companies.

Court action: A three-day trial starts Wednesday in Wilmington.

—*With assistance from Bloomberg Law Automation.*

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Litigation

Manage Newsletters

Silver Lake Buyout Judge Rejects Request for Document Mediator

March 9, 2026, 8:34 AM PDT

Summary by Bloomberg AI

AI Generated



- A Delaware Chancery Court judge denied a request for a mediator to resolve document disputes between Carl Icahn, a Swedish bank, hedge funds, and Silver Lake LLC.
- The judge told the parties to work together when possible and bring any "genuine impasse" directly to her, citing the benefits of active management in complex litigation.
- The litigation involves a \$25 billion buyout of Endeavor Group Holdings Inc. and allegations that the transaction undershot the company's full value, with shareholder suits claiming that Endeavor's flagship asset is worth more than the total sale price.

Carl Icahn, a Swedish bank, and hedge funds targeting Endeavor Group Holdings Inc.'s \$25 billion buyout lost their collective bid for a mediator to resolve document disputes with Silver Lake LLC that they had called unnecessarily heated.

A Delaware Chancery Court judge denied the request March 6, telling the various sides to work together when possible and bring any "genuine impasse" directly to her. She cited the benefits to a judge of active management, particularly when it comes to litigation as wide-ranging as a \$25 billion deal challenge.

"In a complex case, discovery rulings frame the issues for decision, define the evidentiary record, and influence how the parties develop and present their claims and defenses," Vice Chancellor Lori W. Will said in a brief ruling. "Active oversight also benefits me as the ultimate factfinder by fostering an early and practical familiarity with the record."

Endeavor's take-private sale last year was a major component of a global buying spree that has made Silver Lake one of the world's most closely watched dealmakers. The private equity giant has played a prominent role recently in several politically charged transactions, including its partnership with a Saudi Arabia sovereign fund to buy Electronic Arts Inc. for \$55 billion and its position at the head of the consortium set to manage TikTok's US operations.

Will's ruling noted that Silver Lake and Endeavor executives including Hollywood mogul Ari Emanuel had opposed the request for a special discovery magistrate made by the funds, the billionaire activist investor, and Sweden's Handelsbanken Fonder AB.

Their motion last month alleged stonewalling and obstruction, saying routine matters had "devolved into disputes over how to resolve discovery disputes." The sprawling court fight has already sparked an unusual level of lawyer-on-lawyer hostility among competing groups of shareholder attorneys vying to lead one of the parallel consolidated cases.

Full Value Questioned

The broader litigation involves related cases targeting the buyout of Endeavor, which owns WWE, UFC, and a top talent agency. The lawsuit led by Icahn and Handelsbanken Fonder is a proposed class action that says Silver Lake aided and abetted fiduciary breaches by Emanuel and other Endeavor executives. The other case—likely the largest statutory appraisal action ever—reflects an arbitrage strategy by dozens of hedge funds holding shares worth billions at the deal price.

Both sets of shareholder suits say the transaction must have undershot Endeavor's full value because its flagship asset—a majority interest in TKO Group Holdings Inc., direct parent of UFC and WWE—is worth more than the total sale price. Silver Lake, Emanuel, and the others have argued as recently as Feb. 24 that a stampede of arbitrageurs like Icahn and the hedge funds turbocharged TKO's stock in response to the deal announcement, creating the illusion of a discount.

Icahn and Handelsbanken are represented variously by Johnson Van Kwawegen LLP, Equity Litigation Group LLP, Grant & Eisenhofer PA, and Woolery & Co. The hedge funds are represented by Abrams & Bayliss LLP and Reid Collins & Tsai LLP.

Silver Lake is represented by Potter Anderson & Corroon LLP and Wachtell, Lipton, Rosen & Katz. The former Endeavor executives are represented by Richards, Layton & Finger PA and Latham & Watkins LLP, with three of them including Emanuel also represented by Quinn Emanuel Urquhart & Sullivan LLP. Endeavor's two-member special litigation committee is represented by Morris, Nichols, Arsht & Tunnell LLP and Cravath, Swaine & Moore LLP.

The case is *In re Endeavor Grp. Holdings Inc. S'holders Litig.*, Del. Ch., No. 2025-0663, motion filed 2/25/26.

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Securities

Musk's Spam Frustration Was 'Confusing' to Ex-Twitter Executives

March 6, 2026, 4:46 PM PST

Two former top executives at Twitter Inc. sought to beat back Elon Musk's narrative at a jury trial that they lied to him about the makeup of the platform's user base when he was purchasing the company in 2022.

Parag Agrawal, who was chief executive officer, and **Ned Segal**, the chief financial officer, took the witness stand Friday in an investor trial over Musk's tumultuous \$44 billion buyout of the company.

But the two men, both of whom were fired right as Musk took control of the social networking platform, offered few detailed recollections of the chaotic weeks surrounding his attempt to back out of the deal and stopped short of criticizing his behavior.

Agrawal was asked for his reaction to Musk's May 13, 2022, tweet at the heart of the case stating the purchase agreement was "temporarily on hold." Testifying Friday in jeans and a t-shirt, Agrawal was brief, saying, "It did not make sense to me."

Segal, who testified most of Thursday, also was concise. "I was displeased," was his only reaction to another tweet from Musk blasting Twitter's methodology for counting how much of its user base was fake accounts, or bots.

The investors claim Musk's public bashing of the company was actually an effort to drive down the stock price and gain himself a better bargaining position.

The two days of testimony from Agrawal and Segal pushed back on Musk's own recollection that he was always committed to the deal, but genuinely believed that Twitter had lied to him about the percentage of spam accounts.

Musk told the jury he was "stunned" that Agrawal, Segal and other Twitter executives could not provide more details about the bot count methodology during their first meeting on May 6 after signing the acquisition agreement. Musk said the bot issue was important, likening it to investigating a termite infestation while purchasing a house.

Agrawal and Segal both testified that the bots were one of close to 20 topics discussed at the meeting, and didn't stand out as a particularly significant issue at the time. In a follow-up meeting a week later, bots were a key focus of the discussion, but Musk chose not to attend.

A few days later, Musk claimed while speaking at a conference that bots made up 20% of the company's user base. In his own series of tweets, Agrawal outlined Twitter's methodology for determining bot accounts, which he said made up less than 5% of total users.

Musk then responded to Agrawal with a poop emoji.

On the stand, Agrawal was again curt when asked about that tweet. "I don't remember, but it was confusing," Agrawal testified.

Agrawal and Segal, along with others, sued Musk for allegedly stiffing them on \$128 million in promised severance after he terminated them. The executives reached a confidential settlement last year.

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'Last Resort': 4th Circuit Shields Elon Musk From Deposition in USAID Shutdown Case

"Deposing high-ranking officials is a measure of last, not first, resort," the appeals court held in its 2-1 decision. The dissent called Musk a "relatively low-ranking" official.

March 06, 2026 at 05:49 PM By  **Avalon Zoppo**



Elon Musk. Photo: Stefani Reynolds/Bloomberg

A divided U.S. Court of Appeals for the Fourth Circuit this week granted a protective order shielding Elon Musk and other government officials from being deposed—for now—in a constitutional challenge to the Trump administration's dismantling of the U.S. Agency for International Development last year.

In its 2-1 decision, the Fourth Circuit said former USAID employees who brought the lawsuit can obtain information about Musk's role in shutting down the agency through alternative modes of discovery. Musk served as a senior adviser to President Donald Trump and led the Department of Government Efficiency.

Under circuit case law, high-level executive branch personnel can be deposed if plaintiffs show “extraordinary circumstances” exist, the court stated.

“The fact that plaintiffs may need the information and that Musk, Marocco and Lewin may have firsthand information about the identity of decisionmakers and the timing of decisions is not, by itself, extraordinary,” Judge A. Marvin Quattlebaum Jr. [wrote](#) for the majority.

He was joined by Judge Paul Niemeyer.

The court also shielded from depositions former acting USAID Deputy Administrator Peter Marocco and Jeremy Lewin, a former USAID deputy administrator.

“[P]laintiffs do not dispute petitioners’ claim that plaintiffs have deposed four witnesses but have not yet deposed other lower-ranking officials that they sought,” Quattlebaum wrote. “Deposing high-ranking officials is a measure of last, not first, resort.”

However, the majority said the ruling does not mean that deposing the officials at a later date is off the table.

In their lawsuit, the former USAID employees and contractors allege Musk wielded authority to shutter USAID without proper appointment under the Appointments Clause of the U.S. Constitution.

In dissent, Judge Roger Gregory described Musk, Marocco and Lewin as “relatively low-ranking officials, who appear to be the only people that can provide the relevant information.”

“It is evident on its face that these positions do not qualify for the special protections that case law has afforded to the government’s highest-ranking officers,” Gregory wrote.

Gregory added that the former USAID employees have already tried to obtain the information they seek through other discovery methods and have deposed four subordinate members of USAID.

“In light of the substantial discovery that has already occurred, I would not dictate to the plaintiffs that they must exhaust additional discovery tools before the district court permits their deposition,” Gregory wrote.

The Fourth Circuit issued its decision in *In re Elon Musk*, No. 26-1160.

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NY Federal Judge Rejects Terror-Financing Case Against Binance, Zhao

"The court has unambiguously rejected the false and damaging narrative that Binance assisted terrorists," Eleanor Hughes, Binance's general counsel, said in a statement.

March 09, 2026 at 12:18 PM By  **Michael A. Mora**



Photo: charnsitr/Adobe Stock

A federal judge in Manhattan threw out a lawsuit accusing Binance and founder Changpeng Zhao of helping terrorist groups carry out dozens of attacks, ruling that the victims failed to plausibly link the world's largest crypto exchange's conduct to the violence.

U.S. District Judge Jeannette Vargas of the Southern District of New York entered the 62-page opinion Friday, which dismissed claims brought by 535 victims and relatives of victims tied to 64 terrorist attacks worldwide between 2016 and 2024. The plaintiffs alleged that transactions on Binance helped finance organizations including Hamas, Hezbollah, ISIS and al-Qaeda.

Vargas said the complaint, an 891-page filing containing more than 3,000 numbered paragraphs, detailed Iran's role in sponsoring militant groups and Binance's alleged failures to comply with anti-

money-laundering and sanctions laws. But she found the allegations failed to sufficiently connect the exchange's conduct to the specific attacks that injured the plaintiffs.

The plaintiffs brought the lawsuit under the Anti-Terrorism Act, as amended by the Justice Against Sponsors of Terrorism Act, which allows U.S. nationals who are injured by acts of international terrorism to seek damages from entities that knowingly provide substantial assistance to terrorists.

The plaintiffs claimed that Binance knowingly allowed illicit actors to transact on its platform and ignored compliance obligations, such as know-your-customer rules and suspicious-activity monitoring. They also cited warnings from U.S. officials and international bodies that terrorist organizations increasingly rely on cryptocurrency exchanges to move funds across borders.

The court said those allegations were sufficient to suggest that Binance may have been aware that crypto exchanges can be used in terrorist financing. But under Supreme Court precedent, liability under the terrorism statute requires a stronger showing that a defendant consciously and culpably participated in the wrongdoing and knowingly and substantially assisted.

Instead, the judge said the complaint largely relied on the theory that because terrorists used crypto and Binance hosted transactions involving illicit actors, some portion of those funds must have helped support attacks. However, she wrote that reasoning failed to demonstrate the level of direct or systemic assistance required to establish aiding-and-abetting liability.

Vargas also ruled that regulatory violations alone do not establish civil liability for terrorist attacks. Although Binance and Zhao pleaded guilty to violating the Bank Secrecy Act and agreed to pay billions in penalties, the complaint did not plausibly allege that the exchange intended to assist the attacks or formed part of a common enterprise with terrorist groups.

Now, Vargas has dismissed the lawsuit without prejudice, finding that there are details from recent U.S. Court of Appeals for the Second Circuit precedent that could correct the deficiencies regarding wallet transactions with terror groups "that could establish the requisite nexus between Binance's conduct and the terrorist attacks at issue."

As a result, the court allowed the plaintiffs 60 days to file an amended complaint. Still, Binance said it is confident that no amended pleading will cure the fundamental deficiencies the court identified, with Eleanor Hughes, its general counsel, saying in a statement that the dismissal was a "complete vindication of all false allegations."

"The court has unambiguously rejected the false and damaging narrative that Binance assisted terrorists," Hughes said. "We will continue to defend ourselves aggressively against any litigation or reporting that misrepresents who we are and how we operate."

Ex-Meta engineer testifies Instagram 'uses you' in social media addiction trial

DJ [dailyjournal.com/articles/390144-ex-meta-engineer-testifies-instagram-uses-you-in-social-media-addiction-trial](https://www.dailyjournal.com/articles/390144-ex-meta-engineer-testifies-instagram-uses-you-in-social-media-addiction-trial)

Instagram evolved from a tool people use into one that "uses you," a former Meta safety engineer told jurors Friday, describing how algorithmic features reshaped the platform as the plaintiff's attorneys in the first bellwether social media addiction trial rested their case.

Over the past four weeks, jurors in Los Angeles County heard evidence from a 20-year-old woman identified as Kaley G.M., who claims her compulsive use of Instagram and YouTube led to her mental health struggles during childhood that persist today - allegations Meta and Google deny.

Led by Lanier Law Firm founder Mark Lanier, the plaintiff advances a novel theory that social media companies negligently designed their apps to addict minors in harmful ways. Snapchat and TikTok confidentially settled Kaley's claims days before trial, though the companies remain as defendants in thousands of pending lawsuits in the coordinated litigation before Superior Court Judge Carolyn B. Kuhl. *Social Media Cases*, JCCP5255 (L.A. Super. Ct., filed Oct. 24, 2022).

Meta and Google, represented by Covington & Burling LLP and Wilson Sonsini Goodrich & Rosati PC, contend their platforms are not inherently addictive and that Kaley's alleged harms were instead caused by a detrimental home environment that predated her social media use.

Kaley, who was on the stand for two days last week, said that while her exposure to bullying on the platforms made her feel bad about herself, being offline and "missing out" made her feel worse. She testified that features such as autoplay, infinite scroll, notifications, and algorithmic recommendations kept her "addicted" to the apps.

The final witness for the plaintiffs was Brook Istook, an online child safety expert who concluded in a report that design and operative features on platforms such as Instagram and YouTube can make it difficult for parents to protect their children and contribute to excessive engagement by young users.

Jurors also heard portions of a deposition from Kaley's mother, who testified that she did not fully understand the potential harms of social media when her daughter began using it and believed she was adequately monitoring her phone use at the time.

Prior to Istook, Arturo Béjar, who worked on safety and security at Meta, resumed his testimony that the company prioritizes profit over user safety on Instagram.

According to him, Instagram changed dramatically in the late 2010s when it shifted from a chronological feed that reached an end point to algorithm-driven recommendations that continually deliver new content on the user's home feed.

"In that time, Instagram changed, I believe, from an app that you use to an app that uses you. These features are not in your best interest," Béjar testified.

Kaley said she began using Instagram in 2015 at age 9 - the same year Béjar first left the company. Her counsel claims her longest recorded single-day use of the app was 16 hours.

When Béjar returned to Meta in 2019, as Kaley was turning 13, he said the company felt like a "fundamentally different" place and that it became "so hard" to address safety risks for young users.

On Thursday, Béjar testified that social media "addiction" was treated like a "dirty word" internally and that employees were instead encouraged by leadership to refer to the issue as "problematic use" - or avoid the term altogether.

Béjar told jurors that Instagram's recommendation systems closely track user behavior - including how long someone pauses on a post or interacts with comments - to determine what content to show next. He testified the company's business incentives were tied to keeping users engaged for as long as they could - a notion Meta CEO Mark Zuckerberg denied on the stand.

Béjar also criticized Instagram's tools for identifying underage users, telling jurors the reporting process required multiple steps and information the platform already had. He said Meta had the technical capability to identify underage users but had not prioritized doing so at scale.

Under examination from Meta's counsel, Covington & Burling partner Phyllis A. Jones, the defense pressed Béjar about whether any social media platform had successfully removed all users under the age of 13.

Béjar acknowledged he could not identify one.

While on the stand, Zuckerberg was shown internal Meta documents estimating that over 4 million underage users were on Instagram even as the company publicly maintained that children under 13 were not permitted on the platform. He acknowledged the issue can be difficult to track because users sometimes lie about their age, but testified that Meta's enforcement tools have evolved over time and the company does its best to protect young users.

#390144

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News from Bloomberg Terminal

Meta, Google Pivot in Addiction Trial to Accuser's Home Life

March 9, 2026, 11:00 AM PDT

Summary by Bloomberg AI

AI Generated



- Meta Platforms Inc. and Google are presenting their defense in a trial over social media addiction, seeking to show that the plaintiff's mental health struggles came from influences in her life other than the platforms.
- Lawyers for Meta plan to call the woman's therapists as witnesses to demonstrate that her psychological trauma came from factors other than Instagram and Facebook.
- The trial is a critical test for thousands of similar cases with potentially billions of dollars at stake, and could ultimately force media companies to change how they interact with young users.

By Madlin Mekelburg and Maia Spoto (Bloomberg Law)

(Bloomberg) --

As Meta Platforms Inc. and Google start presenting their defense in a landmark trial over social media addiction, the companies are seeking to show the mental health struggles suffered by the 20-year-old who brought the case stemmed from turmoil in her family and school life.

Lawyers for Meta, the parent company of Instagram and Facebook, have indicated they plan to call the woman's therapists as witnesses to demonstrate that her psychological trauma came from influences in her life other than the platforms.

Jurors in the Los Angeles case already heard testimony from Kaley G.M. about how her constant use of Instagram and Google's YouTube resulted in anxiety, depression and body dysmorphia. But Meta contends that if its photo-sharing app had been removed from the equation, her circumstances would not have changed.

"Kaley has faced profound challenges, and we continue to recognize all she has endured. The jury's only task, however, is to decide if those struggles would have existed without Instagram," said Liza Crenshaw, a spokesperson for Meta. "The evidence simply doesn't support reducing a lifetime of hardship to a single factor, and our case will continue to underscore that reality."

The trial is a critical test for thousands of similar cases with potentially billions of dollars at stake, and which could ultimately force media companies to change how they interact with youths, one of their key audiences.

Meta and Google have denied Kaley's claims, saying she was never formally diagnosed with "social media addiction." They've also argued that their platforms are well-equipped with safety guardrails to protect young users.

"Providing young people with a safer, healthier experience has always been core to our work," Google spokesperson José Castañeda said in a statement. "In collaboration with youth, mental health and parenting experts, we built services and policies to provide young people with age-appropriate experiences, and parents with robust controls."

TikTok Inc. and Snap Inc. reached confidential settlements with Kaley ahead of trial, but they are still defendants in thousands of other pending suits.

In the first four weeks of the trial, Kaley's team tried to convince the jury that the networking platforms were designed by the companies to drive profit at the expense of young people's well-being.

When Kaley took the stand in February, she testified she started using Instagram when she was nine, behind her mom's back. Her phone pinging with alerts, she'd scroll at school, sometimes drawing reprimands from her teachers, she said. She made several accounts to like her own posts, asking family and friends to help boost the numbers. She almost never posted a photograph of herself without a filter changing her appearance.

