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Solenio Investor Sues Over Stock Plunge After Short-Seller Report

March 9, 2026, 1:01 PM PDT

Summary by Bloomberg AI

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- A proposed class action said Solenio Therapeutics Inc. concealed issues with its first commercial drug, leading to stock declines after a short seller piled on accusations.
- The company's stock price dropped after short seller Scorpion Capital LLC released a report accusing Solenio of clinical trial issues, safety and efficacy concerns with the drug, and adverse patient reactions.
- The proposed class includes those who got Solenio stock from March 26, 2025, through Nov. 4, 2025, and seeks damages for alleged federal securities law violations by Solenio and certain executives.

Solenio Therapeutics Inc. concealed issues with its first commercial drug, leading to stock declines after a short seller piled on accusations, a proposed class action said.

The drug was approved by US regulators last year to treat hyperphagia, a feeling of insatiable hunger, in people with a rare genetic condition called Prader-Willi syndrome. Following the launch of Solenio's diazoxide choline extended-release tablets, short seller Scorpion Capital LLC released a 415-page report accusing the company of clinical trial issues, safety and efficacy concerns with the drug, and adverse patient reactions.

The biopharmaceutical company's stock price dropped 12% over two trading days surrounding the August report.

"Notably, the price of Solenio common stock has not recovered from the price of the stock prior to the publication of the Scorpion Capital Report despite efforts by the Company to refute the report's allegations, indicating a broad market consensus that a material portion of the report's claims are credible," said the complaint filed by a pension fund March 6.

And Solenio's stock price took more hits after additional Scorpion criticism, the fund told the US District Court for the Northern District of California.

Solenio disclosed in September that a patient taking the medication, sold under the name VYKAT XR, had died. The treating physician and company assessed the death wasn't associated with the drug, according to Solenio's filing with the US Securities and Exchange Commission. Scorpion later posted to social media that it doubted that assessment.

On a Nov. 4 earnings call, CEO Anish Bhatnagar said Solenio "did see a disruption in our launch trajectory in the wake of a short-seller report that was released in mid-August." Scorpion posted online about Solenio multiple times Nov. 4 and 5, including circulating a story about a mother claiming her son had congestive heart failure after starting VYKAT.

Solenio's stock price plummeted almost 27% to close at \$46.87 on Nov. 5, the stock's sharpest one-day drop since 2021, according to Bloomberg data.



Scorpion continued criticizing Solenio, recently about its chief financial officer's announced retirement.

Last month, Bhatnagar said in press release containing 2025 financial results that with the US launch of VYKAT “well underway, we plan to pursue regulatory approval in other territories, starting with the EU. We will also begin to evaluate diazoxide choline extended-release (DCCR) in additional high-need rare diseases as we expand our development pipeline.”

The proposed class includes those who got Soleno stock from March 26, 2025—when the company announced the Food and Drug Administration’s approval of the treatment for hyperphagia—through Nov. 4, 2025.

Robbins Geller Rudman & Dowd LLP and AsherKelly represent the City of Pontiac Police and Fire Retirement System, which seeks damages for alleged federal securities law violations by Soleno and certain executives.

Solenio didn’t immediately respond to an email seeking comment.

The case is City of Pontiac Police & Fire Ret. Sys. v. Soleno Therapeutics, Inc. , N.D. Cal., No. 3:26-cv-01979, complaint filed 3/6/26 .

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Biopharma company downplayed drug safety issues, investor suit says

2026 CORPGDBRF 1104 • By Nicole Banas

Westlaw Corporate Governance Daily Briefing • March 09, 2026

(March 09, 2026) - Soleno Therapeutics Inc. is facing a securities fraud lawsuit alleging it concealed serious safety issues with a drug to treat excessive hunger in patients with a rare genetic disorder.

City of Pontiac Police and Fire Retirement System v. Soleno Therapeutics Inc. et al., No. 26-cv-1979, *complaint filed* (N.D. Cal. March 6, 2026).

The proposed class action, filed March 6 in the U.S. District Court for the Northern District of California, says that Soleno's share price plummeted late last year on reports of serious adverse reactions to the drug Vykat XR and one patient death.

The company, CEO Anish Bhatnagar and two other officers downplayed the safety risks of Vykat and exaggerated its commercial viability, according to the complaint filed by Soleno shareholder City of Pontiac Police and Fire Retirement System.

'Looming safety disaster'

Soleno announced in March 2025 that the Food and Drug Administration had approved Vykat to treat hyperphagia, or extreme and insatiable hunger, in patients with the genetic disorder Prader-Willi syndrome.

Following the approval, the defendants made false and misleading statements touting the "favorable safety and tolerability profile" of the drug, which costs approximately \$500,000 per year, the suit says.

Former Soleno Chief Financial Officer James Mackaness told investors June 10, 2025, that there were only two severe adverse events reported during clinical studies of Vykat, the complaint says.

The positive statements artificially inflated Soleno's share price to more than \$90 and allowed the company to raise \$230 million in a secondary public stock offering in July 2025, according to the suit.

But the share price began to fall after short-seller Scorpion Capital published an "exhaustively detailed exposé" on Soleno on Aug. 15, 2025, the complaint says.

The report called Vykata a "looming safety disaster" and said that Soleno had concealed evidence it caused excess fluid retention and an elevated risk of diabetes and heart failure, according to the suit.

Scorpion also detailed interviews with trial investigators who called the drug a "failure" and said they had "no plans to prescribe it," the suit says.

Share price drops

Soleno's share price fell nearly 12% on Aug. 18, 2025, closing at approximately \$68, and dropped again Sept. 11, 2025, after the company disclosed the death of a patient taking Vykata, the complaint says.

The company stated that the death was unrelated to Vykata, but Scorpion Capital questioned that denial and reported more adverse events associated with the drug in October 2025, the suit says.

The share price plummeted 27% on Nov. 5, 2025, closing around \$47, after Soleno disclosed that fewer patients had started the medication and more patients discontinued treatment after Scorpion's report, the suit says.

The complaint asserts violations of the anti-fraud and control-person provisions of the Securities Exchange Act of 1934, [15 U.S.C.A. §§ 78j\(b\)](#) and [78t\(a\)](#), by Soleno, Bhatnagar, Mackaness and Chief Commercial Officer Meredith Manning.

The plaintiff, represented by Shawn A. Williams of [Robbins Geller Rudman & Dowd LLP](#), requests unspecified compensatory damages, class certification and other relief.

By Nicole Banas

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Soleno Therapeutics Inc.

Utility beats back securities fraud suit stemming from 2025 LA wildfires

2026 CORPGDBRF 1117 • By Conor O'Brien, Esq.

Westlaw Corporate Governance Daily Briefing • March 09, 2026

(March 09, 2026) - Edison International and two executives have defeated securities fraud allegations that the public utility holding company misled investors about risk mitigation efforts after two devastating wildfires in Los Angeles County, California, in 2025.

Elliott et al. v. Edison International et al., No. 25-cv-1383, 2026 WL 636708 (C.D. Cal. Mar. 6, 2026).

U.S. District Judge Otis D. Wright II of the Central District of California issued an order March 6, rejecting the plaintiffs' claims that Edison overstated reductions in wildfire risk and misrepresented the effectiveness of a "Public Safety Power Shutoff program" implemented by its subsidiary, Southern California Edison Co.

Statements describing PSPS as a "foundational strategy" to combat wildfires were too vague to be misleading under securities fraud pleading standards and they constituted non-actionable corporate optimism, Judge Wright ruled.

He also rejected claims that risk reduction estimates — based on third-party modeling — were misleading, saying the plaintiffs failed to show that the defendants disbelieved the data or had omitted facts that would have been material to investors.

The court granted the plaintiffs limited leave to amend the allegations tied to the risk reduction statements, but not related to PSPS statements, within 21 days.

By Conor O'Brien, Esq.

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Article: LA utility misled public about power line safety during wildfires, suit says [2025 CORPGDBRF 0667](#)

Date: Feb. 20, 2025

Public utility holding company Edison International falsely claimed that its safety protocols proactively deenergized power lines during the Los Angeles fires, a shareholder says in a California federal court lawsuit.

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Securities

Eos Energy's 2025 Revenue Shortfall, Losses Draw Investor Suit

March 9, 2026, 11:27 AM PDT

Eos Energy Enterprises Inc. touted the production process for its commercial and industrial batteries in 2025 without disclosing that it couldn't keep up with the capacity it needed to meet revenue targets, an investor alleges.