Read More: Social Media Plaintiff Spent 16 Hours Scrolling in a Day

Kaley's lawyers peppered Meta Chief Executive Officer Mark Zuckerberg and other high-profile executives at Meta and Google with questions how they attract, engage and protect teen users. The Meta executives were confronted with internal records showing they choose to keep certain platform features in place, such as beauty filters, despite staff concerns they could be harmful to young people.

As Kaley's team rested its case Friday afternoon, the defense called its first two witnesses – administrators from the school system where she grew up in Chico, California.

A high school counselor testified that Kaley "wanted people to like her," but struggled with how to navigate that, sometimes getting in trouble.

Kaley often spoke about being stressed out by her mother, and she expressed a desire to go to a community college with a dormitory so she didn't have to live at home, the counselor said.

Meta's lawyers said that in addition to Kaley's therapists, they will call some company representatives as witnesses and present research on social media safety.

Kaley's lawyers have argued in court filings that certain evidence about her family should be off limits to the jury as irrelevant and improper because it might prejudice the jury against her.

Meta's attorneys countered in a filing that the judge should reject any "attempt to avoid providing the jury with the full range of evidence that speaks to that central question" of how Kaley's mental health was harmed.

During cross-examination of Kaley in February, a Meta lawyer played footage of her mother screaming at her that the teen had posted to social media, and displayed Kaley's lower-case Instagram story rants about her home life.

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Analysis | **Environmental Social and Governance**

Greenwashing Suits Continue to Climb, Despite Uncertainty Over How They'll Fare

"All industries are at risk," Ropes & Gray partner Alexander Simkin said. "Certainly, anyone who's in a consumer-facing industry is probably at a heightened risk."

March 09, 2026 at 09:14 AM By **Brendan Pierson**



Credit: tanaonte/AdobeStock

Lawsuits accusing companies of making misleading claims about their environmental impact, a practice known as "greenwashing," have continued to increase even as the U.S. government under Republican President Donald Trump has scaled back environmental enforcement.

The coming year is likely to see continued growth of such litigation, experts say, while the U.S. Supreme Court is slated to hear a potentially decisive case about federal preemption. Litigation has come both from state attorneys general and in the form of consumer class actions.

"Shifts in U.S. policy at the federal level have not been a barrier to growth in this litigation, and that is unlikely to change," Crowell & Moring attorneys summed up the situation in a recent client note.

“Enforcement actions from already active states are unlikely to abate, and such actions may even increase overall with new Democratic administrations in states like Virginia and New Jersey.”

“All industries are at risk,” added Ropes & Gray partner Alexander Simkin. “Certainly, anyone who’s in a consumer-facing industry is probably at a heightened risk.”

Recently filed greenwashing lawsuits include one filed last fall by the city of Philadelphia accusing S.C. Johnson and Bimbo Bakeries of making misleading recyclability and sustainability claims and a consumer class action in Florida accusing Keurig of falsely claiming that its K-Cup coffee pods are recyclable.

Greenwashing lawsuits have had a mixed record of success so far. Cases that have been dismissed include a class action accusing Apple of falsely marketing its Apple Watch as carbon-neutral, and class action against Lululemon accusing it of misleading consumers by touting sustainability goals.

On the other hand, a Connecticut state court in December refused to dismiss the state’s lawsuit accusing Exxon Mobil of a campaign of false claims intended to “bolster its image as an environmental steward.” And Tyson Foods late last year reached a settlement agreeing to stop making certain claims about a pledge to reach “net zero” carbon footprint by 2050 after a judge allowed a lawsuit over those claims to proceed, though the deal did not include a payment.

A&O Shearman attorneys noted in a recent client alert that in many cases that have been dismissed, judges have found that the alleged greenwashing consists of merely “aspirational” claims or “puffery,” or when a defendant can show that it is taking specific steps toward green goals.

On the other hand, they wrote, cases have typically survived dismissal when they target “concrete, product-specific claims” like “reef safe,” “humane” or “sustainable” and can make a specific allegation of how those claims consumers.

Simkin said that he expects the technology industry, in particular, to come increasingly in the enforcers’ and plaintiffs’ crosshairs as the public becomes increasingly concerned with the environmental impact of data centers that power artificial intelligence models.

The first investigation into whether tech companies are making false claims about their use of renewable energy is already underway, if from an unexpected quarter: a group of 16 Republican states concerned that such claims could hurt the fossil fuel industry.

The states, led by Montana, in a September letter asked Microsoft, Meta, Google and Amazon to provide more information about their claims that their data centers relied on renewable energy,

saying they believed they could be deceptive.

Looming over this landscape is a U.S. Supreme Court case that could shape the future of greenwashing litigation. The court has agreed to hear an appeal by fossil fuel companies of a lower court order allowing a lawsuit by the city of Boulder, Colorado, that seeks to hold them liable for climate change to go forward.

While not explicitly a greenwashing case, the court is being asked to decide whether federal environmental law preempts states. If it does, it would become much more difficult for states or private plaintiffs to bring state law claims related to environmental harms.

The court has also asked the parties to brief the issue of whether the plaintiffs have alleged a harm that gives them standing to sue in the first place, which could also affect greenwashing litigation. The court is expected to hear the case later this year, with a decision likely in 2027.

No matter what, Simkin said, the best advice for companies seeking to reduce their risk is simply to “tell the truth.”

“As long as companies are not making statements that are misleading or confusing to their customers, they should be safe,” Simkin said. That means sticking to objective claims that can be backed up with sources or documents, including third-party certifications, while being cautious about broader claims to be “green.”

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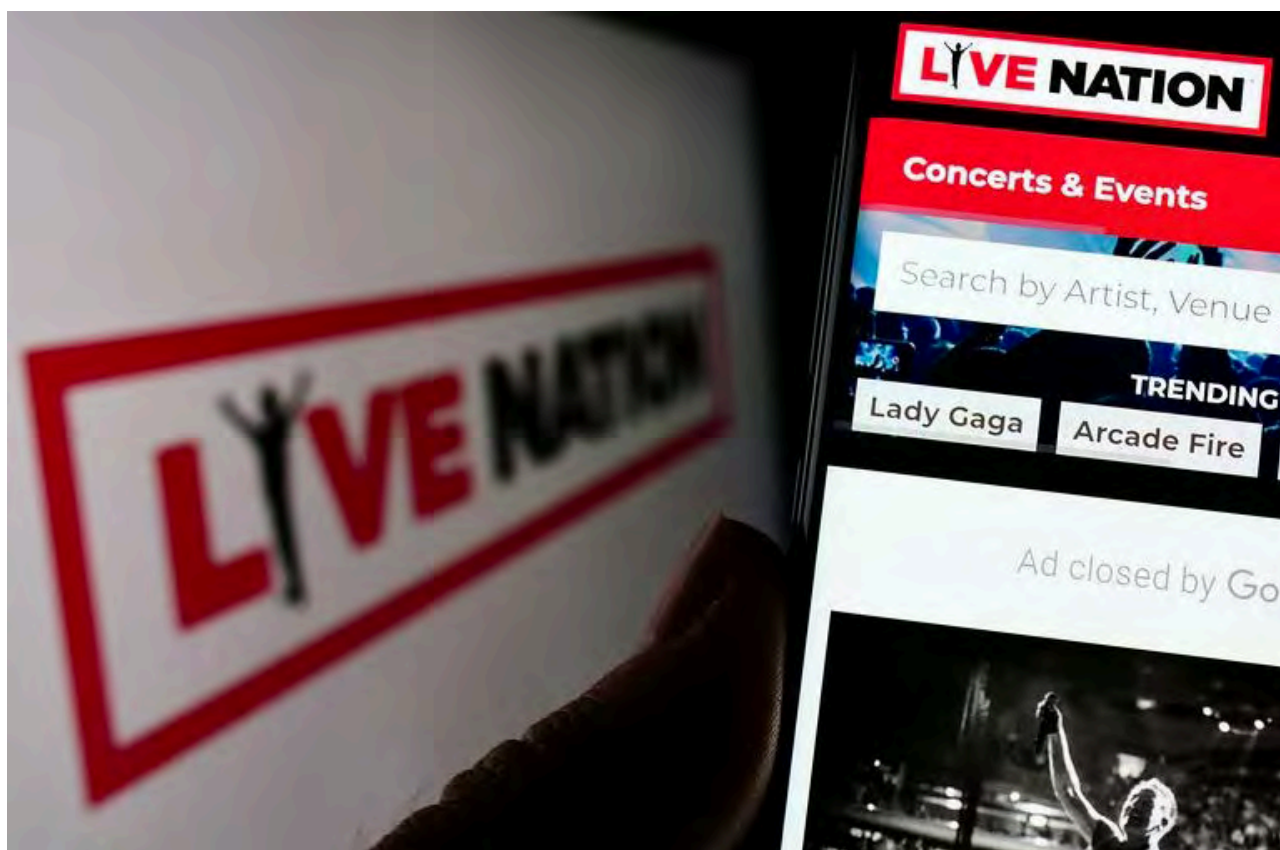
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DOJ Reaches Live Nation-Ticketmaster Antitrust Settlement, Abandons Jury Trial

"Due to the substantial prejudice caused by this settlement and DOJ's abrupt exit after taking the lead role up to and during the first week of trial, a mistrial is warranted," more than 20 plaintiff states wrote in a motion for a mistrial after the U.S. Department of Justice informed a Manhattan federal judge that the Justice Department will no longer participate in the antitrust jury trial proceedings against defendants Live Nation and Ticketmaster.

March 09, 2026 at 01:28 PM By  **Sulaiman Abdur-Rahman**



Live Nation Entertainment Inc.'s site is seen on a cellphone screen. Photo: Adobe Stock

The U.S. Department of Justice has reached a proposed \$280 million settlement with defendants Live Nation Entertainment Inc. and Ticketmaster LLC to resolve unlawful monopolization claims midtrial, causing most of the plaintiff states to move for a mistrial in Manhattan federal court.

"Due to the substantial prejudice caused by this settlement and DOJ's abrupt exit after taking the lead role up to and during the first week of trial, a mistrial is warranted," more than 20 plaintiff states, including California, New York and New Jersey, wrote in a [26-page motion](#) filed Monday.

The DOJ's Antitrust Division previously served as the lead plaintiff in the case alleging Live Nation and its wholly owned subsidiary Ticketmaster maintained an unlawful monopoly across the live concert industry.

Days after the [jury trial began](#), the Justice Department reached a proposed settlement with the Beverly Hills, California-based defendants and informed U.S. District Judge Arun Subramanian of the Southern District of New York that DOJ attorneys will no longer participate in the litigation as of Sunday, according to the state plaintiffs' motion.

"Today, U.S. DOJ has chosen to settle with Live Nation, but a bipartisan group of attorneys general, including California, have chosen to continue this fight and get a better deal for consumers—the deal Americans nationwide deserve," California Attorney General Rob Bonta said Monday in a statement.

Some of the plaintiff states—Arkansas, Iowa, Mississippi, Nebraska, Oklahoma, South Carolina and South Dakota—intend to settle their claims on the same terms as the Justice Department in a settlement process that must receive final court approval under the Tunney Act.

"Live Nation has raked in billions from an illegal monopoly that stifles artists, harms venues and makes it harder for fans to see the performers they love," the District of Columbia's Attorney General Brian Schwalb alleged Monday in a statement. "We will continue fighting to hold Live Nation accountable and restore competition to the live entertainment industry."

The following plaintiffs intend to pursue their antitrust claims against Live Nation and Ticketmaster: Arizona, California, Colorado, the District of Columbia, Illinois, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Utah, Vermont, Virginia, Washington and Wyoming.

A handful of states as of Monday have not taken a position on whether they intend to join the proposed settlement.

Stephen Parker, executive director of the National Independent Venue Association, slammed the DOJ's proposed settlement in a statement Monday.

"Live Nation's reported settlement amount—\$280 million—is the equivalent of 4 days of their 2025 revenue, which means they could potentially make it back by this Friday," Parker said in his statement shared with Law.com and the New York Law Journal via email.

Latham & Watkins; Cravath, Swaine & Moore; and Sullivan & Cromwell represent Live Nation and Ticketmaster in the antitrust case and have previously described the allegations as baseless.

The DOJ's Antitrust Division originally sought a divestiture remedy that would have forced Live Nation to sell off its Ticketmaster assets when it filed the complaint in 2024 during the Biden administration.

DOJ officials notified state plaintiffs in late January that the Trump administration exchanged settlement proposals with Live Nation and Ticketmaster. Gail Slater [suddenly departed](#) as President Donald Trump's assistant attorney general for antitrust Feb. 12.

Spokespersons for the Justice Department and Live Nation did not immediately respond to requests for comment.

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California Brief

Live Nation Nears DOJ Settlement That Avoids Ticketmaster Sale

March 8, 2026, 9:33 PM PDT

Live Nation Entertainment Inc. is close to settling a federal antitrust lawsuit accusing the company of illegally monopolizing the live music industry that would stop short of a divestiture of the company's Ticketmaster subsidiary, according to people with knowledge of the matter.

The settlement discussions have intensified since a trial kicked off March 2 and a final agreement could be announced in the coming days, said the people, who asked not to be named discussing confidential matters. The exact timing is still in flux, the people said.

The Justice Department's 2024 lawsuit had sought to break up the company by forcing a sale of Ticketmaster.

The Justice Department and Live Nation didn't immediately respond to requests for comment sent outside of normal business hours.

Some of the state attorneys general that signed onto the case have signaled they are also planning to join the settlement, said some of the people.

If a settlement agreement is reached, that could pause a trial that started in New York last week and is slated to continue for several more weeks. Details of how a trial would move forward with states that don't sign on to the settlement will be decided later. US District Judge **Arun Subramanian**, who is presiding over the case, would also need to analyze whether the Justice Department's settlement is in the public interest.

Under the settlement plan, Live Nation's Ticketmaster subsidiary would eliminate some exclusivity in ticketing contracts with concert venues as well as make some concessions around the use of its amphitheaters, some of the people said.

Live Nation has faced years of antitrust scrutiny over its 2010 acquisition of Ticketmaster, which was cleared by the Obama administration and later contested as inadequate by rivals, lawmakers and fans.

The current case was filed under the Biden administration and brought to trial this month by President Donald Trump's Justice Department. The combined company also faced scrutiny under the first Trump administration.

In the lawsuit, Live Nation and Ticketmaster are accused of engaging in a variety of anticompetitive practices, including locking venues into long-term exclusive ticketing contracts and retaliating against rivals and venues that seek to use alternatives. The DOJ and states also say that Live Nation has monopolized the market for large, outdoor amphitheaters in the US.

--With assistance from Josh Wingrove.

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Live Nation reaches settlement with DOJ in antitrust case

 [reuters.com/sustainability/boards-policy-regulation/live-nation-nears-settlement-us-antitrust-lawsuit-bloomberg-news-reports-2026-03-09](https://www.reuters.com/sustainability/boards-policy-regulation/live-nation-nears-settlement-us-antitrust-lawsuit-bloomberg-news-reports-2026-03-09)

Jody Godoy, Kritika Lamba

March 9, 2026

A Live Nation sign stands next to an office building along Hollywood Blvd, after the U.S. Department of Justice and a group of states filed an antitrust lawsuit against Live Nation Entertainment, in Los Angeles, California, U.S., May 23, 2024. REUTERS/Mike Blake [Purchase Licensing Rights, opens new tab](#)

- Trial follows backlash over Taylor Swift ticket sales, DOJ lawsuit
- State attorneys general involved in broader settlement talks
- Live Nation shares rise 6% amid settlement news

March 9 (Reuters) - Live Nation Entertainment ([LYV.N](#)), [opens new tab](#) has reached a proposed settlement with the U.S. Justice Department in an antitrust case targeting its dominance in the live-events industry, according to a court hearing on Monday.

In the same hearing, it was disclosed that Live Nation is also in talks with state attorneys general to secure a broader, global resolution of related state-level antitrust claims.

Shares of the California-based company are up about 6%.

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Live Nation, Ticketmaster and the DOJ did not immediately respond to Reuters' requests for comment.

The development throws the case into chaos in the middle of what was to be a weeks-long trial. New York and 38 other states plus Washington, D.C., also have claims against Live Nation.

An attorney for Washington, D.C., moved for a mistrial on behalf of the states. The judge was considering that request on Monday morning, or potentially pausing the trial to allow the states to prepare to proceed on their own.

U.S. District Judge Arun Subramanian questioned why the parties had not informed the court sooner about the settlement, which was signed on Thursday. An attorney for the DOJ said she was not aware of the settlement as the trial

proceeded on Friday.

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"It shows absolute disrespect for the court, for the jury, for this entire process, and it is entirely unacceptable," he said.

Fans and politicians had intensified calls to examine Live Nation's 2010 acquisition of Ticketmaster, after the company subjected Taylor Swift fans to hours-long online queues while charging high prices for tickets to her 2022 Eras tour.

The U.S. Justice Department and more than two dozen states [sued, opens new tab](#) to break up Live Nation in May 2024, calling for a sale of Ticketmaster and alleging the companies illegally inflated [concert ticket prices](#) and harmed artists.

The trial in the case began last week after a judge in February [rejected](#) Live Nation's bid to dismiss the lawsuit.

According to a Politico report, the agreement requires the concert giant to pay roughly \$200 million in damages to participating states and submit to sweeping structural reforms targeting its long-criticized control of ticketing, venues and artist promotion.

"The settlement recently announced with the U.S. Department of Justice fails to address the monopoly at the center of this case, and would benefit Live Nation at the expense of consumers. We cannot agree to it," said New York Attorney General Letitia James.

Under the settlement, Ticketmaster will be required to open parts of its technology platform to competing ticketing companies, allowing third-party sellers such as SeatGeek and Eventbrite to list tickets directly through its system, the report said.

Additional reporting by Katharine Jackson in Washington and Angela Christy in Bengaluru; Editing by Sumana Nandy, Mrigank Dhaniwala and Krishna Chandra Eluri

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[Jody Godoy](#)

Thomson Reuters

Mid-trial, DOJ settles antitrust suit with Live Nation, Ticketmaster

 [courthousenews.com/mid-trial-doj-settles-antitrust-suit-with-live-nation-ticketmaster](https://www.courthousenews.com/mid-trial-doj-settles-antitrust-suit-with-live-nation-ticketmaster)

Erik Uebelacker

March 9, 2026

FILE - The Ticketmaster logo is seen along the sideline of the field before an NFL football game, Sept. 15, 2024, in Jacksonville, Fla. (AP Photo/Phelan M. Ebenhack, File)

MANHATTAN (CN) — The Department of Justice is settling its sprawling antitrust case against Ticketmaster and its parent company Live Nation, its lawyers said in court on Monday.

The settlement comes in the midst of the high-profile trial, in which the DOJ accused the companies of using their market dominance in ticketing and live event production to prevent venues and artists from doing business with competitors.

According to a senior DOJ official, Live Nation and Ticketmaster have agreed to pay out \$280 million in penalties to participating states.

Ticketmaster has also agreed to offer venues the option to enter into non-exclusive agreements that allow other ticketing platforms to sell a certain number of primary tickets. It will also open source its technology to allow competitors to sell tickets more easily alongside Ticketmaster.

Live Nation has agreed to divest in up to 13 amphitheaters after the DOJ accused it of having monopoly power over those venues in the United States. And the concert promoter can no longer tie artists' use of its amphitheaters to them using Ticketmaster or any of Live Nation's other products.

Ticketmaster and Live Nation won't split, though, a blow to the companies' competitors and many concertgoers who hoped the case would force them to separate.

The trial isn't over. More than two dozen state attorneys general — who joined the DOJ in the overarching antitrust claims — have not agreed to the terms of the settlement and will resume arguing their case to federal jurors in Manhattan next week.

"The settlement recently announced with the U.S. Department of Justice fails to address the monopoly at the center of this case, and would benefit Live Nation at the expense of consumers. We cannot agree to it," New York Attorney General Letitia James said in a statement Monday. "My attorney general colleagues and I have a strong case against Live Nation, and we will continue our lawsuit to protect consumers and restore fair competition to the live entertainment industry."

The District of Columbia and 39 states sued alongside the DOJ. Next week, 25 plus the District of Columbia will proceed to trial, rejecting the settlement.

U.S. District Judge Arun Subramanian still needs to approve the settlement in a process that could take several weeks. The Joe Biden appointee appeared irked that the parties, who had supposedly been in the late stages of settlement talks last week, waited until Monday to tell him they'd reached a deal.

He ordered Live Nation's CEO Michael Rapino — who was expected to be called to testify as early as this week — and top antitrust officials at the DOJ to appear in his court Tuesday morning to explain themselves.

Prior to the settlement announcement, jurors were slated to hear continued testimony from an executive from one of Ticketmaster's [biggest rivals in SeatGeek](#). Jack Groetzinger, who co-founded the ticketer in 2009, testified last week about how difficult it was to land clients thanks to their "extreme concerns" about Live Nation and Ticketmaster retaliating.

Adam Lichstein, general counsel at SeatGeek, told Courthouse News in a statement Monday the settlement news was "incredibly disappointing."

"For decades, fans, artists and venues have faced a marketplace with limited competition resulting in inadequate technology and rising costs. This settlement does little to change that," Lichstein said. "Meaningful reform requires deep structural changes, not more of the surface level consolations that have failed for the last 16 years."

Lichstein urged the state attorneys general not to accept the settlement and resume the trial.

Meanwhile, a senior DOJ official said the situation is "a win-win" for consumers, who will see benefits from the immediate settlement while the state seeks further terms at trial.

The DOJ filed its lawsuit against Live Nation and Ticketmaster in May 2024, during the Biden administration. It accused the companies of Sherman Act violations and sought a remedy of “structural relief” that would separate the entities making up Live Nation and Ticketmaster’s control of the concert industry.

Prior to Monday’s settlement, the court heard testimony from several venue executives. John Abbamondi, former CEO of the NBA’s Brooklyn Nets and Barclays Center, testified last week that Live Nation [retaliated against his arena](#) when he switched from Ticketmaster to SeatGeek by cancelling a scheduled Billie Eilish concert in 2021.

Publishers sue 'shadow' library allegedly powering AI chatbots

 [reuters.com/legal/litigation/publishers-sue-shadow-library-allegedly-powering-ai-chatbots-2026-03-06](https://www.reuters.com/legal/litigation/publishers-sue-shadow-library-allegedly-powering-ai-chatbots-2026-03-06)

Blake Brittain

March 6, 2026

Penguin books are seen in a used bookshop in central London October 29, 2012. REUTERS/Stefan Wermuth/File Photo [Purchase Licensing Rights, opens new tab](#)

March 6 (Reuters) - A group of publishers including the "Big Five" English-language book publishing houses — Hachette ([ALHG.PA](#))  [, opens new tab](#), Penguin Random House, HarperCollins, Macmillan and Simon and Schuster — filed a lawsuit in New York federal court on Friday seeking to shut down prominent "shadow library" Anna's Archive.

The [lawsuit](#)  [, opens new tab](#) alleged that Anna's Archive has pirated over 63 million books and provides them to companies for artificial intelligence training. Sign up [here](#).

"Anna's Archive is a brazen pirate operation that steals and distributes millions of literary works while outrageously offering access to AI developers in exchange for crypto payments," Maria Pallante, president of the publishers' trade group the Association of American Publishers, said in a statement.

Spotify and a group of major music publishers filed a related New York lawsuit against Anna's Archive in January seeking trillions of dollars in damages for pirating tens of millions of audio files. The site, which is run by unknown individuals, has not responded to that case.

The book publishers' lawsuit said that the site has continued its piracy in defiance of an early court order in the audio piracy case.

Federal courts can order U.S. internet service providers to stop hosting pirate sites. The publishers asked the Manhattan court to shut Anna's Archive down and requested damages of up to \$150,000 per pirated work.

While it is difficult for U.S. courts to fully disable websites based overseas, Pallante told Reuters in an interview that she is hopeful that the lawsuit will at least disrupt Anna's Archive's operations.

"It comes down to doing nothing or doing what we can," Pallante said.

Friday's lawsuit — which also includes academic publishers Cengage ([CNGO.PK](#)) [,opens new tab](#), Elsevier, McGraw Hill ([MH.N](#)) [,opens new tab](#) and John Wiley & Sons ([WLY.N](#)) [,opens new tab](#) as plaintiffs — said the self-proclaimed "world's largest shadow library" launched in 2022 and allows users to download pirated material.

The publishers said Anna's Archive claims to have given "high-speed access" to the stolen works to customers in China, Russia and other countries for the training of AI large language models that power chatbots and other systems.

Several groups of copyright owners including authors, artists and music companies have filed copyright lawsuits against tech companies for allegedly misusing their work to train AI systems.

The lawsuits say companies like OpenAI and Anthropic pirated their works from similar shadow libraries. Lawsuits against Meta and Nvidia have specifically accused the tech giants of downloading books from Anna's Archive to train large language models.

The defendants in those cases have denied wrongdoing.

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

Blake Brittain reports on intellectual property law, including patents, trademarks, copyrights and trade secrets, for Reuters Legal. He has previously written for Bloomberg Law and Thomson Reuters Practical Law and practiced as an attorney.

- X

California Brief

Insight

OpenClaw Raises Questions on AI Agents Acting as Trustees

March 9, 2026, 1:30 AM PDT

The artificial intelligence agents are coming, and OpenClaw may be the clearest signal yet that they have arrived. Early this year, the open-source project went from relative obscurity to surpass Linux on the GitHub all-time star leaderboard within months.

OpenClaw is now the most-starred non-aggregator software project—that is, a tool that generates original value and content rather than filtering and displaying existing information—on GitHub, the developer platform that allows developers to create, store, manage, and share their code.

OpenClaw's unprecedented level of productivity is what made it so viral. Where earlier AI agents responded to prompts and then stopped, OpenClaw agents receive more permission from the user before they run persistently, act proactively, and produce real-world consequences. The architecture behind it has forced technologists, venture capital investors, and lawyers to rethink what "agent" means in the AI age.

Trusted Action Engines

For most of 2025, even advanced "agentic AI" systems remained confined inside browser sandboxes. They functioned primarily as sophisticated content generators and reactive tool callers—producing text, summaries, or suggestions on demand but rarely executing sustained, autonomous real-world actions that users felt safe delegating.

OpenClaw changes that equation. For example, users may connect OpenClaw to messaging apps, email, calendars, and application programming interfaces via standardized protocols, and simply say "manage my inbox for the week" or "negotiate this vendor contract."

The system then operates persistently and proactively. The OpenClaw agents wake themselves on a timer—a "heartbeat" scheduler—to check their objectives and act, often while the human user sleeps.

Legal Agency Applies

To understand what OpenClaw has actually built, it helps to reach back into a body of law that predates software by centuries. In the traditional civil-law concept of agency, a principal authorizes an agent to pursue a defined goal on their behalf, using the agent's own means and judgment, within an authorized scope. The agent's acts create legal consequences that bind the principal. Three elements are essential: delegation of a goal, autonomy over method, and real-world consequences that flow back to the authorizing party.

What is striking is how precisely OpenClaw satisfies all three. The user sets a goal—typically via WhatsApp, Telegram, or another familiar messaging interface. Without user's prompting as with chatbots, the agent is designed for 24/7 autonomous operation, which pursues that goal using whatever combination of tools, memory, and sub-agents it judges appropriate. The consequences are binding: emails sent, files modified, transactions executed—all in the principal's name.

Leapfrogging Into Trustee Territory

From an AI technology perspective, this isn't a fundamental model breakthrough. OpenClaw used components that already existed, but its agents hit a new capability threshold by combining them to give users a seamless way to get tasks done autonomously. Most of this iterative improvement has to do with giving AI agents more access—mostly in three high-risk categories: identity and credential, transactional data, and local system.

If OpenClaw's architecture maps cleanly onto traditional agency, its most novel features map onto something more specific and legally demanding: the trustee. A trustee is a special class of agent, distinguished by standing authority (the duty runs continuously, not just when instructed), discretionary judgment, fiduciary loyalty to a beneficiary, and accountability to parties who may never have directly authorized the relationship. OpenClaw's architecture exhibits trustee-like attributes in each of these dimensions.

Widening Accountability Gap

The agentic AI model's draw is obvious. For individuals, it promises a "personal operating system" that quietly handles the administrative fatigue of modern life. For organizations, it offers a 24/7 digital proxy workforce that can monitor, triage, and act across functions—compliance, customer service, treasury—with minimal intervention.

But can you *trust* them as your trustees? Unlike a true trustee, the AI agent has no legal personhood and can't be sued in its own name; it holds no legal title to assets; its "fiduciary duty" is ultimately a system prompt rather than a binding legal obligation enforceable by courts (for now).

Complex questions will arise as to which existing touch points—Know Your Customer, informed consent, contract signing—require a human in the loop, and which can be satisfied by a certified, auditable agent action log.

The iPhone 1.0 Moment

The answers will shape whether the 2026 agents become a trusted pillar of the digital economy. When Apple Inc. launched the original iPhone in 2007, the device worked beautifully, but the legal and economic infrastructure around it was almost entirely absent. The questions it raised—about app-developer liability, platform responsibility, data privacy, and user consent—took multiple years and considerable regulatory improvisation to begin answering.

Now it's a similar era of AI agent platforms.

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Write for Us: Author Guidelines

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Securities

Iran Bets Expose Limits of Prediction Markets for Wall Street

March 6, 2026, 4:20 AM PST

Prediction market platforms have justified their existence to regulators and lawmakers with a high-minded argument: their contracts are novel financial instruments that let investors hedge against economic and geopolitical risks in real time.

Iran could have been the proof of concept, with prediction platforms seeing a rush of trading on an event with direct economic consequences for institutional investors everywhere. Instead, it looks more like a cautionary tale.

A Bloomberg analysis of the biggest prediction market contract leading up to the killing of Ayatollah Ali Khamenei paints a portrait of a market dominated by small bettors, with position sizes and liquidity levels below what institutional traders say they would need to participate.

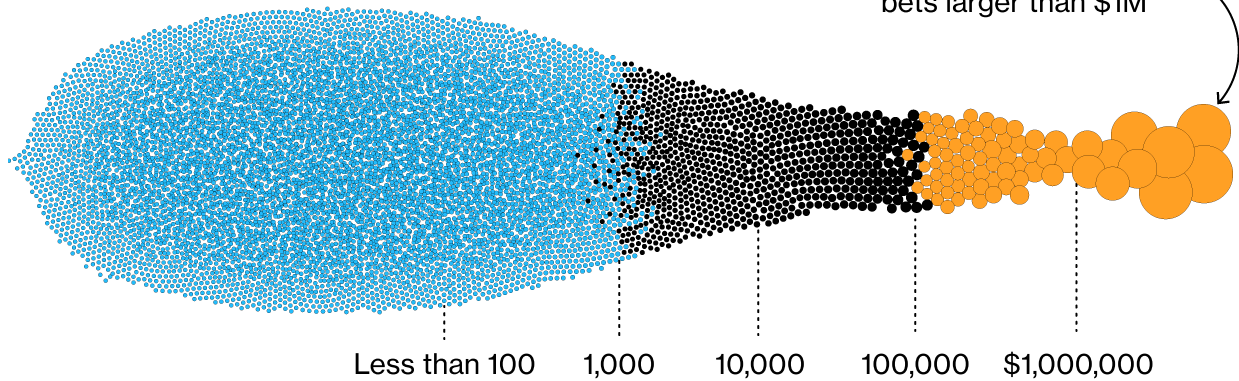
Small Bettors Dominated Prediction Market on Khamenei Exit

Maximum amount each wallet wagered on “Yes”

■ Small ■ Medium ■ Large wallets

90% of wallets wagered less than \$1,000

Ten wallets placed bets larger than \$1M



Source: Dune Analytics

Note: Data for the “Khamenei out as Supreme Leader of Iran by February 28?” market on Polymarket. For each wallet, the cumulative amount spent buying “Yes” is offset by the amount sold; the highest level reached over time is the maximum wager.

The most heavily traded contract in the week before the initial US and Israeli attacks drew more than \$100 million of trading on Polymarket, the most active exchange for geopolitical bets.

But the top line volume on the contract, tied to the likelihood of Khamenei's ouster, obscures the reality underneath: about 90% of the wallets made bets of \$1,000 or less, based on the maximum amount they had staked at any time, according to the analysis of trading data from Dune Analytics.

The ten accounts that traded at least \$1 million in this market only began placing bets — all of them on Khamenei being removed — after the initial news reports were out and the odds were already above 90%. Those whales eked out an average profit of just \$11,223 per wallet — a 0.34% return.

The Bloomberg analysis is based on Polymarket's public blockchain ledger, which records the wallets behind every transaction. Polymarket's main rival, Kalshi Inc., saw less trading on Iran-related contracts and does not publish comparable data.

Alon Rosin, head of institutional equity derivatives at Oppenheimer & Co., was monitoring the probability of a strike on Iran on prediction market platforms, alongside other indicators. He says the volumes were far too small for institutional investors to place an actual bet.

"The prediction markets just aren't mature yet for the institutional investor base from a liquidity perspective," Rosin said.

Polymarket did not respond to requests for comment. Kalshi declined to comment.

Rosin and other professional traders already have a wide array of carefully tailored financial contracts that allow them to make huge, liquid bets on a crisis like Iran. The most active crude oil future that is popular with institutional traders had \$29.3 billion of volume on Friday alone, with a minimum trade of around \$67,000, which is more than all but 0.5% of the wagers on Khamenei's removal.



An Iranian national flag in front of a banner with the image of Ali Khamenei in Tehran, on March 1.
Photographer: Majid Saeedi/Getty Images Europe

The Iran-related trading offers a telling window into the current state of prediction markets, which have boomed over the past year by offering financial contracts that make it possible to bet directly on a host of global events.

Tarek Mansour, the co-founder of Kalshi, has said he had the idea for his company when he was a young trader at Goldman Sachs and saw that there was no way for Wall Street to place direct bets on the outcome of the Brexit vote in the UK.

Proponents have said that in addition to offering a new way to hedge portfolios, prediction markets produce valuable crowdsourced forecasts on the likelihood of economically significant events. The most prominent example of that wisdom came when prediction markets showed Donald Trump to have much higher odds of winning the 2024 election than traditional polls.

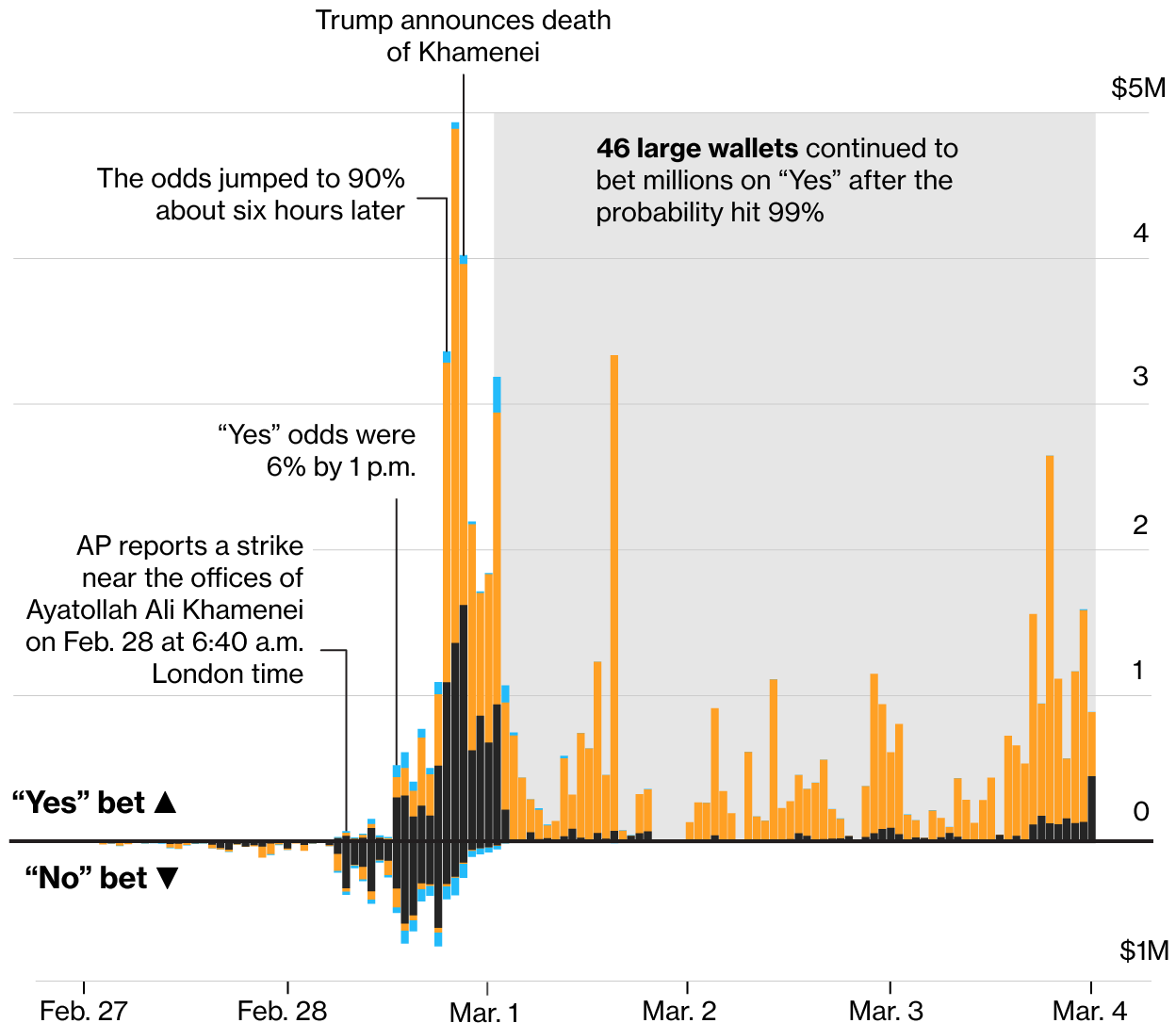
But traders and strategists said the Iran contracts did little to surface useful information ahead of time. In the days before the attacks, the odds of Khamenei being out as Iran's leader by the end of the month hovered under 3% on Polymarket (lower than the platform's odds on Christ returning in 2026).