A 2025 revenue shortfall and attendant financial losses prompted a nearly 40% stock selloff the day they were announced last month, plaintiff Shui Shing Yung says. The proposed class action was filed March 6 in the US District Court for the District of New Jersey.

"Throughout fiscal year 2025, the Company touted its allegedly highly efficient manufacturing systems, driven by a transition to a fully-automated battery manufacturing line," Yung says. "The Company further touted the significant revenue and margin benefits allegedly derived from its highly automated manufacturing process."

But Eos undershot its previously announced revenue guidance of \$150 to \$160 million for fiscal year 2025, instead coming in around \$114 million, the complaint says.

Eos reported a gross loss of almost \$144 million, a "net loss attributable to shareholders" of nearly \$970 million, and an earnings metric showing a \$219 million loss, Yung says. Company officials allegedly blamed production issues.

The company's stock fell more than 39% to close at \$6.74 per share on Feb. 26, 2026, the day of the report—the steepest single-day loss since it went public in 2020, according to information compiled by Bloomberg.

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

Yung seeks damages on his securities fraud claims.

Eos didn't immediately respond to an emailed request for comment.

Yung is represented by Carella, Byrne, Cecchi, Brody & Agnello PC, Glancy Prongay Wolke & Rotter LLP, and Holzer & Holzer LLC.

The case is Yung v. Eos Energy Enters., Inc. , D.N.J., complaint filed 3/6/26 .

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Solar Firm Nextpower Beats Investor Lawsuit Over Project Delays

March 10, 2026, 7:38 AM PDT

Summary by Bloomberg AI

AI Generated



- Nextpower Inc. and top executives defeated investor allegations that the company downplayed the effects of project delays on earnings in 2024.
- Judge P. Casey Pitts said the investors failed to sufficiently allege executives' statements about financial results or the company's resiliency were false or misleading.
- The investors can replead within 28 days of Pitts's order, which dismissed their proposed class complaint.

Nextpower Inc. and top executives defeated investor allegations that the solar technology company downplayed the effects of project delays on earnings in 2024.

The investors failed to sufficiently allege executives' statements about financial results or the company's resiliency were false or misleading, Judge P. Casey Pitts said, dismissing their proposed class complaint Monday.

CEO Dan Shugar and President Howard Wenger's "optimistic statements" in May 2024 about past financial results didn't create a false impression of Nextpower's then-current position, the US District Court for the Northern District of California judge said.

The investors alleged executives knew, or recklessly disregarded at that time, that project delays were growing and hindering Nextpower's ability to convert its backlog into revenue. But former employees' testimony about real-time access to project delay information that the investors relied on wasn't specific enough to undermine executives' statements, Pitts said.

Nextpower, which rebranded from Nextracker last year, alerted investors to the existence of delays, Pitts said. The shareholders failed to sufficiently allege a risk disclosure that delays "could" impact the company was misleading, because they didn't plead an adverse effect had already occurred.

Chief financial officer Chuck Boynton's opinion that Nextpower had "probably" been "a little more resilient" than competitors was too vague to be untrue, and the complaint didn't indicate that he didn't believe his statement, Pitts said.

The investors can replead within 28 days of Pitts's order.

Investors relied on the company's backlog of contracts or purchase orders as a signal for expected future revenue. Management downplayed the industry impacts on Nextpower of holdups on solar projects, which can be related to anything from permits and regulatory clearances to weather and construction to electrical grid connection delays, the suit said.

The proposed class includes those who acquired Nextpower stock from May 14, 2024, through Aug. 1, 2024.

That day, Nextpower revealed fallen quarterly revenue and gross profits compared to the prior period and maintained its full-year revenue guidance rather than raising it, with executives noting longer project fulfillment timelines. On Aug. 2, Nextpower's share price fell more than 10% to close at \$41.98—then its sharpest one-day tumble since its 2023 market debut, according to data compiled by Bloomberg.

Rosen Law Firm PA, lead counsel for the investors, declined to comment. Orrick, Herrington & Sutcliffe LLP represents Nextpower and five executives named as defendants. Neither the firm nor Nextpower immediately responded to emails seeking comment.