Much of the betting occurred after the strikes on Khamenei's offices were first reported, which quickly pushed up the odds. Many large wallets also continued to wager on Khamenei's removal even after the probability hit 99%, earning a quick but small profit before the market was resolved.

Larger Bettors Were Late to Wager on Khamenei Removal

Total amount spent on “Yes” and “No” bets per hour, by wallet size

■ Small ■ Medium ■ Large wallets



Source: Dune Analytics

Note: Data for the “Khamenei out as Supreme Leader of Iran by February 28?” market on Polymarket. All times are for the UTC timezone. Excludes activity prior to Feb. 27, representing 10.6% of notional volume. Wallet size is based on the maximum amount wagered, defined separately for “Yes” and “No” contracts: small (\$1,000 or less); medium (\$1,000 to \$100,000); large (more than \$100,000).

Jacob Funk Kirkegaard, the head of European research at 22V research, said that he assumes that prediction markets will be most valuable when the underlying facts are available to the crowd — as is the case with elections — and not when they are focused on events that only a few people are in a position to accurately predict, like military maneuvers.

“Prediction markets in my opinion are mostly valuable when you have a deep liquid pool of knowledgeable participants,” Kirkegaard said. “I don’t think that’s plausible in a case like Iran.”

Kirkegaard said that to the extent such trading offers any insight, it may come from people with classified information who probably should not be trading at all. The Khamenei markets saw a concentration of profitable bets placed shortly before the attacks began, which some analysts have cited as consistent with insider trading.

Read More: Polymarket Iran Bets Hit \$529 Million as New Wallets Win Big

Just 89 wallets — or 0.4% of the total bettors — ended up accounting for 70% of the profits on the Khamenei contract, with 15 wallets making more than \$100,000, according to the Bloomberg analysis. A significant majority of the accounts that placed bets lost money on their wagers.

The backlash from lawmakers does not seem to have damped Wall Street’s fascination with what looks to some like a new asset class. Intercontinental Exchange pledged to invest as much as \$2 billion in Polymarket, and other big exchange companies have launched their own prediction market products.

So far, though, there has been little public information about the degree to which financial institutions are getting directly involved in the markets themselves, aside from a few firms that have begun to operate as market makers, greasing the wheels of trading with fast and often small transactions.

Jump Trading, a large proprietary trading firm, is serving as a market maker on both Polymarket and Kalshi in exchange for equity stakes in the startups, Bloomberg previously reported. Susquehanna International Group was the first institutional player to talk about making markets on Kalshi.

Some of the accounts trading on Khamenei’s ouster show signs of being market makers. The wallet with the most activity made 5,423 different transactions involving the contract, with a balanced mix of yes and no trades, suggesting that the person was trying to capitalize on the small gap between where other traders were buying and selling.

But Polymarket, which has been the most popular place to bet on geopolitics, is likely to be less attractive to many regulated financial firms because its primary exchange operates offshore and does not answer to the Commodity Futures Trading Commission like Kalshi and some other prediction exchanges. The exchanges have also faced numerous disputes over the wording of their contracts.

Read More: Polymarket Bettors in Limbo as Khamenei’s Time of Death Debated

That means that even with a recent boom in geopolitical trading on Polymarket, the exchange may have difficulty luring institutional players away from the more regulated markets that are used to hedge big portfolios against war and upheaval.

“The moment futures open on a Sunday night, you’re going to get a much better sense of what’s going on than any amount of prediction market activity over the weekend,” Iain Dunning, head of artificial intelligence at Hudson River Trading, said in an interview this week with Bloomberg Television.

But, he added, “we’ve gone from nothing to pretty interesting levels of volumes in six months. I would not want to say definitively forever this won’t become a more important factor.”

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California Brief

Deep Dive

MAGA Backers Reflect Rare Split on Regulating Litigation Funders

March 9, 2026, 2:00 AM PDT

It's not often that a MAGA stalwart such as Laura Loomer and a group founded by Stephen Miller align with progressive-leaning trial lawyers against the US Chamber of Commerce and House Republicans.

Or that a Democratic lawmaker who has advocated for LGBTQ+ rights allies with a religious liberty group behind Supreme Court cases that dismantled LGBTQ+ protections.

Making Millions Off Other ...

WATCH: Making millions off others' lawsuits: Litigation finance explained.

Senator Thom Tillis (R-NC) ran headlong into the peculiar alliances when he introduced a bill last year proposing to tax profits of investors who fund litigation. So did Rep. Darrell Issa (R-Ca.) when he got to a markup in January on his proposal to require litigation finance disclosure in civil cases.

The litigation funding industry began with the mission of bringing access to justice by giving individuals—and the trial lawyers representing them—the financial backing to sue big corporations and other institutions. It's also a competitive asset class with funders taking the risk that their backing will pay off many times over in awards, jury verdicts and settlements.

That's why funders were terrified that Tillis' bill, which was originally wedged into Republicans' tax and spending package, amounted to a death knell. But as Tillis discovered, conservative nonprofits that use donations to back lawsuits over favored causes such as religious liberty and fighting DEI don't like litigation funding regulation.

Other conservative groups, including the Heartland Institute, argued that they'd be forced to disclose their donors. Some conservatives also have a profit motive: Donald Trump Jr. and Leonard Leo, co-chairman of the Federalist Society, have ties to litigation finance businesses.

Populist conservatives have tended to side with the funders, while Republican lawmakers backed by large corporations and insurance companies have continued to push for regulation.

"We seem to be having a hard time breaking out of, do you like third party litigation funding or financing or do you not like third party litigation funding or financing?" said Jonathan Bergner, president of lobbying firm Exigent Government Relations.

'Coercion Cloaked in Virtue'

Issa's bill was introduced in 2024 and never moved, was reintroduced in 2025, then skipped during a markup hearing in November.

The lawmaker began January's hearing with a concession: he was open to changing the bill to only require disclosure in private to the judge. It wouldn't be enough.

Many Democrats spoke against the bill.

Representative Jamie Raskin (D-Md.), who supports LGBTQ+ rights, introduced a letter in opposition from the Alliance Defending Freedom, a religious liberty group behind Supreme Court cases dismantling protections for the LGBTQ+ community.

"I'm so glad to hear populists from left to right standing up for the little guys," Raskin said.

ADF founder Alan Sears, in an opinion piece in The Hill, said Issa's proposal amounted to "coercion cloaked in virtue."

Sears, in an email, said preserving the ability of individuals and organizations without significant capital to fund legal cases is central to protecting constitutional rights.

"Conservatives should also be wary of endorsing legislative efforts that create disclosure mechanisms that can one day be used against them," he wrote.

Prior to the hearing, a group of conservative nonprofits signed a letter saying the measure would threaten core American principles of personal privacy, confidentiality, and freedom of speech and association.

"One can imagine the serious risks posed in unveiling the identity of individuals supporting lawsuits over heated issues like religious liberty, abortion, or transgender surgeries performed on minors," the letter said.

Signees included Gene Hamilton, president of America First Legal, the conservative nonprofit founded by now-White House deputy chief of staff Stephen Miller, which litigates against DEI initiatives and immigration reform, and Sal Nuzzo, executive director of Consumers' Defense, the lobbying arm of Consumers' Research, which lobbies against ESG and "woke capitalism."

Hamilton and America First Legal didn't respond to a request for comment.

President's Inner Circle

Loomer, the online provocateur with President Trump's ear whose postings have prompted policy changes and personnel firings, entered the debate by slamming Tillis' bill on X and later on her podcast.

"Tillis' bill empowers large, woke corporations, and protects them from lawsuits exposing DEI-driven discrimination or predatory practices," she wrote in a lengthy thread in June. "Making this legislation even more sinister is the fact that it is backed by the anti-Trump, globalist US Chamber of Commerce and insurance industry, whose lobbying muscle dwarfs the average American's voice."

On her podcast, Loomer talked about the difficulty of financing lawsuits she's filed. Her guest was Ashley Keller, founding partner of law firm Keller Postman LLC and chief investment officer of Gerchen Capital Partners, a Chicago-based litigation funder.

Keller, a trial lawyer, told her there are two types of Republicans.

"The first group realizes what time it is and recognizes that the Chamber of Commerce, and the C-Suite grandees that finance it, are not friends of conservatives," he said. "And then there are people like Senator Tillis, who I don't think have gotten the memo yet on that they think this is your grandfather's Republican Party and that big companies can do no wrong and that the only thing they really want from government is a free market."

Loomer and Keller didn't respond to requests for comment.

Last year, Trump Jr. began investing in two patent monetization companies that invest in intellectual property litigation. In March, he was listed in a Securities and Exchange Commission filing as having a stake in SIM IP, launched by Erich Spangenberg, which is planning an initial public offering.



Donald Trump Jr. is among the influential figures who have invested in the litigation finance industry. Photographer: Elijah Nouvelage/Bloomberg

Spangenberg helped pioneer the practice of buying patents and making them profitable by suing companies through aggressive litigation. Patents accounted for nearly a third of litigation finance commitments in 2024, according to a report by Westfleet Advisors.

Spangenberg said litigation finance legislation addresses mostly non-existent issues. “What is driving it? I believe it is the large insurers who detest that people without financial resources can get their day in court —this screws up the risk exposure for the insurers, so they ‘invest’ in our members of Congress’ campaigns and PACs to push this legislation,” he said, adding that he’s not opposed to disclosing funding sources to courts if it won’t lead to more litigation.

Trump Jr. also owns 5% of patent monetizer Fintiv, according to a story by The Information last year. Fintiv is in litigation with Apple and has also sued Paypal. Fintiv and Donald Trump Jr. didn’t respond to a request for comment.

The Federalist Society’s Leo, who played a major role in securing a conservative majority on the Supreme Court, has ties to Vallecito Capital, which backs cases supporting a conservative policy mission. IRS disclosures from 2023 for Leo’s nonprofit Marble Freedom Trust list a \$4.8 million “gift, grant or capital contribution” to Columbia Finance LLC, which Vallecito lists as the name of its private fund on its SEC forms.

Leo and Vallecito didn't respond to a request for comment.

Vallecito's former president, James Burnham, had several roles in the first Trump administration prior to starting the company. More recently, he worked for Elon Musk's DOGE and is now general counsel at Musk's artificial intelligence startup xAI.

"The idea with Vallecito Capital was OK, if companies are doing bad and unlawful things, shouldn't we find a way for investors—people who care about these issues—to fund cases for a return that also seeks to penalize unambiguously bad behavior," Burnham said during a 2023 Federalist Society webinar.

Leo has also funded and has a business relationship with Consumers' Research.

"The conservative movement has increasingly been using litigation finance to push those cases and so I just don't understand why you would hit it," said Will Hild, executive director of Consumers' Research, referring to litigation finance regulation that's been introduced.

While his organization could support very limited disclosures of funders from the foreign adversaries list, fuller disclosure and taxing the industry "just makes it harder to bring cases against corporations, and especially at a time when a lot of corporations have engaged in behaviors that I think need to be stiffly punished," said Hild, citing DEI and transgender initiatives.

Straddling the Fence

The Heartland Institute, a leading skeptic of climate change, initially signed a letter in favor of Tillis' bill but then reversed course.

"On first pass the branding was like, oh this is almost nostalgic because so many in the conservative movement were butting heads with the trial bar back in the early aughts," said Cameron Sholty, Heartland's government relations director. "But as we looked into it and had those internal debates, we landed solidly against the legislation."

Heartland worried the tax could lead to IRS filings disclosing donors and that the disclosure bills would reveal confidential information, Sholty said. The group also generally opposes additional taxes, he said.

Proponents of the litigation funding tax say funders' investments aren't capital assets and shouldn't qualify for capital gains tax treatment.

Some conservative groups have stood behind efforts at regulation. The Center for Individual Freedom, which works against environmental regulation and for intellectual property protections, lobbied on concerns about foreign funders influencing the judicial system, a common refrain of opponents to the industry.

"There's no First Amendment right to fund litigation, especially for a foreign government," said Tim Lee, the group's senior vice president of legal and public affairs. "We are very concerned about the right of private American citizens to contribute to causes that might otherwise get them doxxed and tormented."

"But that's distinguishable from litigation funding," he added.

Chamber, Insurers

The US Chamber of Commerce, which spends more on lobbying than almost any other group, is the bogeyman of litigation finance. Its Institute for Legal Reform has written reports, including one in 2022, contending that litigation finance could be a national security issue. The reports have become the basis for numerous state and federal bills.

Many of the Chamber's supporters are defendants in massive multi-district litigation in which funders are aiding the plaintiffs.

A representative for the US Chamber of Commerce did not respond to a request for comment.

Insurance company Chubb has been fighting for several years to avoid covering Catholic dioceses and other institutions facing litigation under New York's Child Victims Act, which waived the statute of limitations for childhood sexual abuse claims.

Chubb, Marsh McLennan, and Uber Technologies, which is defending numerous sexual-assault lawsuits, are supporters of Americans for Litigation Tax Fairness, which has spent \$160,000 lobbying in favor of a litigation finance tax since the fourth quarter of 2024.

The National Association of Mutual Insurance Companies, American Trucking Associations, and National Association of Manufacturers are members of the group.

Legislative Limbo

Litigation finance supporters at least so far are winning the debate on Capitol Hill.

Whether it was funder lobbying, nonprofit lobbying, or Loomer's words reaching the right people, Tillis' proposal was struck from Trump's tax and spending package. The proposal is now in limbo as Tillis rounds out his final year as senator.

Shortly after intense debate of Issa's bill during markup, the hearing went on a break and never returned. The bill never got a vote.

In January, the Republican Study Committee, an arm of the House Republican majority, put out its framework for passing legislation under the shortcut process known as reconciliation and listed Tillis' bill as a priority. Since then, President Trump has said that there will not be another reconciliation this year, which would likely be the only way for the bill to pass.

In February, a new bill joined the group. The Litigation Funding Transparency Act, sponsored by Republican Sens. Chuck Grassley (Iowa), Tillis, John Kennedy (La.), and John Cornyn (Texas). It requires parties to publicly disclose litigation funding, including foreign funding, in mass tort and class action suits. It also prohibits funders from influencing litigation strategy or settlement negotiations.

One important difference in that legislation from other proposals: an exemption for nonprofit legal organizations.

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3/9/26 Independent (Massillon, Ohio) A5
2026 WLNR 6999864

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March 9, 2026

Section: News

Defense in FirstEnergy case calls attorney who eyed PUCO chair spot

Patrick Williams

March 9, 2026

The defense in the bribery trial of two former FirstEnergy executives began presenting its case March 6 after the prosecution finished calling its witnesses the day prior.

Former FirstEnergy Senior Vice President Michael Dowling and ex-FirstEnergy CEO Charles "Chuck" Jones are accused of bribing Sam Randazzo with a roughly \$4.3 million payment before Randazzo became chair of the Public Utilities Commission of Ohio.

The defense maintains that Randazzo stole the money from their clients and that the payment was intended as a lump-sum payment for the Industrial Energy Users of Ohio trade group that Randazzo represented as a private attorney before becoming PUCO chair.

Randazzo was a previous defendant in the case but can no longer defend himself, having died in 2024.

Prosecutors and defense attorneys have said throughout the trial that Randazzo was a thief, evidenced by his stealing from a settlement between IEU-Ohio and Columbus-based electric utility American Electric Power.

Here are some trial updates from last week:

1. Defense witness thought he'd be the PUCO chair, not Randazzo

The defense's first witness, Columbus attorney Jason Rafeld, testified March 6 that he thought he had a good chance of being nominated to the PUCO chair position in roughly the first half of January 2019 — after the defendants made the payment to Randazzo that prosecutors say was a bribe.

Rafeld said he attended the Mike DeWine Inaugural Gala on Jan. 14, 2019 — the night of Gov. DeWine's inauguration — and that attendees were giving Rafeld "congratulations."

Responding to questions from George Stamboulidis, one of Jones' attorneys, Rafeld said Jones, Dowling and other leaders at FirstEnergy shared with him that they supported his pursuit of the chair position.

Jurors in the trial have seen a text message that Jones sent to energy industry executive Matt Evans that read, "My number 1 is Jason. My number 2 is Jason."

Rafeld said he also had support from others in the energy industry and in government circles. He testified that he was ready to submit an application on Jan. 17, 2019, the day applications were due.

However, Rafeld said, he did not end up applying for the position because he received a call on Jan. 17 from Evans — by then a friend of 25 years — and learned that Randazzo was going to be the PUCO chair. DeWine appointed Randazzo to the position in early February, and Randazzo took the position after Ohio Senate confirmation.

Rafeld also said he was friends with Randazzo and confirmed with Stamboulidis that he had no reason to suspect that Randazzo was stealing settlement money from his IEU-Ohio clients.

2. Former PUCO chief of staff confirms going out for dinner, drinks with Chuck Jones and FirstEnergy lobbyists

Under cross-examination March 6, Ohio Assistant Attorney General Matthew Meyer asked Rafeld about meetings the witness had with Jones, other FirstEnergy executives and company lobbyists.

Meyer confirmed with Rafeld that the witness went out for dinner and drinks with Jones and former FirstEnergy lobbyists Ty Pine and Justin Biltz after the PUCO approved a FirstEnergy power purchase agreement in April 2016. The PPA, which the commission approved when Rafeld was PUCO chief of staff under agency Chair Asim Haque, guaranteed income for FirstEnergy power generation, Utility Dive reported at the time.

Meyer asked if the group was at the Char Bar in Columbus until the bar closed, and Rafeld said they might have been. In his questioning, Meyer characterized the night out as a "celebration," but Rafeld didn't use that term. Rafeld said he and Jones were both happy about the PUCO decision.

3. Former VP of investor relations testifies Jones told investors

**he wasn't concerned about
rate case before state**

A former vice president of investor relations and communications at FirstEnergy provided additional context about statements that 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 Randazzo, 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.

**4. Sen. Jon Husted expected
to testify March 11**

Summit County Common Pleas Judge Susan Baker Ross said the state's former lieutenant governor is likely to testify the morning of March 11 — putting a sitting U.S. senator on track to become the highest-profile witness to take the stand so far.

Outside of the presence of the jury on March 6, Ross notified the media and trial spectators that U.S. Sen. Jon Husted, R-Ohio, will likely testify virtually from 8:30 a.m. until 11 a.m. on March 11.

**5. Witness confirms
Jones declined incentive compensation in 2017**

A member of FirstEnergy's board of directors who worked with the defendants confirmed with a defense attorney that Jones declined opportunities for additional compensation in 2017. It appeared to be an attempt to push against the prosecution saying in its Feb. 3 opening statements that Jones and Dowling were completely motivated by greed in their alleged criminal activities.