The case is *Barker v. Nextracker Inc.*, N.D. Cal., No. 5:24-cv-09467, 3/9/26 .

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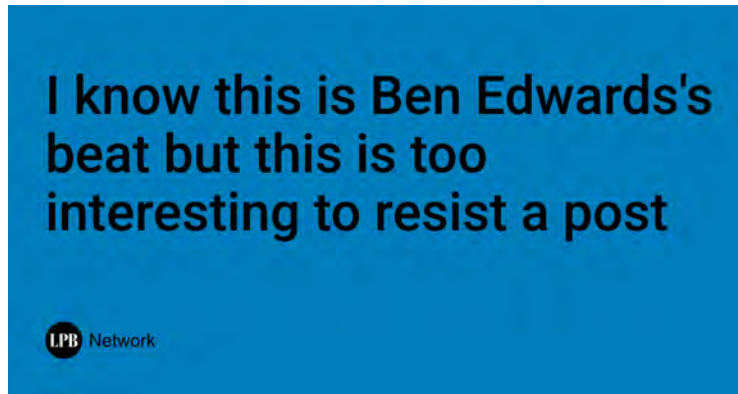
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I know this is Ben Edwards's beat but this is too interesting to resist a post

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Ann Lipton

March 10, 2026



Sorry, Ben, I'm jumping on this one.

Exxon is [proposing to move its domicile to Texas](#).

It's an obvious move for Exxon; their headquarters are there so they're not exposing themselves to lawsuits in a different venue, and they also perhaps expect, shall we say, a friendlier judicial reception in Texas.

But Exxon isn't a Delaware company. It's a New Jersey one, old school from when it was Standard Oil and New Jersey dominated the market for corporate charters. Right now, they're the subject of a couple of lawsuits in New Jersey over their retail shareholding program, and they're fighting to transfer those to Texas.

But Exxon doesn't have a controlling shareholder; its shareholders are normie institutions like BlackRock and State Street.

Perhaps to placate them over the move, [it's explicitly *not* going to opt in to the Texas provisions that would allow ownership thresholds on shareholder proposals and derivative lawsuits – provisions that did not exist when, say, Tesla asked them to vote on a move](#).

But, it's also not committing in the charter not to adopt those provisions in a unilateral director-passed bylaw in the future ([compare, for example, ArcBest, which promised in the charter not to adopt ownership thresholds](#)). (Exxon does,

however, argue that even under New Jersey law, it would be free to adopt a bylaw limiting shareholder proposals – an untested proposition, but [one Mohsen Manesh has advocated](#))

But there is a provision of Texas law Exxon ([and ArcBest](#)) would be bound by: Texas prohibitions on imposing any liability on corporate directors or officers for anything short of fraud, intentional misconduct, an ultra vires act or a knowing violation of law. Notably, these protections of Texas law extend even to *director initiated* lawsuits – i.e., not just shareholder derivative lawsuits, but ones that the *board* voluntarily chooses to bring.

All of this, I think, puts the BlackRocks of the world in a political bind. They generally express a preference against diminishing shareholder rights in meaningful ways, but they're also under heavy pressure to demonstrate that they support the fossil fuel industry.

I'd ask what they plan to do but I assume ... Exxon wouldn't have offered this proposal in the first place if it hadn't put out a few feelers first (in full compliance with the rules on proxy solicitation of course).

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Former Twitter lawyer says he received threats of 'World War III' over Musk acquisition deal

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Margaret Attridge

March 10, 2026



Attorney Aaron Arnzen of Bottini & Bottini questions Elon Musk during a trial over Musk's purchase of Twitter. (Photo by Vicki Behringer via Courthouse News)

SAN FRANCISCO (CN) — The Twitter lawyer who handled Elon Musk's multibillion-dollar acquisition of the social media platform in 2022 told a San Francisco [jury](#) Monday an attorney for Musk told him it would be "World War III to the end of time" if Musk was forced to go through with the purchase.

"He said 'I've been specifically told to convey a message to you that if Musk is required to go through transaction after trial it would be World War III till the end of time, for real,'" Twitter attorney Martin Korman of Wilson Sonsini Goodrich & Rosati said, referring to a September 2022 phone conversation he had in with Musk attorney Mike Ringler.

(Ringler was with Skadden Arps Slate Meagher & Flom at the time, but is now with Sullivan & Cromwell).

Investors, including lead plaintiffs Steve Garrett, Nancy Price, John Garrett and Brian Belgrave, sued Musk in 2022, accusing him of deliberately making misleading statements about the presence of spam bot accounts on Twitter to

drive down the company's stock, in hopes of backing out of the acquisition deal or renegotiating more favorably for himself.

The plaintiffs [claim](#) Musk attempted to artificially lower Twitter's stock price after agreeing to acquire the platform in April 2022, while also failing to disclose when his Twitter stake exceeded 5% or that he had initially been invited to join Twitter's board.

Twitter ultimately sold to Musk for \$54.20 per share in October 2022, only closing after the company [sued](#) Musk to force the deal to go through while he accused the platform of hiding information about fake accounts.

During the sixth day of trial over Musk's \$44 billion buyout of Twitter, plaintiffs' attorney Caroline A. Yuen of Cotchett, Pitre & McCarthy on Monday asked Korman about his conversations with Musk's lawyers in September 2022 as Twitter was pursuing [litigation](#) against Musk.

Korman testified that Alex Spiro of Quinn Emanuel Urquhart & Sullivan, another attorney for Musk, told him in a phone conversation that it would be "in everyone's best interest" to settle the case, and if the deal was forced to go forward, Musk would have access to company records and "dig into whatever he wanted to dig into and that might not be comfortable for Twitter people and their heirs."

Yuen asked Korman about his reaction to [statements](#) Musk posted about the agreement, including a tweet from May 13, 2022, where Musk said the Twitter deal was on hold, "pending details supporting calculation that spam/fake accounts do indeed represent less than 5% of users." A couple of hours later, Musk followed up with another tweet saying he was "still committed to acquisition."

According to messages revealed in court, Korman wrote an email to Musk's team on May 13, reiterating that information shared in a meeting planned that day was "confidential and subject to the NDA in place with Mr. Musk" and "merger agreements of course restricts tweets disparaging of the company or its representatives."

"We expressed surprise that these tweets were out there, so far as they contained information that had been discussed at the morning meeting related to the procedures Twitter used to calculate the prevalence of false and spam accounts," Korman told the jury regarding his calls with Ringler that day.

Korman further spoke about the communications he had with Musk's team over Musk's concerns about false or bot accounts, testifying he proposed Twitter data scientists and Musk's data scientists meet to resolve any questions Musk had about Twitter's 5% bot estimation. Musk's team never took him up on the offer

"Twitter has offered on multiple occasions to have Musk experts in data science meet directly with Twitter personnel to understand more fully the process disclosed in Twitter's SEC filings about the manner in which the company estimates false or spam accounts as a percentage of mDAU," Korman wrote in a June 20, 2022, letter to Ringler, referring to monetizable daily active users.

"To date, you have not taken Twitter up on that, but Twitter remains open to doing so," he continued.

During cross-examination, Ellyde R. Thompson of Quinn Emanuel Urquhart & Sullivan, a lawyer for Musk, asked Korman about a letter Ringler sent him on May 31, 2022, asking for more information on the bot problem, stating Musk is willing to "implement protocols to ensure that sharing it with him will not cause damage or competitive harm to the company."

However, on redirect, Yuen highlighted a letter sent by Korman the very next day, asking Musk's team for more explanation on why the large amount of data Musk was requesting was necessary, how it would be used, and what steps would be taken to protect the information.

"Did Musk respond with any concrete or detailed protocols?" she asked. Korman responded that he never got a response from Ringler, nor anything directly from Musk.

The plaintiffs also questioned Bret Taylor, former head of Twitter's Board of Directors, about his interactions with Musk before and during the acquisition agreement.

During the first week of trial, Musk testified that Taylor and the rest of the Twitter Board of Directors defrauded him and that the company had lied in SEC filings about the estimated percentage of fake or spam accounts.

"Musk claimed that you and the other Twitter directors defrauded him, that you literally lied to him. Is that true?" plaintiffs' attorney Frank Bottini of Bottini & Bottini asked Taylor Monday.

"I always try to act truthfully in my interactions," Taylor responded.

The plaintiffs rested their case on Monday. However, one outstanding witness is expected to take the stand on Thursday. Ringler and Spiro are expected to testify for the defense Tuesday.