James F. O'Neil III, a member of FirstEnergy's board of directors, confirmed with Jeremy Dunnaback, an attorney for Jones, that Jones declined increases in Long-Term Incentive Plan and Short-Term Incentive Plan compensation for 2017. The board's approval of Jones' requests took effect Jan. 7, according to FirstEnergy's 2017 proxy statement.

O'Neil, a state witness, confirmed with Dunnaback that Jones declined the opportunities for so-called LTIP and STIP compensation increases shortly before O'Neil joined the board in mid-January 2017. O'Neil and Dunnaback looked at the company's 2017 proxy statement, which showed that the board granted a decrease in Jones' Short-Term Incentive Plan compensation from 120% to 115% of his base salary and that the board granted a decrease in Jones' Long-Term Incentive Plan compensation from 600% to 545% of his base salary.

Jones' base salary had increased from \$1.1 million to roughly \$1.13 million in March 2016, the proxy statement said.

6. Randazzo's handling of FirstEnergy payments gets closer look

An attorney who worked alongside Randazzo testified March 3 that he had not heard of a shell company used by Randazzo and did not know his colleague was performing consulting work for FirstEnergy.

Matthew Pritchard, a witness for the prosecution, worked at McNees Wallace & Nurick's Columbus office with Randazzo before Randazzo became PUCO chair. Their client IEU-Ohio often challenged FirstEnergy in matters decided by PUCO regulators.

7. Witness says Randazzo told him to nix 2024 review of FirstEnergy rates

The PUCO's deputy legal director testified Feb. 27 that when Randazzo was commission chair, Randazzo directed him in 2019 to write in an agency filing that FirstEnergy wouldn't need to file a base distribution rate case in 2024.

State witness Gregory Price said that at the time, when he was senior administrative law judge at the PUCO, Randazzo told him to insert language eliminating FirstEnergy's requirement to file a base rate case in 2024 into one of the agency's cases involving the Akron-based utility. Price's testimony continued March 2.

Base distribution rate cases before the PUCO determine how much utilities can charge customers for the distribution portion of their bills, which is different from the supply side 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.

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---- Index References ----

Company: MCNEES WALLACE & NURICK LLC; FIRSTENERGY CORP; APPALACHIAN POWER CO

News Subject: (Business Management (1BU42); Compensation (1CO80); Employment Law (1EM67); Government (1GO80); Government Litigation (1GO18); HR & Labor Management (1HR87); Legal (1LE33); Lobby & Pressure Groups (1LO18))

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

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

Language: EN

Other Indexing: (Public Utilities Commission of Ohio; Utility Dive; McNees Wallace & Nurick; FirstEnergy; American Electric Power)

Edition: 1

Word Count: 1286

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3/6/26 cleveland.com (Cleveland, Ohio) (No Page)
2026 WLNR 6819661

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March 6, 2026

'It's brazen': Prosecutors in FirstEnergy bribery trial accused of misconduct

Adam Ferrise; cleveland.com

AKRON, Ohio — Defense attorneys in the bribery trial of two former FirstEnergy executives accused prosecutors Friday of severe misconduct and asked that the case be dismissed or jurors given a damaging instruction.

Attorneys for former FirstEnergy CEO Chuck Jones and former senior vice president Michael Dowling argued that prosecutors in the Ohio attorney general's office withheld pre-trial statements from key witnesses — some for more than 700 days — that could have helped the defense.

Prosecutors are required to turn over evidence to the defense, including information that could undermine their own case.

Dowling's attorney, Steven Grimes, called the conduct "intentional gamesmanship," particularly given the high-profile nature of the trial.

"That's brazen," Grimes said. "We would ask that you send a message to deter this, specifically by [Assistant Ohio Attorney General Matthew Meyer] and his team, and generally across the state of Ohio. The obligations of prosecutors are sacrosanct. They have incredible power and that must be exercised with incredible discretion."

Summit County Common Pleas Judge Susan Baker Ross said she would issue a ruling at a later date.

Ohio Deputy Solicitor General Samuel Peterson, who is not part of the trial team, acknowledged that prosecutors made small "missteps," but have not violated Jones' and Dowling's' right to a fair trial.

"There have been missteps but they have not been missteps that rise to the level of a constitutional violation," Peterson said.

A 90-minute hearing addressing the accusations came at the end of the fifth week of the trial of Jones and Dowling, who are accused of paying a \$4.3 million bribe to Sam Randazzo shortly before Randazzo became the chairman of the Public Utilities Commission of Ohio, which holds heavy sway over utilities such as FirstEnergy.

Randazzo, who died by suicide in April 2024, helped push for the passage of House Bill 6, which gave a \$1 billion bailout to two aging nuclear power plants owned by FirstEnergy. He also is accused of making regulatory rulings worth millions of dollars to the Akron-based company.

In making his case for prosecutorial misconduct, Grimes said prosecutors turned over interview recordings of 62 witnesses, but none for three key witnesses that testified over some 27 hours during trial.

Those were former FirstEnergy employees Ebony Yeboah-Amankwah, Eileen Mikkelsen and Ty Pine, all of whom testified on behalf of the state with an agreement they wouldn't be prosecuted.

Defense attorneys specifically took issue with Yeboah-Amankwah. Grimes said prosecutors should have turned over evidence after interviewing her for some 30 minutes, but didn't.

Prosecutors misled the jury during opening statements when they said Yeboah-Amankwah had legal concerns with the \$4.3 million payment, Grimes said. She testified in trial last month that she had a problem with the transaction for business reasons.

"They can't turn their obligations to our clients into a game of hide-and-seek with information that may undermine their case, especially if it might undermine their case," Grimes said.

In advance of the trial, prosecutors turned over a civil deposition of Yeboah-Amankwah in which she testified under oath. That meeting with Meyer lasted only 30 minutes, Peterson said.

"The state doesn't shy away from the fact it tries, and sometimes fails, to have a flawless trial," Peterson said. "But the defendant is not entitled to a perfect trial. A defendant is entitled to a fair trial. And nothing the defense has said here today shows they have not received a fair trial."

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

Company: FIRSTENERGY CORP

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

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

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

Language: EN

Other Indexing: (FirstEnergy)

Word Count: 575

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News from Bloomberg Terminal
BlackRock Guards the Gates
March 9, 2026, 11:08 AM PDT

By Matt Levine

(Bloomberg Opinion) --

People are worried about HPS liquidity

"Private credit" *means* raising money from long-term locked-up investors and using their money to make loans to companies. The fact that the investors in private credit funds have their money locked up is not incidental; it is the point of private credit. Because the investors' money is locked up:

1. Private credit funds have a safe funding model. There cannot be a "run on the bank" where all the investors ask for their money back, forcing the funds to sell their loans at fire-sale prices, because the investors can't ask for their money back. Private credit, in its simplest core implementation, is *not systemically risky*, because it is not vulnerable to runs.
2. Because they have a safe funding model, private credit funds are much less regulated than banks. This keeps costs down and also lets them do stuff – like lend to companies at high leverage ratios – that banks are discouraged from doing. (It also helps with recruiting: Banks are boring, but private credit these days is where the action is, and pays well.)
3. Because their money is locked up and committed, private credit funds can be more attractive lenders to companies. They can move faster and be more flexible than banks, whose balance sheets are fragile and who have to market and syndicate many loans. They can promise to hold loans for the long term, to be relationship lenders rather than transactional financiers. Some companies like this sort of thing, and are willing to take the tradeoff, which is that private credit is normally more *expensive* than other forms of credit. Put another way, the expected return on private credit lending should be higher, because private credit funds get paid an illiquidity premium.

Everything about private credit – its systemic safety, its light regulation, its go-anywhere investing approach, *its high returns* – flows from the fact that the investors can't get their money back whenever they want.

Traditionally, the long-term locked-up investors were institutional investors who could easily bear the risk of not getting their money back for years: pensions, endowments, sovereigns, and especially life insurance and annuity companies, which have predictable long-term liabilities and which frequently are owned by the same asset managers that run the private credit funds.

And there private credit was, in a paradise of low risk and high returns, when it made, collectively, a fateful decision. The decision was “these long-term locked-up institutional investors are great, but really we should sell this stuff to retail.” Why did the private credit industry decide to sell its stuff to individual retail investors? Here are four possible reasons:

1. Altruism: “These institutional investors are getting such great returns from private credit; it is not fair for retail investors to miss out; we should let them in.”
2. Growth: “We have tapped out every last dollar of institutional capital, but individuals have trillions of dollars of retirement savings and almost no private credit. If we want to sell more private credit, we need to sell to them.”
3. Top-ticking: “Man, private credit is in a bubble and we’ve made a lot of really aggressive loans; who is going to hold the bag if not unsophisticated retail investors?”
4. The squeezing of public asset managers. This is a subtler one, but big mutual fund managers have had a rough few years: Individual investors want extremely low-cost index funds, so it is harder and harder to make money by selling them mutual funds containing public stocks and bonds. Selling them *private credit funds*, though, might earn you higher fees: It is harder to do low-cost index funds in private credit, and easier to argue that you have some special sauce. And so it’s not always that private credit firms decided they wanted more retail customers; sometimes it’s that big asset managers with lots of retail customers decided that they wanted private credit to sell to those customers.

Collectively, I think, that list of reasons should make you nervous. None of those reasons sounds *great* for credit discipline or returns. When private credit managers invest relatively small amounts of money for sophisticated institutional investors – in many cases, for *their own balance sheets*, in the form of their affiliated insurers – they can try to make only good loans and seek high rates of return. When they are looking to put trillions of dollars of retail money to work rapidly, you know, less so.

But there was, it turns out, another reason to be nervous, one that I did not fully appreciate a year ago, which is that retail investors really do not like to lock up their money for the long term. If you raise money from a pension or an endowment or an annuity company, you say “thanks, gonna make some seven-year loans, so I’ll give you this money back in seven years, bye,” and they leave you alone for seven years. But you cannot quite offer that proposition to individual investors, even individual investors who are saving for retirement in 20 years. Those investors *should* be willing to lock up their money for the long term, but they apparently *aren’t*, in part because of genuine risks to their cash needs (they might get sick and need cash, etc.) and in part for reasons of stereotypical retail-investor psychology (they might get nervous and pull their money when headlines are bad).

And so when private credit funds raise money from individuals, it is generally in one of two ways:

1. Publicly-traded business development companies. (For boring legal and historical reasons, a retail-oriented private credit fund is called a “business development company,” or “BDC.”) These are closed-end funds with permanent capital that trade on the stock exchange. The private credit firm gets long-term locked-up capital (the investors can’t withdraw their money), while the retail investors in the fund get instant total liquidity (they can sell their shares, on the stock exchange, whenever they want). The downside is that, especially these days, publicly traded BDCs tend to trade at big discounts to net asset value, which makes it hard for them to raise money: If your shares trade at 80 cents on the dollar, you can’t really sell new shares at 100.
2. Private, non-listed, “semi-liquid” BDCs. These are closed-end funds that don’t trade in the secondary market (and so don’t trade at 80 cents on the dollar). Like listed BDCs, they are fairly permanent funds, and investors can’t generally withdraw their money.¹ But you can’t give retail investors *no* liquidity, and so private BDCs normally let investors withdraw up to 5% of their money, collectively, each quarter: The BDC will do a tender offer for up to 5% of its shares, so if you want to cash out you can. But it’s only 5%, so the BDC can manage its liquidity needs (and never needs to sell any loans²).

And private credit firms have been raising money from individual investors through these sorts of vehicles for years now, though the *attention* paid to them has really accelerated in the last year or so, in part because of intense lobbying to put more private credit in individuals’ retirement accounts.

And now the headlines are bad: There have been “late-cycle accidents” in credit markets generally, and there has been a wave of fear that artificial intelligence will undermine the software businesses that make up a big part of private credit portfolios. And retail investors have started asking for their money back, which is what everyone expects retail investors to do when headlines are bad.

And the private credit firms, which really did anticipate exactly that risk, and for which *that risk could be existential*, are, uh, well they’re doing stuff about it? We talked a few weeks ago about Blue Owl Capital Inc., which got more redemption requests than it expected in one of its private BDCs (called OBDC II), and responded by shutting down its quarterly tender offers and planning to wind down the fund. (OBDC II was never meant to be a permanent vehicle, and winding it down slowly does not require a fire sale of loans – though it sold a bunch of loans.) And then last week Blackstone Group Inc. disclosed that 7.9% of the shares of one of its private BDCs (called BCRED) tried to redeem this quarter; Blackstone will meet all of those redemptions through a combination of (1) upsizing its usual 5% tender offer to 7% and (2) buying the other 0.9% with its own and its employees’ money.

But nobody quite said *no*, yet. None of the private BDCs said: “Look, the deal is that you can withdraw 5% of your money every quarter. That’s not just a detail in the fine print; the whole point of private credit is that we get to keep your money for a long time. None of this works without that. Now you come to me and you ask for more than 5% of your money back. And I say to you: Hard cheese, try again next quarter. I know that this is not what you wanted to hear. But it is what you *should* want to hear. In order for us to fulfill our investing mandate and earn the above-market returns you are looking for, we need to keep your money. So we’re keeping your money.”

And then on Friday BlackRock Inc. did. Bloomberg's Paula Seligson, Olivia Fishlow, Rene Ismail, Davide Scigliuzzo, and Laura Benitez report:

The firm on Friday capped withdrawals from its \$26 billion HPS Corporate Lending Fund at 5% after investors sought to cash in nearly double that amount – the first major instance of a private credit manager limiting redemptions on a perpetual vehicle since the market jitters began.

For an industry that has ballooned to \$1.8 trillion – and is on the cusp of prying open America's 401(k)s and other retirement accounts – it was an uncomfortable step. It risks generating a backlash from retail investors who are growing increasingly anxious to access their money and, in so doing, reinforces the dangers long expressed by industry skeptics of selling illiquid assets to a twitchy customer base.

But the move was also one that a number of executives, in private conversations, have said they were hoping an industry heavyweight like BlackRock would make, giving others cover to do the same.

The alternative, they argue, poses deeper risks: accommodate every redemption request and the consequences could extend well beyond the current quarter – diverting capital from new deals, burdening longer-term investors and setting expectations these funds were never designed to meet.

"What HPS, BlackRock did is exactly the right decision," John Zito, one of Apollo Global Management Inc.'s top leaders, said in an interview. These "products are designed to protect redeeming and remaining investors by allowing vehicle liquidity to match natural asset liquidity."

That really is the point of private credit, and why those 5% limits exist. But after the past few weeks, one might have concluded that those 5% limits aren't binding, and that the pressures on private credit funds to cash out anyone who asks are too great. If that were true, then all the stuff I said at the beginning about private credit – its systemic safety and ability to earn high returns by accepting illiquidity – would turn out to be wrong. But BlackRock said, nope, 5% it is.

Here is HPS's letter to investors. (HPS Investment Partners is BlackRock's private credit business, which it acquired last year as part of the all-the-traditional-asset-managers-want-private-credit boom; HLEND is the usual name of the HPS Corporate Lending Fund, the private BDC at issue here.) Here is HPS's video explaining the situation, which has unavoidable hostage-situation vibes – you can only be so chipper saying "I know you want your money back but here's the thing" – but which makes some good points:

By design, HLEND is a vehicle that we created to try to deliver the benefits of investing in illiquid private credit to individual investors. Institutional investors have been enthusiastically investing in private credit in illiquid structures over the past two decades. They do that by very consciously accepting some illiquidity in the underlying assets in order for premium returns. In order to create a vehicle that could provide the same opportunities for individual investors, those investors also have to accept a modicum of underlying illiquidity in order to achieve premium returns.

This is all a bit too schematic. Institutions absolutely “consciously accept some illiquidity for premium returns.” Individuals, I mean, who knows what anyone is doing consciously.³ The *obvious obvious obvious* way to market private credit to individual investors is “you get premium returns and don’t worry about liquidity, it will all be fine, shh.” You don’t quite put that in the documents or anything, but it is generally the case that, in the short history of private BDCs until recently, (1) returns have been high and (2) funds haven’t had more than 5% withdrawals, so nobody who has asked for their money back didn’t get it. There was no *realized* tradeoff between returns and liquidity, so the investors might not have paid attention to the *expected* tradeoff.

Now they will. BlackRock gating HLEND is good for the private credit funding model, but probably bad for the marketing model of selling trillions of dollars of private credit to retail. The tradeoffs are a lot clearer now.

Anyway I think it is also important to point out that HPS is limiting investor withdrawals about a year *after* selling itself to BlackRock and making billions of dollars for its founders. That is how you do it! In October 2024, I wrote about early rumors that HPS was looking to sell itself to a big traditional asset manager:

A huge boom in private credit is a difficult thing for a private credit manager to manage: There’s so much money coming in, so many competitors getting into the space, that it’s hard to stick to tough underwriting criteria and do only the good deals. You have to do so many deals to keep up, and they can’t all be good.

This seems like a genuinely hard problem, though to be fair there is a straightforward solution. ...

If everyone is desperate to get into private credit, that makes it a bit hard to *run* a private credit firm: You have more competition each day, and more pressure to do bad deals. But it makes it an incredibly good time to *sell* a private credit firm

The solution was “if everything is too frothy, sell,” and HPS did.

Disclosure: Through a financial adviser, I have a small amount of money in a Blue Owl private credit fund. I just got the tender offer documents yesterday, so look for those headlines pretty soon.

Is anti-ESG illegal?

There is a theory that environmental, social and governance investing is illegal in 401(k) retirement plans. The theory goes like this:

1. When a company offers its employees a 401(k) plan, it has a fiduciary duty to select prudent investing options for those employees.
2. In particular, it has to offer employees investment options that put the investors' interests first and try to achieve good risk-adjusted returns at reasonable costs.
3. ESG investing does *not* put investors' interests first: ESG investing is about achieving social and environmental goals that woke employees at asset managers care about, not about maximizing returns for retirement savers.
4. Therefore, it is a violation of fiduciary duties for a company to offer ESG investments in its 401(k) plan.

I certainly don't mean to endorse this theory. But last year we discussed a Texas federal judge who *did* endorse the theory, finding that American Airlines Group Inc. violated its fiduciary duties to its 401(k) plan beneficiaries because its 401(k) included some BlackRock Inc. funds, and BlackRock considers ESG in its investing. This struck me as a little crazy – American didn't even offer ESG funds in the plan! – but it is, in some rough sense, perhaps the law.

One thing that I found weird in that decision was the judge's definition of ESG investing:

Investing that aims to reduce material risks or increase return for the exclusive purpose of obtaining a financial benefit is *not* ESG investing. Consideration of material risk-and-return factors is no different than the standard investing process when both are focused on financial ends. ...

ESG investing is a strategy that considers or pursues a non-pecuniary interest as *an end* itself rather than as a means to some financial end.

That is Point 3 of the theory I laid out above, that ESG is about accomplishing woke asset managers' social goals rather than maximizing risk-adjusted returns for investors. A lot of people definitely believe that, and with some evidence.

But a lot of people don't. The more common description of ESG – the description that, for instance, BlackRock would give – is that it is a framework for maximizing risk-adjusted returns. The theory is that there are broad environmental, social and governance *risks* to business, and investors should consider those risks. A company that doesn't plan for rising sea levels might see its factories washed away by the ocean, a company that is not a good citizen might lose customers, a company with bad corporate governance might see its CEO steal all the money. ESG is just a way to pay attention to a few categories of systemic risk. Its goal is to maximize risk-adjusted returns for investors.

You don't have to believe that! You can believe that that's all a smoke screen and really it's just woke asset managers pushing their social agenda on coal companies. My point here is not to endorse one theory or another; I think both theories are partly true and hard to untangle. My point here is just that some people believe that "ESG" is *not* about maximizing investor returns, and other people think that "ESG" is about maximizing investor returns.

If you think it's not, you go to Texas and sue American Airlines for doing ESG. If you think it *is* about maximizing investor returns, though, you go find a company whose 401(k) plans *don't* have ESG funds, and you go to Seattle and sue *that* company for *not* doing ESG. Here's a lawsuit filed last week, in a Seattle federal court, against Cushman & Wakefield Ltd.:

Congress imposed strict duties on retirement plan fiduciaries, requiring them to act prudently and solely in the interest of plan participants. Among other things, fiduciaries must establish and follow processes to ensure that plan participants' savings are not exposed to excessive levels of risk, and must monitor investment options to ensure that their fees, performance, and risk levels are appropriate for retirement savings.

ERISA was designed to protect retirement security and requires fiduciaries to protect workers from risks that would undermine that goal .

Climate change-related risk presents precisely that kind of threat: it is financially substantial, it is escalating, and it imperils the value and stability of investments across asset classes – causing both sudden and long-term harms. ...

Defendants exposed employee retirement savings to significant, unreasonable climate-related financial risk –apparently failing to employ any climate risk management strategy at all.

A prime example of this failure is the inclusion of the Westwood Quality SmallCap Fund (the "Westwood Fund" or the "Fund") as a fund option on the Company's 401(k) menu. ...

The Westwood Fund is openly indifferent to climate risk: its managers declare that they neither model nor manage climate risk in the Fund's portfolio. Unsurprisingly, this climate risk blindness has led the Fund to aggregate inordinate levels of climate-related financial risk across its investment sectors.

Compared to its benchmark index, the Westwood Fund is more than twice as exposed to sectors that are particularly vulnerable to climate-related financial risk. This overweighting in risky sectors is bad enough, but even in sectors that should provide a hedge against climate risk, the Fund invests disproportionately in companies with high climate risk exposure.

This is exactly the American Airlines case, but in reverse. People sued American for hiring an asset manager that considers ESG; now people are suing Cushman & Wakefield for hiring an asset manager that doesn't.

AI consultants

The No. 1 stereotype of the management consulting industry is that, when a company wants to lay off employees, it calls in consultants to justify and plan those layoffs. And then a top stereotype of the artificial intelligence industry is that companies are going to lay off all of their employees and replace them with AI. There are obvious synergies:

AI's biggest competitors are leaning on the McKinseys of the world to solve a problem for them: Businesses aren't using AI to the fullest extent. Yet, getting AI deeper into business operations is where the big money is. ...

OpenAI and Anthropic have been striking deals with consultants to help promote the use of their technology. In deals reached with McKinsey, Boston Consulting Group, Accenture and Capgemini, OpenAI engineering teams will work alongside those firms' consultants. Anthropic, meanwhile, announced a deal with Deloitte last year to develop industry solutions; it works with other firms, too.

I suppose there are still segments of US business where you're not going to use AI until you have first hired McKinsey to tell you to use AI, though that's kind of a one-time deal.

Does it have to be? It would be funny if, as part of the deal, OpenAI and Anthropic agreed to modify the models to promote the consultants. Like you ask ChatGPT "how can I cut costs in my business and increase sales," and ChatGPT is like "I dunno, I am just a large language model, you know what you should do is hire McKinsey to answer that question, they're the real experts."

Everything is she-curities fraud

For International Women's Day, Allison Bishop of Proof Trading wrote "Money Stuff for Her," a parody that includes the section header "Everything is she-curities fraud?"

Elsewhere, the Wall Street Journal reports on "Kalshi's ambitious plans to win over women":

Kalshi is looking to reach beyond its base of young men by offering bets on everything from politics to the economy to pop culture. The efforts are paying off; the company says women now account for 26% of users on its platform, up from 13% 10 months ago.

"Ten years from now, I think the breakdown of the population on Kalshi is going to be a matchup of the breakdown of the population in the U.S.," Kalshi co-founder Luana Lopes Lara said in an interview.

Lopes Lara said prediction markets could appeal to young women by catering to their interests and expertise in ways that traditional financial markets haven't.

Sure. "Gen Z's 'Financial Nihilism' Finds Outlet in Prediction Bets, Crypto," reports Bloomberg's Suzanne Woolley:

"Among a segment of those feeling financially insecure, a sense of financial nihilism is setting in," said John Roberts, Northwestern Mutual's chief field officer. "They're effectively saying they haven't saved enough and aren't earning the returns they want in a long-term focused portfolio, so may as well swing for the fences and bet on things like, literally, whether Jesus is going to return before the end of 2026."

Gotta make sure everyone can take advantage of those opportunities.

Things happen

The Long-Feared Persian Gulf Oil Squeeze Is Upon Us. OpenAI's IPO Hopes Face Skeptical Investor Community. Netflix Goes From M&A Loser to Market Winner Without Warner Deal. Nasdaq Partners With Kraken in Plan for 24/7 Tokenized Stock Trading. Millennium Hires Four Citadel Stock Traders in Post-Bonus Churn. Gulf businesses buy up political violence insurance as conflict spreads. Volkswagen Dealers Revolt Over Plan to Sell a New Brand of SUV Directly to Consumers. Novo Drops Hims & Hers Lawsuit and Will Sell Wegovy on Site. Inside Jeffrey Epstein's plan to nab another billionaire client. Can Crispin Odey convince a judge he was the victim of a regulatory crusade?

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1. There are several flavors of private BDC, and people get really into the difference between BDC 2.0 and BDC 3.0, but they're not especially important to my points here.
2. Ordinarily these funds have credit facilities so they can borrow the money to cash people out, rather than selling assets to raise money. And then the portfolio turns over and you pay back the money, etc.
3. Also, um, the returns? The video points out that it's a good opportunity for HLEND to deploy dry powder because credit spreads are elevated, but "credit spreads are elevated," in much of the world, *means* "our credit fund has lost money," at least on a mark-to-market basis.

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XOVR is among just a handful of ETFs that have added private securities to their portfolios. The SpaceX stake, currently valued at \$205 million, is held via a special-purpose vehicle for which exact details are unavailable.

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

Joel Shulman, founder and chief investment officer of ERShares, said the firm has a plan for managing the SpaceX position, but declined to provide details.

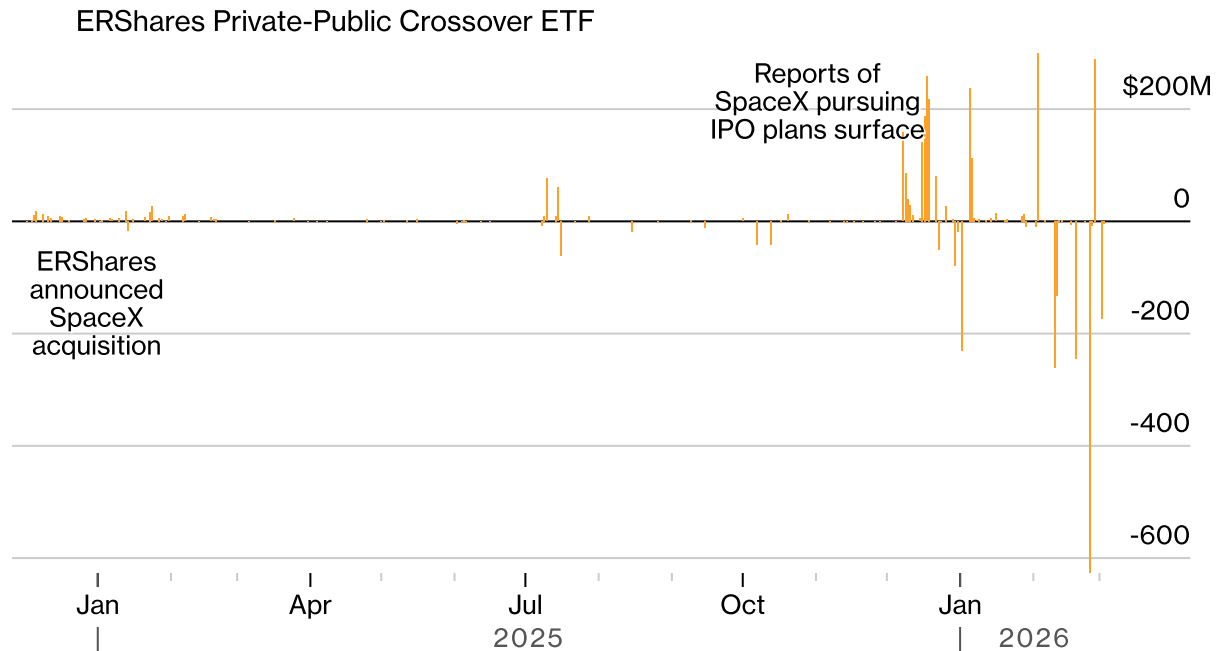
"There is robust investor demand, which should support liquidity and facilitate orderly sales if needed in a relatively short period of time," Shulman said. "However, we have high conviction for this investment and would prefer to maintain the investment for the benefit of our shareholders."

The SEC declined to comment on XOVR's SpaceX exposure.

Even with a holding in one of the world's most coveted private companies, XOVR has struggled to keep pace with broader technology stocks. The fund returned 12% last year, as the Invesco QQQ Trust Series 1, which tracks the Nasdaq 100 Index, returned 21%.

XOVR is now on track to post a fourth consecutive week of outflows, with its total assets more than halving to under \$600 million from a peak of \$1.8 billion last month.

SpaceX IPO Speculation Drives Heavy Flows in XOVR



Source: Bloomberg

Bloomberg

As part of a regulatory update this week, ERShares beefed-up the risk warnings in XOVR's prospectus. This included the section on risks related to privately offered securities. Within the added language, it says: "There cannot be any guarantee an SPV or other private fund will be successful."

Shulman said that as the ETF has expanded its exposure to privately offered securities through SPVs, "it is appropriate to ensure that the prospectus clearly describes the associated risks."

"The disclosure language should not be interpreted as reflecting any change in the structure or quality of the underlying investment," he said.

The total operating expenses of the fund were also increased to reflect costs related to the SpaceX holding. Shulman said those expenses apply to the last reporting period and a previous structure of the SPV, and "does not reflect the economics of the restructured vehicle going forward."

'Less Liquid'

The majority of cash in the \$14 trillion US ETF market is tied up in index funds, but the industry has been pushing into more complicated and niche corners of the investment world like cryptocurrencies and derivatives strategies. In a survey of institutional investors, almost all of the 325 respondents said they were willing to access private markets through an ETF wrapper, Brown Brothers Harriman said this week.

XOVR is demonstrating some of the practical problems of such an approach, but it's not alone. The Baron First Principles ETF (RONB), which directly invests in SpaceX shares, has also seen its stake in the rocket company exceed the SEC's illiquidity threshold at times. But issuer Baron Capital has classified the holding as "less liquid" with the regulator, a category which has no percentage limits.

Under SEC liquidity rules, fund managers have some discretion in classifying holdings based on how quickly they believe the assets can be sold without significantly affecting their value.

XOVR garnered attention in 2024 when it first added exposure to Musk's firm. Interest intensified in December after Bloomberg News reported SpaceX was targeting a potential 2026 listing at a valuation of roughly \$1.5 trillion. As the only US-listed ETF offering exposure to the company at the time, XOVR drew significant inflows.

Critics pointed out that as assets poured in, the fund's SpaceX stake became increasingly diluted, potentially limiting the upside for investors. Morningstar's Ptak has also noted inconsistencies with how ERShares values its SpaceX stake. ERShares responded by issuing a memo titled, in part, "Transparency Reset."

The figure of \$205 million for XOVR's SpaceX stake is based on a valuation of around \$1 trillion for the rocket maker, according to Shulman.

Should the company go public above that, "any corresponding increase in value would be reflected in the fund's NAV and therefore directly benefit XOVR shareholders, without additional management fees or carried interest at the SPV level," he said.

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Boston Scientific Investor Sues Over Growth Projections

By **Katryna Perera**

Law360 (March 6, 2026, 6:00 PM EST) -- A Boston Scientific Corp. investor has filed a proposed class action against the medical device manufacturer and its top brass, claiming they misled shareholders about the sustainability and growth trajectory of the company's electrophysiology segment while failing to disclose competitive pressures and regulatory headwinds.

John Rudolph Troike **filed a complaint** in Massachusetts federal court Thursday on behalf of a proposed class of investors who purchased or acquired Boston Scientific common stock from July 23, 2025, through Feb. 3, 2026. He alleges that they suffered losses after the company's stock plunged on disappointing news about the electrophysiology unit.

According to the complaint, Boston Scientific's electrophysiology business unit develops and manufactures products for the detection and treatment of heart rate and rhythm disorders.

Troike said that during the class period, Boston Scientific and its executives falsely claimed to have reliable information about the company's projected and anticipated growth while minimizing the risks posed by seasonality and macroeconomic fluctuations.

"In truth, Boston Scientific's ambition of continuing 'to grow our share in the overall [electrophysiology] market' to maintain a growth trajectory at '2x the market' had fallen short of reality; the company had begun to experience new competition entrants that were sapping Boston Scientific's U.S. electrophysiology market share and thus limiting the company's growth potential," the complaint said.

According to Troike, the defendants repeatedly issued positive statements about Boston Scientific's expected growth rate for fiscal year 2025 and expressed confidence in the electrophysiology division's anticipated growth trajectory while knowing that the segment's growth rate "was unsustainable and that it was approaching an earlier tipping point than the market was anticipating."

The truth came to light Feb. 4, 2026, when Boston Scientific announced fourth quarter and full-year 2025 results that included a "pertinent disappointment in U.S. electrophysiology sales, and issued guidance for fiscal 2026 that fell well below expectations."

"The company attributed its results and dismal guidance on a combination of slower than expected market growth alongside increased competition, despite management's previous claims of a 'growing' [electrophysiology] business and assertions they 'have a very good understanding of what competition we will face and in what time frame,'" the complaint said.

Troike said that following that news, several well-known analysts lowered their price targets for the company and its stock price "declined dramatically" by 17.6% from \$91.62 a share on Feb. 3, 2026, to \$75.50 a share on Feb. 4, 2026.

The suit names as defendants Boston Scientific CEO Michael Mahoney, its Chief Financial Officer Jonathan Monson, Chief Medical Officer Kenneth Stein and others. Troike seeks damages, attorney fees and a jury trial.

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

Troike is represented by Shannon L. Hopkins and Adam M. Apton of Levi & Korsinsky LLP.

Counsel information for Boston Scientific was not immediately available Friday.

The case is Troike v. Boston Scientific Corp. et al., case number 4:26-cv-40075, in the U.S. District Court for the District of Massachusetts.

--Editing by Stephen Berg.

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Drugmaker Nektar Faces Suit Over Hair Loss Drug Trial Claims

By **Sydney Price**

Law360 (March 6, 2026, 7:53 PM EST) -- Pharmaceutical company Nektar Therapeutics on Friday was hit with a proposed class action accusing it of harming investors by failing to disclose the risks associated with its failure to follow protocol for enrolling participants in an unsuccessful trial for its hair loss treatment.

According to the complaint filed by shareholder Michael Schramke, Nektar operated a study known as "Rezolve-AA" to evaluate the effectiveness of drug rezpegaldesleukin in patients being treated for alopecia areata. In February 2025, Nektar said it had completed its target enrollment in the trial, but, at the end of last year, Nektar said the trial missed its primary endpoint due to errors, the suit says.

"The press release disclosed that the trial failed to reach statistical significance, which Nektar attributed to the inclusion of four patients who should not have been eligible to participate," the suit states.

The suit's class period begins Feb. 26, 2025, the day Nektar announced that target enrollment in the trial was met. For the next several months, Nektar did not disclose that the trial "had not followed applicable instructions and protocol standards."

"Accordingly, the Rezolve-AA trial's overall integrity and prospects were overstated; and as a result, defendants' public statements were materially false and misleading at all relevant times," the complaint states.

Investors learned the truth Dec. 16, 2025, when Nektar announced the failed trial results, which included patients with "major study eligibility violations that should have disqualified them for randomization into the trial," the suit says

Analysts and investors reacted to the news, and shares of Nektar fell \$4.14, or about 8%, to close at \$49.16 per share Dec. 16, 2025, according to the suit.

In addition to Nektar, its CEO Howard W. Robin, interim Chief Financial Officer Sandra Gardiner and Chief Research and Development Officer Jonathan Zalevsky are individual defendants in the suit.

The complaint accuses the defendants of violating the Exchange Act and acting with scienter. It also accuses Robin of taking in \$1 million by "selling tens of thousands of shares of the company's common stock."

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

Schramke is represented by Jennifer Pafiti, Jeremy A. Lieberman and J. Alexander Hood II of Pomerantz LLP.

Counsel information for Nektar and the individual defendants was not immediately available Friday.

The case is Schramke v. Nektar Therapeutics et al., case number 5:26-cv-01951, in the U.S. District Court for the Northern District of California.

--Editing by Kristen Becker.



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Breyer Urges Attys In Heated Twitter Investor Trial To Cool Off

By **Bonnie Eslinger**

Law360 (March 6, 2026, 10:26 PM EST) -- The judge overseeing a California federal trial over Twitter investors' allegations that Elon Musk intentionally tanked the company's stock urged lawyers to cool down over the weekend and "gain composure," after a heated fight in which a lawyer for the investors called a Musk attorney's conduct disgraceful.

The confrontation took place at the end of Friday's proceedings, outside the presence of the jury.

U.S. District Judge Charles R. Breyer said it was good that the parties had a two-day weekend ahead of them.

"Everybody has to take the advantage of the pause to gain composure," the judge said. "It is sad in that ... the colloquy between counsel is not going to advance the progress of the lawsuit."

Friday wrapped the first week in the high-profile trial, and tensions were already simmering that afternoon over objections that had been made while former Twitter CEO Parag Agrawal was on the stand.

Then a lawyer for the investors, Cotchett Pitre & McCarthy LLP founding partner Joseph Cotchett, complained to the court about a concern put on the record by a lawyer for Musk about Judge Breyer's friendly exchange with a plaintiff's witness on Thursday. After former Twitter Chief Financial Officer Ned Segal — now a San Francisco city official — completed his testimony, Breyer asked Segal to "Please say hello to the mayor for me."

Cotchett said Musk lawyer Michael Lifrak of Quinn Emanuel Urquhart & Sullivan LLP was wrong to approach the court with an objection over the pleasantries.

"That he would criticize this court ... it's rather amazing," Cotchett said. "It's disgraceful, and I want to make sure that's on the record."

Jesse Bernstein of Quinn Emanuel Urquhart & Sullivan LLP protested.

"I have to defend my colleague," he said. "This is getting completely inappropriate."