A representative for the plaintiffs declined to comment. Representatives for the defense did not immediately respond to a request for comment.

U.S. District Judge Charles R. Breyer, a Bill Clinton appointee, is presiding over the trial. It is scheduled to continue through March 16.

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California Brief

Meta, Google Pivot in Addiction Trial to Accuser's History (1)

March 9, 2026, 1:32 PM PDT

As Meta Platforms Inc. and Google start presenting their defense in a landmark trial over social media addiction, the companies are pushing back on claims by the 20-year-old who brought the case that they're solely to blame for her mental health struggles.

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 from turmoil in her family and school life rather than the platforms.

Google's team, meanwhile, is highlighting her historical usage of YouTube to show that in recent years, she spent an average of just a half hour a day on the video-sharing site — not enough time to qualify as addiction.

[Read More: YouTube Lawyer Sees No Addiction From Half Hour of Videos](#)

Jurors in the Los Angeles case already heard testimony from Kaley G.M. about how her constant use of Instagram and 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."



Plaintiff "K.G.M.", center, arrives at Los Angeles Superior Court on Feb. 26.

Photographer: Mario Tama/Getty Images

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.

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

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.



Meta Platforms CEO Mark Zuckerberg arrives at Los Angeles Superior Court on Feb. 18.
Photographer: Kyle Grillot/Bloomberg

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.

(Updates with details of Google's defense in third paragraph.)

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Four-Plaintiff Chicago Trial Opens Against Abbott Over Preterm Infant Formula

The trial is the fourth in the nation to allege cow's milk-based formula fed to premature babies in hospitals causes a life-threatening gastrointestinal illness called necrotizing enterocolitis, or NEC.

March 09, 2026 at 02:30 PM By  **Amanda Bronstad**

What You Need to Know

- Juries in 2024 hit Abbott with a \$495 million verdict in Missouri's 22nd Judicial Circuit Court in St. Louis, and Mead Johnson, another formula manufacturer, with a \$60 million verdict in St. Clair County Circuit Court in Illinois.
- Another jury in Missouri's 22nd Judicial Circuit Court sided with both Abbott and Mead Johnson, but a judge overturned the verdict, citing 'widespread misconduct' on the part of the defendants.
- Meanwhile, in the related multidistrict litigation, U.S. Chief District Judge Rebecca Pallmeyer, in the Northern District of Illinois, has bellwether trials planned for the coming months, the first of which is set for July 6 against Mead Johnson



Hariklia Karis, with Kirkland & Ellis, on October 18, 2021. Photo: Diego M. Radzinski/ALM

A high-stakes trial over Abbott Laboratories Inc.'s infant formula was expected to begin on Monday in Chicago's Cook County Circuit Court.

The trial is the fourth in the nation to allege cow's milk-based formula fed to premature babies in hospitals causes a life-threatening gastrointestinal illness called necrotizing enterocolitis, or NEC. Juries in 2024 hit Abbott with [a \\$495 million verdict](#) in Missouri's 22nd Judicial Circuit Court in St. Louis, and Mead Johnson, another formula manufacturer, with a [\\$60 million verdict](#) in St. Clair County Circuit Court in Illinois. Another jury in Missouri's 22nd Judicial Circuit Court [sided with both](#) Abbott and Mead Johnson, but a judge [overturned the verdict](#), citing "widespread misconduct" on the part of the defendants.

In an unusual twist, Monday's trial involves the families of four babies who contracted NEC after ingesting Abbott's formula, sold under the brand name "Similac." None of the babies died. The cases allege product defect and failure-to-warn claims.

Keller Postman's Ben Whiting, in Chicago, who is lead plaintiffs' counsel along with Colorado's Olson Grimsley Kawanabe Hinchcliff & Murray, declined to comment. Both firms teamed up in the first trial against Mead Johnson that ended in a \$60 million verdict.

Abbott's lead attorneys are Kirkland & Ellis partner Hariklia "Carrie" Karis, in Chicago, and Winston & Strawn's Matt Saxon, a Washington D.C. partner. An Abbott spokesperson declined to comment.

Meanwhile, in the related multidistrict litigation, U.S. Chief District Judge Rebecca Pallmeyer, in the Northern District of Illinois, has bellwether trials planned for the coming months, the first of which is set for July 6 against Mead Johnson, which sells its formula under the brand name "Enfamil."