Cotchett also waved in his hand a printout of a comment made Thursday on the social media platform, rebranded X by Musk. An account under the name XFreeze called the trial against Musk "a total joke" and a "pure witch hunt." Musk reposted the comment to his 236 million followers.

Cotchett called it inappropriate. Bernstein retorted that his client is exercising his free speech rights.

Breyer said he hoped the jury didn't see the post and said he would remind them on Monday to avoid any information about the case outside of the court proceedings.

Bernstein asked Judge Breyer to admonish Cotchett.

"Mr. Cotchett just told my colleague, one of the most honorable lawyers I've ever worked with, that he's an embarrassment," Bernstein said. "Tell him to start acting civilly."

Judge Breyer said that's a rule for both sides.

Earlier in the day, after Agrawal first took the stand, he told jurors that he became CEO of Twitter in 2021 and met Musk in early 2022. They talked over dinner, and Musk told him he was a fan of the platform and was thinking about either joining Twitter's board, creating a competitor or taking Twitter private. After that meetup, Musk sent over a note to Agrawal saying, "Great dinner :)" and on April 5, 2022, Twitter announced Musk was joining its board.

Four days later, Musk tweeted to his followers, "Is Twitter dying?" and when Agrawal texted him about the post, Musk told him that it would be a "waste of time" to join the board and that he would make an offer to take Twitter private.

An offer came over less than two weeks later, and Musk said the deal would not be "subject to business due diligence," Agrawal told jurors.

Representatives for the two sides, including Musk and Agrawal, met on May 6, 2022, and Musk discussed a multitude of concerns, including his goal to increase the platform's revenue. There was also a "brief" discussion about Musk's concerns about the number of fake users or "bots" on Twitter.

Musk earlier in the week testified that at that meeting Twitter agreed to provide him with the account holder data the company used to estimate that less than 5% of users on its platform are spam or bots, but Agrawal on Friday said no such promise was made.

"We can't provide private customer data," Agrawal said.

There are several statements at issue in the case, including a May 13, 2022, tweet from Musk saying the deal was "temporarily on hold" pending details about data regarding the number of bots, and a May 17, 2022, tweet from Musk saying they make up at least 20% of Twitter's users.

Agrawal said he offered to explain the process and methodology used to calculate the platform's actual users.

"We shared documents, so we were not trying to hold information about the methodology from Mr. Musk," Agrawal said.

Investor attorney Mark Molumphy of Cotchett Pitre asked Agrawal if Twitter ever withheld any information that he believed was required under the merger agreement, and Agrawal said no.

In July, Musk sent a letter to Twitter saying he was killing the deal.

"Did Twitter file a complaint in Delaware Chancery Court to enforce the transaction?" Molumphy asked. "In October of 2022, did you learn that Mr. Musk was no longer going forward with his cross-complaint and was going to go forward with the deal?"

Agrawal responded that he had.

Musk lawyer Stephen Broome of Quinn Emanuel Urquhart & Sullivan LLP cross-examined Agrawal and began by pointing out that Twitter's terms of service in 2022 said the company "may share, sell, or transfer information about you" in connection with a merger or acquisition and that policy applied to "personal information that is shared with (before and after the close of any transaction) or transferred to the new entity."

Broome asked Agrawal to confirm that the term tells users that if Twitter is acquired it can share user data with the new owner.

A lawyer for the investors objected, saying the question called for a legal conclusion. Judge Breyer sustained it.

Later, Broome said that at the time Musk tweeted on May 13, 2022, that he had not been given information needed to replicate Twitter's process, that was true.

"It wasn't until after Twitter sued Mr. Musk and the parties were on litigation that Twitter ultimately did provide that information to him, right?"

Another objection from counsel for the investors was sustained by Judge Breyer.

Outside the presence of the jury, Broome pointed out that one of the investor plaintiffs had taken the stand on Monday and said Musk had not fought the Delaware litigation.

"Now we're in a position where we have to show actually we did put up a defense," Musk's lawyer said.

At the end of the day on Friday, another Musk lawyer, Ellyde Thompson of Quinn Emanuel, said Musk is seeking a mistrial based on concerns of prejudice. Judge Breyer told her to put the motion in writing.

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 Chancery judge overseeing litigation over the sale was "extremely biased" against him. On Thursday **he said Twitter lied** about the number of bots on the platform.

In 2024, Judge Breyer **certified a class of investors** who sold the publicly traded stock or call options, or purchased put options of Twitter, from May 13 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 Brian Baresch.



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Grocery Chain Strikes Deal In 401(k) Suit Revived By 2nd Circ.

By **Patrick Hoff**

Law360 (March 6, 2026, 6:45 PM EST) -- A supermarket chain told a New York federal court it has agreed to settle a proposed class action claiming the company allowed its 401(k) plan to be saddled with excessive fees, about six months after the Second Circuit partially revived the case.

Northeast Grocery Inc. said in a text-only entry Wednesday that it resolved the Employee Retirement Income Security Act lawsuit led by four former employees following more than 10 hours of mediation in late January. According to the company, the parties are finalizing the settlement agreement and a stipulation of dismissal for the court's approval.

Northeast Grocery is based in Schenectady, New York, and operates over 300 Price Chopper, Market 32 and Tops Friendly Markets locations, according to its website. The chain has operations in New York, Massachusetts, Vermont, Connecticut, Pennsylvania and New Hampshire.

Four former employees of Tops Market and Price Chopper Supermarkets who participated in the Northeast Grocery 401(k) Savings Plan filed their lawsuit in January 2024. According to their complaint, Northeast Grocery's retirement plan committee breached its duty of prudence by failing to keep an eye on its portfolio managers, its financial adviser or the recordkeeping fees the plan was being charged, and the committee should've replaced underperforming funds with better alternatives.

U.S. District Judge David N. Hurd **tossed the case** in August 2024, ruling the workers' allegations weren't detailed enough to stay in court. According to the opinion, the workers didn't provide an adequate benchmark for assessing whether the plan's recordkeeping fees were excessive or explain why supposedly comparable options were actually similar. The judge said the workers also couldn't challenge the funds they claimed were underperforming because none of them had shown that their retirement accounts had suffered because of poor returns.

A year later, the Second Circuit **partially reopened** the case, finding that Judge Hurd had wrongly dismissed a claim that excessive fees paid to service providers constituted prohibited transactions under ERISA in light of the U.S. Supreme Court's decision in **Cunningham v. Cornell University**. According to the appeals court, Judge Hurd had applied the Second Circuit's higher standard for prohibited transaction claims, which the justices **overturned** in April.

However, the appeals court affirmed the dismissal of most other claims in the lawsuit, saying the workers needed to do more than merely allege that a particular share class of funds offered to retirees was imprudent. The workers also hadn't sufficiently backed up allegations that they were harmed by the company's failure to investigate whether alternative funds were available, nor had they shown that indirect compensation to the plan's recordkeeper affected their individual retirement accounts, according to the opinion.

Counsel for the workers declined to comment Friday. Representatives of Northeast Grocery Inc. did not immediately respond to a request for comment.

The workers are represented by Paul J. Sharman of The Sharman Law Firm LLC, and Peter W. Till of the Law Offices of Peter W. Till.

Northeast Grocery Inc. is represented by Erika N.D. Stanat, Michael A. Jaoude and Katherine E. Rahmlow of Harter Secrest & Emery LLP.

The case is Collins et al. v. Northeast Grocery Inc. et al., case number 5:24-cv-00080, in the U.S. District Court for the Northern District of New York.

--Additional reporting by Kellie Mejdrich. Editing by Amy Rowe.

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Investors Accuse Alston & Bird Of Aiding \$328M Crypto Fraud

By **David Minsky**

Law360 (March 6, 2026, 4:24 PM EST) -- Several investors have brought a Florida federal proposed class action alleging legal malpractice against Alston & Bird LLP, accusing the law firm of drafting joint venture agreements that were used to aid a \$328 million cryptocurrency scam.

In the three-count suit filed Thursday in the U.S. District Court for the Southern District of Florida, investors claimed the legally dubious JVAs drafted by Alston & Bird induced them to transfer millions of dollars used in a Ponzi-like cryptocurrency fraud committed by Goliath Ventures Inc. and its CEO, Christopher Delgado.

Counts alleged against Alston & Bird include professional negligence, breach of fiduciary duty and constructive fraud, with investors claiming that the firm at least should have known its JVAs and legal advice would instill confidence and cause people to give their money to Goliath, including retirement funds.

"Alston & Bird enabled the structure that caused investors to commit millions of dollars to a fatally defective enterprise — losses that were foreseeable, preventable, and directly traceable to the legal framework it designed," the investors said in their lawsuit.

"Goliath could not have gotten away with this massive fraud without the help of its law firm, Alston & Bird," the investors said.

Alston & Bird did not immediately respond to an emailed request for comment on Friday.

Delgado started the Goliath enterprise sometime in 2023 and began signing up investors through JVAs prior to Alston & Bird's involvement, according to the suit. In 2025, the plaintiffs claimed Delgado hired Georgia-based Alston & Bird, one of the largest law firms in the U.S., to rewrite the JVAs for investors Goliath had already signed up and ensure that all future investors would have the same agreements.

According to the suit, Delgado experienced disputes in connection to prior ventures and sought out Alston & Bird to provide "legal cover" for his plan to raise capital. Several promotional events occurred throughout South Florida to solicit funds from investors, the plaintiffs said.

The agreements established joint ventures in Goliath, making each investor a partner in the investment enterprise, according to the suit. The plaintiffs added that the Alston & Bird JVAs made the firm legal counsel to each investor and established fiduciary duties that were owed to them.

Delgado allegedly used two types of scams with Goliath. In the first, referred to as the "LP scam" in the suit, investors provided government-backed or digital currency to Goliath for placement in liquidity pools in exchange for monthly returns that occur as a result of pool trades. In the second, which the suit called the "IRA scam," Goliath solicited funds that were placed in self-directed individual retirement accounts created and managed by the company.

Plaintiffs claimed that Goliath, through the JVAs, falsely told investors that their funds would be invested into cryptocurrency liquidity pools running on exchanges such as Uniswap. The JVAs also allegedly promised monthly returns of 4%, and promised to allow investors to withdrawal funds and request their initial investments. Plaintiffs said the JVAs "allowed Delgado and Goliath to destroy the

investor partners."

In September 2025, the plaintiffs said, Goliath stopped paying returns and also stopped honoring withdrawal requests.

Delgado, 34, of Apopka, Florida, was arrested in February and charged with wire fraud and money laundering in a federal criminal complaint filed in the Middle District of Florida. The government alleged that between 2023 and 2026, Delgado operated a Ponzi scheme in which he took funds from new investors in order to pay existing ones. Federal prosecutors said Delgado used investor money to fund an extravagant lifestyle with expensive business gatherings, luxury vacations and purchases of high-end watches and cars.

Delgado was released from federal custody earlier this week after posting \$1 million bond and was ordered to surrender assets that include multiple Rolex watches, gold- and diamond-studded jewelry and several vehicles, such as Rolls-Royces and a Lamborghini, court records show. Delgado has not yet entered a plea.

Sean Shecter of Lewis Brisbois Bisgaard & Smith, who represents Delgado, declined to comment on Friday.

Following Delgado's release, a Broward County, Florida, state court judge on Tuesday **approved the appointment of a receiver**, Michael Budwick of Meland Budwick PA, in a separate investor lawsuit brought against Goliath.

Adam A. Schwartzbaum of Adam A. Schwartzbaum PA, representing the proposed class, told Law360 in a Friday interview that the receiver was appointed in order to "put maximum pressure" on Goliath for the return of investor assets, since Delgado is out of jail and the Goliath principals are still in charge of the company.

Schwartzbaum estimated about 1,500 investors were defrauded, although that number could increase. The investors include a schoolteacher who put their entire life savings into Goliath, Schwartzbaum said.

Alston & Bird understood that it was drafting JVAs to avoid securities laws and broadly solicit funds without the protections of federal regulations, Schwartzbaum said. Specific Alston & Bird lawyers weren't listed in the suit, although Schwartzbaum said that information could be revealed through discovery.

"One partner can make the whole firm liable," Schwartzbaum said.

Jordan Shaw of Shaw Lewenz, who also represents the proposed class, said in an emailed statement provided to Law360 that the plaintiffs have arranged for a legal team to fight what is expected to be a complex lawsuit against Alston & Bird.

"As lawyers, we do not enjoy suing other lawyers," Shaw said. "But here, we believe the allegations not only warrant, but necessitate the suit. We have put together a team that is not only experienced in the most complex of commercial litigation, but also close-knit and aligned in common goals."

The proposed class is represented by Adam A. Schwartzbaum of Adam A. Schwartzbaum PA, Jeffrey R. Sonn of Sonn Law Group, T. Liam Murphy of Murphy's Law: The Crypto Law Firm, and Jordan Shaw and Gabriel E. Morales of Shaw Lewenz.

Defendant's counsel information could not be immediately determined on Friday.

The case is John D. Euliano et al. v. Alston & Bird LLP, case number 0:26-cv-60646, in the U.S. District Court for the Southern District of Florida.

The criminal case is USA v. Delgado, case number 6:26-mj-01240, in the U.S. District Court for the Middle District of Florida.

--Additional reporting by Carolina Bolado. Editing by Robert Rudinger.



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Atty Should've Checked Docket, Says Philips CPAP Judge

By Jonathan Capriel

Law360 (March 6, 2026, 10:11 PM EST) -- An attorney and his client have no one but themselves to blame for the permanent end to a product liability lawsuit over a recalled Philips sleep breathing machine, a Pennsylvania federal judge said on Friday, saying it was on them to monitor the docket.

Patrick Burke urged the court to vacate its dismissal order in his case against Philips, arguing that his attorney, Michael Katz of Lopez McHugh LLP, never received electronic notices of any filings during an eight-month period, despite being properly registered on the court's electronic-filing system. This caused Katz to not see Phillips' motion seeking to end Burke's case.

Burke suggested that the system must have flubbed, and he explicitly blamed medical device company Philips and associated entities for neglecting to "fulfill their duty to properly serve" him or his attorney, according to his motion filed last month.

But U.S. District Judge Joy Flowers Conti rejected this framing, saying the responsibility rested with them to check the docket and calling out the "sheer implausibility" of Katz's story.

"The Federal Rules of Procedure and this court's ECF policies put the burden on the ECF user, i.e., Katz, to ensure that his email is properly working," the judge said.

"If he had monitored the docket, Katz would have seen the motions and orders in July, October, and November 2025 which put Burke on clear notice that his case would be dismissed," the judge said.

Judge Conti denied Burke's motion to reopen the product liability suit, saying the attorney's failure to check his email or the docket does not constitute excusable neglect.

Katz told Law360 on Friday that he intends to seek further relief on behalf of his client. He also said that he's "made an exhaustive search" of his emails and the firm's system multiple times. He doesn't know why he never received any electronic notices from the court during the eight-month period.

"I dispute the assertion that I failed to monitor emails or the docket," Katz said. "I never received any emails pertaining to this case between April 14, 2025, and January 22, 2026 — Not a single one from the court, from defense counsel, or from liaison counsel, so I had never received any warning whatsoever that the defendant was seeking to dismiss the case."

"I have been actively involved in the Philips CPAP litigation at all times, have received all communications concerning all of my other CPAP clients, and have regularly monitored everything regarding the CPAP litigation," Katz said.

Burke was one of many who filed suit against the company in the sprawling multidistrict litigation over Philips' 2021 recall of CPAP and other respiratory devices. Burke filed personal injury lawsuit claims, and his suit was part of a group who opted out of the **\$1.1 billion settlement**.

Burke claims that he only learned that his case was dismissed on Jan. 22 when his attorney received a notice of final order of dismissal. He claimed that Katz did not receive any filings or notices from the district court from April 14, 2025, to January 22, 2026, in this case from the PACER or ECF system.

But the judge said that this was not a case of excusable neglect for several reasons. First, it held that clients are bound or "held responsible" by their attorneys' failure to meet deadlines, pointing to precedent from the U.S. Supreme Court and the Third Circuit. Judge Conti also added that a failure to receive an email does not equate to not actually receiving service.

"Burke argues that Philips (and perhaps the court) had a duty to confirm that Katz received the motions and orders at issue. That is incorrect," the judge said. "The Federal Rule of Civil Procedure 5(b)(2)(E) provides that service is completed 'by filing it with the court's electronic-filing system.' The Rule provides that ECF service is not effective only 'if the filer or sender learns that it did not reach the person to be served.'"

While not actually a factor in Judge Conti's decision, she made it a point to say that she didn't quite believe Katz's story.

"The court will assume, without finding, that Katz acted in good faith, while noting the sheer implausibility of his factual assertions," the judge said. "The [notices of electronic filings] were transmitted to numerous people. No bounce back emails were received by the court."

Patrick Burke is represented by Michael S. Katz of Lopez McHugh LLP.

Philips RS North America LLC is represented by John P. Lavelle Jr., Lisa C. Dykstra and Wendy West Feinstein of Morgan Lewis & Bockius LLP.

Philips North America LLC, Philips Holding USA Inc. and Philips RS North America Holding Corp. are represented by Tracy Richelle High and William B. Monahan of Sullivan & Cromwell LLP.

The case is In re: Philips Recalled CPAP, Bilevel PAP and Mechanical Ventilator Products Litigation, case number 2:21-mc-01230, in the U.S. District Court for the Western District of Pennsylvania.

--Editing by Dave Trumbore.



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Meta Witness Says Spotty Audits Show Commitment To Safety

By **Cara Salvatore**

Law360 (March 6, 2026, 10:45 PM EST) -- A trust and safety expert witness for Meta defended the company Friday over shortcomings laid out in internal audits, telling a jury that the audits' existence refutes the New Mexico attorney general's claims that Meta did not take user safety seriously.

Mary Catherine Wirth retook the stand after nearly a whole day of testimony Thursday kicking off Meta's case-in-chief opposing New Mexico Attorney General Raúl Torrez's claims that Meta deceived the public about the risks its platforms posed to teens. The state says Facebook, Instagram, WhatsApp and Messenger exposed teens to violence, sexual predation and addictive designs that harm mental health, and that the company lied about the problem.

Wirth praised internal audits shown to her by David Ackerman, an attorney for the state, saying, "It's extraordinary that they're doing that level of review internally and identifying problems."

"Once [an] internal audit identifies a gap, it has to be fixed. There's a 100% fix rate, and it has to be fixed within 30 days," she added later. "You can't fix anything if you're not willing to admit your mistakes."

For example, in one of the audits, from December 2022, called the "Instagram Youth Well-Being Assurance Audit, Phase 1," Meta staff found that, contrary to publicly stated policy and practice, adults thought to be having inappropriate interactions with children were recommended to teens to follow, and teens were still recommended such adults to follow.

The recommendations constituted noticeable percentages of all recommendations made on the day observed: 7.2% of all recommendations in one direction and 4% in the other, the audit said.

In the correlated Phase 2 audit, performed in September 2023, all the Phase 1 issues had been remediated. But there were eight new "high risk" findings, including that Instagram's direct messages feature was allowing communications between teens and so-called unconnected adults, which wasn't supposed to be possible.

On another front, Ackerman showed Wirth evidence that sextortion complaints or reports were not being handled proactively.

In a Meta presentation given at a conference called the Risk Intelligence Forum, a person identified as "Bad Actor #2," located in Nigeria, was reported 900 times before their account was closed. They were reported by users who were targets of sextortion attempts.

For one of those users, who reported Bad Actor #2 26 times, the presentation stated that all 26 reports were "autoclosed with no action." It said that the team that reviews reports relating to Nigeria only has enough human reviewers "to review 1-2% of reported jobs."

"Meta never disclosed that its sextortion complaints were going to a review black hole in Africa, did it?" Ackerman asked Wirth as they looked at the presentation.

"I don't know, but I do know that it's great to see a company identifying where it had a bug ... and then doing a comprehensive review so that it can fix the problem," she said.

"You think that's solace to the users who reported Bad Actor #2 and their reports were autoclosed with no human review?" Ackerman pressed.

Wirth responded, "No, it's not, but ... you can't show me one platform in the Valley that hasn't had a bug in its reporting process."

Wirth used to manage international litigation at Yahoo in the early 2000s, where she focused on dealing with child sexual abuse material. She said Meta has the best anti-CSAM program in the tech industry, and that no such program is perfect, nor can it be expected to be perfect.

Wirth said on direct Thursday that it's important to acknowledge that child sexual abuse is as huge a problem offline as online, with one in five girls and one in seven boys being victims of sexual abuse globally and only 26% of child sexual assault or rape cases being cleared by police in the U.S.

She also said she was not offering any opinions about categories of harmful content or harmful designs on Meta's platforms, such as bullying, self-harm glorification, "infinite scroll," popup notifications or the algorithm.

New Mexico's bellwether case's claims echo those going to trial in California and in federal multidistrict litigation.

New Mexico is represented by Donald Migliori and David Ackerman of Motley Rice LLC, and Raúl Torrez of the New Mexico Office of the Attorney General.

Meta is represented by Kevin Huff and Alex Parkinson of Kellogg Hansen Todd Figel & Frederick PLLC.

The case is State of New Mexico v. Meta Platforms Inc. et al., case number D-101-CV-2023-02838, in the First Judicial District Court of New Mexico.

--Editing by Adam LoBelia.

For more of this trial, see Courtroom View Network.



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Meta, Google Begin Defense As Mental Harm Plaintiff Rests

By **Craig Clough**

Law360 (March 6, 2026, 10:12 PM EST) -- Attorneys for the plaintiff in a landmark bellwether California trial in a suit accusing Instagram and YouTube of harming children's mental health rested their case Friday, opting not to call the plaintiff's mother to testify live despite the defense portraying her as the potential cause of the plaintiff's mental health struggles.

Lead attorney Mark Lanier of The Lanier Firm chose to have about a minute of deposition testimony by the plaintiff's mother read to the jury but opted not to call her to testify on the stand, a decision that appeared motivated at least in part by time limits Los Angeles Superior Court Judge Carolyn B. Kuhl placed on the parties.

The plaintiff, 20, is referred to in court as Kaley G.M. or Kaley to protect her identity because the alleged harm occurred to her when she was a minor. Her mother is being referred to by her first name, Karen.

The defendants have **suggested** during the trial that Karen was neglectful, abusive and deficient in responsibly monitoring Kaley's access to the internet and social media, which could be responsible for Kaley's **mental health struggles**. Karen had been expected to testify in court until late this week when it became clear Lanier and his team were running out of time but would need permission from the judge for more time to cross-examination defense witnesses.

"No, I'm not going to be able to put on Karen," Lanier told the judge Thursday afternoon after the jury left and he was asking the court for more time on his clock.

"The case is not about Karen anyway, and they've tried to make it about the mom, but this isn't the mom's case," Lanier said. "She's not a party, and the case is not about her. They, to the extent they've tried to make it about her, that's their choice."

Instead of calling Karen, Mariana A. McConnell of Kiesel Law LLP, who represents the plaintiff, took the stand and read Karen's deposition answers, with questions posed by Rachel Lanier of The Lanier Law Firm.

All the deposition testimony read to the jury focused on Karen's decisions to allow Kaley to have a cellphone and digital devices as child, with none of them about the accusations of abuse or neglect that have arisen during the trial.

In the deposition, Karen expressed widespread ignorance about her child's use of social media and said she was unaware for years that Kaley was using any social media platforms. She did not monitor Kaley's cellphone use because she thought the cellphone was not much different from the landline in the home, she said.

"I don't monitor the home phone, [so] I wouldn't think it would be an issue," Karen said in the deposition.

Karen also said she was ignorant about a lot of digital technology and that she had only recently learned how to text.

"I didn't have any idea about the damage" social media could do, she said.

After the jury was dismissed Thursday, Lanier lobbied the judge for more time over the objections of attorneys for the defendants, who complained that they had already curtailed their own questions to witnesses only for Lanier to now be given more time.

On Thursday, Lanier only had two hours left for his case, and Judge Kuhl ultimately decided to allow Lanier "reasonable" extra time to cross-examine defense witnesses, which she said could include up to an hour or 50% of the time used by the defense on a witness, among other time concessions.

Time is of the essence in the trial as the 12 jurors and five alternates were told the case would be handed to them by March 20. A **sick juror** and an injury suffered by Paul W. Schmidt of Covington & Burling LLP, who represents Instagram's parent company Meta Platforms Inc., during jury selection has caused several delays.

In making the decision to allow Lanier and his team more time, Judge Kuhl on Thursday told the parties that if she were to strictly limit the plaintiff's clock and not allow cross-examination of defense witnesses, "no matter how reasonable I was in setting the time, initially, we would have reversal issues [on appeal]."

Earlier in the week, the judge told the parties the appellate courts in California have yet to issue definitive rulings on trial judges setting time limits.

Schmidt and Luis Li of Wilson Sonsini Goodrich & Rosati PC, who represents YouTube's parent company Google LLC, objected to Lanier getting more time Thursday before the judge made her decision.

Schmidt accused Lanier of spending his time on a lot of "duplicative" testimony, which included pursuing the same topics with Instagram CEO **Adam Mosseri** and Meta CEO **Mark Zuckerberg**, and also two former Meta employees who are **whistleblowers**.

"You know, I think YouTube in particular, has been prejudiced by this," Li said. "I could go on, but the point is that we have structured our examinations to try to live within the time limits, and we have avoided topics."

Li said some testimony in the case was a broadside attack on all social media, which has required YouTube to respond to those attacks even though they weren't specific to the company.

He also complained that Lanier only called three witnesses whose testimony was specific to the actual plaintiff, and instead of calling Karen as the last witness for his case-in-chief was calling another expert who would likely issue broad attacks on social media in general.

When given a chance to speak, Lanier said he didn't need Karen's testimony, and he appeared confident that focusing on liability was a better course for him.

"But I won't be chided by them that I've made the decision not to put Karen on and instead put on the witnesses that continue to push the liability end of this case," Lanier said. "Because if I'm going to get a liability finding, and if I'm going to get a punitive finding, there are all of these things that I have to have in the record, and I'm fighting hard to get them in the record."

Karen's actions and parenting have been a **frequent topic** during the trial as the defendants have sought to enter evidence that trauma and difficulties in Kaley's home life could be responsible for Kaley's diagnoses as a child for anxiety, depression and body dysmorphia.

Evidence has shown Kaley reported to therapists that her mother hit her on the back of the head several times as a child when she struggled with homework. Kaley also made posts on Instagram saying her mother neglected her and "fat shamed" her, and also posted videos of her mother screaming and swearing at her.

Evidence has also shown Karen gave Kaley an eviction letter when she was 18 that forced her to move out of the house for a time. The defendants have also suggested Karen did not take reasonable steps to limit her child's access to their platforms and moderate their functions.

The jury heard Karen and her husband separated when Kaley was 3, and Karen might have been a victim of domestic violence.

Friday's testimony included cross-examination of Meta whistleblower **Arturo Bejar**, who worked for the technology giant when the parent company was still known as Facebook, both as an executive and as a consultant, with his focus being on safety and security. He worked for the company full time from 2009 through 2015 and as a consultant from 2019 through 2021.

Bejar told the jury Thursday that the company prioritized profits over safety and had scores of internal data showing Instagram was addictive and harmful to kids.

Covington's Phyllis Jones, who represents Meta, cross-examined Bejar on Thursday and Friday.

On Thursday, Bejar said his consulting work was not focused on children's well-being or safety and that he averaged about three hours a week. He also said he did not have a full or specific picture of staffing or budget issues around safety although he insisted he did have a big picture understanding.

He also acknowledged he has not had a full-time job since 2015, in part because he is now a millionaire due to his compensation from Facebook. Although he now speaks out against the company, he has not given back any of the money he received from it, Bejar said.

The plaintiff's final witness was Brooke Istook, who has worked for several advocacy organizations supporting online safety. Appearing as an expert, Istook talked about various features on the defendants' platforms that she believes could make the platforms safer for children and prevent addiction. After her testimony, the plaintiff rested, and Meta began its defense with two video depositions from administrators at Kaley's high school.

The bellwether is the first of at least nine trials that are planned out of thousands of cases consolidated in Judge Kuhl's courtroom, with the hope that the parties might reach a settlement in the rest of the cases based on the bellwethers' outcomes.

Meta and YouTube have argued at trial that social media addiction is not real, their platforms are not addictive, and Kaley's documented mental health struggles can be attributed to abusive, neglectful parents and peers bullying her.

The social media companies behind TikTok, Snapchat, YouTube and Instagram are accused of purposely inducing young people to compulsively use the platforms through addictive features, such as infinite scroll, autoplay, notifications and reward systems. While the first bellwether trial is focused on a single plaintiff's claims, the outcome of the consolidated cases poses billions of dollars in risk for the companies.

TikTok Inc. and Snap Inc. recently settled with Kaley, although the settlement did not resolve other consolidated personal injury cases in the Judicial Council Coordination Proceedings pending before Judge Kuhl.

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

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

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

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

The case is Social Media Cases, case number JCCP5255 and lead case number 22STCV21355, in the

Superior Court of the State of California, County of Los Angeles.

--Editing by Kristen Becker.

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Google's \$135M Deal To End Data Use Suit Gets Initial Nod

By **Dorothy Atkins**

Law360 (March 6, 2026, 8:00 PM EST) -- A California federal magistrate judge preliminarily approved Google's \$135 million settlement to resolve a proposed class action alleging Google surreptitiously consumed Android users' mobile data, finding the deal is fair despite Google agreeing to pay nearly three times more to settle similar claims by a smaller Golden State-consumer class.

In a 36-page order Thursday, U.S. Magistrate Judge Virginia K. DeMarchi agreed to preliminarily sign off on the nine-figure deal after requesting more details from the parties about per class member payouts, which are expected to range between \$1.01 to \$1.48 depending on the claims rate.

The settlement seeks to cover a class of the more than 100 million Android phone users who have had cellular data plans at some point since Nov. 12, 2017. Meanwhile, class counsel plans to seek up to 29.5% of the settlement, or \$39.825 million, in fees and approximately \$750,000 in costs and expenses.

If granted final approval, the deal would resolve federal litigation launched by a group of Android phone users in November 2020, alleging Google has been "free-riding" off their cellular data by allegedly surreptitiously consuming their data allowance to facilitate data transfers that enhance Google's targeted advertising capabilities.

Judge DeMarchi tossed the case in **October 2022**, but in February 2024, the Ninth Circuit revived the consumers' conversion claim, sending the dispute back to the district court for discovery.

On remand, the consumers sought class certification and in August of last year, the consumers asked Judge DeMarchi to pause litigation pending Google's appeal of a jury verdict in the parallel state court case Attila Csupo et al. v. Google LLC involving roughly 14 million Android users in the Golden State.

In that dispute, a Santa Clara County Superior Court jury last July awarded the plaintiffs more than **\$314.6 million** after finding that Google unlawfully caused Android devices to secretly send certain information over cellular networks for Google's own purposes.

However, Judge DeMarchi denied the stay request in November and shortly after, the parties informed the federal court they had cut a proposed settlement, leaving the class certification dispute unresolved. Meanwhile, last month, parties in the state litigation revealed that Google agreed to pay \$350 million to settle the Csupo litigation.

In light of that deal, the proposed settlement class in the federal case excludes California-based Android users who are covered by the Csupo litigation. In moving for preliminary approval of the deal in federal court, the consumers' counsel argued that the \$135 million deal is "very significant" monetary recovery and likely "the largest class action settlement ever of a conversion claim in federal court."

The consumers also touted the proposed deal's injunctive relief, which would require Google to clearly disclose that it consumes cellular data and obtain express consent. Google additionally agreed to take steps to deactivate the "allow background data usage" toggle, which the consumers claim fails to turn off data transfers despite purporting to allow users to do so.

Judge DeMarchi held a hearing on the **motion for preliminary approval** last month, and held off on

granting the motion. But following the hearing, claims administrator Angeion CEO Steven Weisbrot submitted a supplemental filing that estimates, based on digital payment user statistics and Angeion's experience, that approximately 55% and 80% of the class will receive payments.

That means individual payments to each class member in the federal litigation could range from \$1.01 to \$1.48, and would likely be roughly \$1.20 if the class member participation rate falls closer to the median, according to the judge's order preliminarily approving the deal.

Judge DeMarchi noted in her latest ruling that the consumers' counsel believe that if they won at trial, the monetary recovery to the class could be as high as \$2 billion, or approximately \$19.05 per class member.

The judge reasoned that although the per class member recovery under the settlement is a "substantial discount" from the maximum recovery estimates, the consumers face potentially significant hurdles if the case went to trial, particularly given the parties' dispute over how to value cellular data, and there is a "real possibility of recovering nothing, absent the settlement."

During the hearing last month, Judge DeMarchi had also questioned the per class member payouts in the instant deal compared to the Csupo settlement, which is nearly three times larger but covers a smaller class.

But her order notes that consumers' counsel explained the Csupo action was filed roughly 18 months before the federal suit, so it has a longer damages period and it includes a period of time when so-called unlimited data plans were less prevalent and costs of cellular data were higher.

The Csupo case also proceeded through more than six years of litigation, including a trial, the judge said.

"Based on the discussion held at the motion hearing, the court is satisfied that the disparity between the Csupo settlement and the present proposed settlement in this federal action reflects the fact that the two actions are in very different procedural postures, with greater uncertainty attending the outcome of the present action, and with different circumstances and legal standards affecting risks of proceeding in this litigation," the order says.

Any objection to the settlement is due by May 29 and a hearing on a motion for final settlement approval and motion for attorney fees is set for June 23 at 10 a.m. before Judge DeMarchi in San Jose, California.

Counsel for the parties and representatives for Google didn't immediately respond to requests for comment on Friday.

The plaintiffs are represented by Elizabeth M. Pipkin and Ann M. Ravel of McManis Faulkner, Glen E. Summers, Karma M. Giulianelli, Lindley J. Brenza and Jonathan Jacob Marsh of Bartlit Beck LLP, and Marc A. Wallenstein, George A. Zelcs, Ryan Z. Cortazar, Chad E. Bell, Pamela I. Yaacoub, Carol L. O'Keefe and Michael E. Klenov of Korein Tillery LLC.

Google is represented by Whitty Somvichian, Max A. Bernstein and Caroline A. Lebel of Cooley LLP.

The instant case is Taylor et al. v. Google LLC, case number 5:20-cv-07956, in the U.S. District Court for the Northern District of California. The state case is Attila Csupo et al. v. Google LLC, case number 19CV352557, in Superior Court of the State of California, County of Santa Clara.

--Additional reporting by Hailey Konnath and Allison Grande. Editing by Emily Kokoll.

DOJ Deal With Live Nation Throws Antitrust Trial Into Disarray

By **Pete Brush**

Law360, New York (March 9, 2026, 10:12 AM EDT) -- U.S. Department of Justice lawyers told a Manhattan federal judge Monday that the government is settling its claims that Live Nation engaged in unlawful monopolization by tying ticket sales to the use of its venues, throwing an ongoing trial involving dozens of states into an uncertain posture.



The settlement revealed Monday between the DOJ and Live Nation leaves the dozens of states involved in the antitrust case in an uncertain position. (Photo Illustration by Pavlo Gonchar/SOPA Images/LightRocket via Getty Images)

The comments to U.S. District Judge Arun Subramanian came as the second week of a Sherman Act trial was set to get underway in Live Nation's **effort to beat** claims by the federal government, 39 states and the District of Columbia that it engaged in monopolistic conduct to control the live entertainment supply chain after its 2010 purchase of Ticketmaster.

The DOJ cited a term sheet dated Thursday that had not been docketed as of Monday morning. Judge Subramanian ordered Live Nation CEO Michael Rapino, who signed the document, to appear in court Tuesday to answer questions.

Judge Subramanian also asked why the trial proceeded on Friday despite a Thursday term sheet.

If the trial continues, a jury of 12 would weigh allegations that Live Nation pressures artists who use its large amphitheaters to also use its promotional services, and that the company unduly ties the use of its venues to the use of Ticketmaster.

Claims from the District of Columbia and the 39 states — including New York Attorney General Letitia James — potentially remain in play. The Empire State claims, among other things, that Live Nation's conduct saddles music fans with high prices and outrageous fees.

James' office has previously said that it would continue to pursue its case no matter what the feds do. Other states, including Florida, had also expressed concerns about entering into a settlement at the outset of trial, according to statements in court.

In a statement, James' office said the DOJ deal "fails to address the monopoly at the center of this case" and that the Empire State can't agree to it.

"We will continue our lawsuit to protect consumers and restore fair competition to the live entertainment industry," James said.

It was unclear if the trial would continue, and if so, in what capacity. At least one representative for the state plaintiffs said in court Monday that a mistrial was warranted, but the judge indicated that the states should be prepared to continue the trial and press their claims for damages.

News of a deal between Live Nation and the DOJ in Washington appeared to catch even the federal trial lawyers by surprise. The DOJ's David Dahlquist said his team and the states would have to study the term sheet before advising the court on next steps.

Live Nation has denied wrongdoing, arguing that it made the market more competitive and has improved experiences for concertgoers.

But the plaintiffs say that since the 2010 tie-up, Live Nation and Ticketmaster have continued to grow and misuse their position in the market. They claim overcharges are passed on to consumers and that Live Nation has failed to improve important ticketing technologies.

The federal government is represented by counsel including Bonny Sweeney, Lorraine Van Kirk and David Dahlquist of the U.S. Department of Justice's Antitrust Division.

The states are represented by their respective attorneys general.

Live Nation and Ticketmaster are represented by Al Pfeiffer, David Marriott, Tim O'Mara, Jennifer L. Giordano, Andrew Gass, Kelly Fayne, Lindsey S. Champlin and Robin L. Gushman of Latham & Watkins LLP and Lauren A. Moskowitz, Jesse M. Weiss and Nicole M. Peles of Cravath Swaine & Moore LLP.

The case is U.S. v. Live Nation et al., case number 1:24-cv-03973, in the U.S. District Court for the Southern District of New York.

--Editing by Daniel King.