"Specialized preterm hospital nutrition products, including Enfamil preterm formula, provide essential, lifesaving nutrition to vulnerable premature infants when mother's or donor milk is unavailable or insufficient," a Mead Johnson spokesman said in an emailed statement to Law.com. "We stand behind the safety and efficacy of our specialized preterm hospital nutrition products, which neonatologists recommend, when clinically appropriate, as a crucial part of the standard of care in neonatal intensive care units."

Andy Childers, of Levin Papantonio Proctor Buchanan O'Brien Barr & Mougey, in Pensacola, Florida, who is co-lead plaintiffs' counsel in the multidistrict litigation, told Law.com he was confident about plaintiffs' successes at trial.

"We are rooting for each other and doing everything we can to push the ball forward to bring these cases to a resolution at some point," he said.

'Significant Difference in the Future Trials'

Abbott and Mead Johnson, owned by Reckitt Benckiser Group, dominate the market for cow's milk-based infant formula given to premature babies. They have insisted at trials that denying babies their products would lead to more deaths and refuted allegations that their formula causes NEC.

The four cases are of Illinois residents whose children were born prematurely and, after receiving Abbott's formula while at the hospital, developed NEC, leading to "long-term health effects." Three of them also had surgeries.

The plaintiffs are: Antonio Mendez, whose child Adela Mendez was born in 2012 at the University of Illinois Hospital in Chicago; Eboni Williams, on behalf of her child K'Miya Williams, who was born in 2014 at the same hospital; Casie Thompson, on behalf of her child Aiden Henry, who was born at AMITA Health St. Alexius Medical Center in Hoffman Estates, Illinois, in 2019; Kara Sharpe, on behalf of her child Joseph Sharpe, who was born in 2019 at the University of Chicago Medical Center.

The trial is planned to last six to eight weeks.

Plaintiffs' attorneys have suggested that there are alternatives available, such as donated breast milk. The four complaints refer to "breast milk-based feeding products" sold by Prolacta Bioscience.



Andy Childers, Levin Papantonio.

In the multidistrict litigation, which contains more than 775 cases, Mead Johnson has a pending summary judgment motion to toss the upcoming bellwether case, based in part on the lack of an alternative product. Prolacta, wrote Mead Johnson attorney Emily Ullman, a partner at Covington & Burling in Washington D.C., was not an alternative because it is not a stand-alone food source.

Pallmeyer dismissed three prior bellwether cases on summary judgment. In [those rulings](#), Pallmeyer concluded that [alternative products were not available](#) to doctors. As a result, she [vacated the planned bellwether trials](#).

Childers said he was confident the upcoming case would survive summary judgment.

"Some of the issues the judge found to be problematic for her in the first three orders are no longer there because we've done additional discovery, added additional experts," he said. "This

past Friday was plaintiffs' expert disclosure deadline and any gaps that I think Judge Pallmeyer was concerned about have been filled."

The judge also scheduled a second wave of three bellwether trials against Abbott, the first of which is Aug. 3. Childers said his team has deposed three high-level executives at Prolacta for those cases.

"We had previously not been able to get discovery from Prolacta and were able to for the second round of bellwethers," he said. "That will make a significant difference in the future trials."

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Judge Signals Class Certification Unlikely in Apple AirTag 'Stalking' Case

Judge Vince Chhabria last week expressed doubts about the likelihood of class certification in a long-running case that seeks to hold Apple Inc. liable for design elements in its AirTag tracking products that allegedly facilitate stalking.

March 09, 2026 at 10:05 PM By  **Kat Black**



Judge Vince Chhabria of the U.S. District Court for the Northern District of California.

Judge Vince Chhabria has expressed doubts about the likelihood of class certification in a long-running case that seeks to hold Apple Inc. liable for design elements in its AirTag tracking products that allegedly facilitate stalking.

Plaintiffs and defense counsel in the lawsuit, captioned [*Hughes v. Apple.*](#), presented arguments to Chhabria in a hearing held on March 5 in the U.S. District Court for the Northern District of California.

Addressing plaintiffs' counsel—David Slade, Marc Castañeda and Collins Kilgore of Wade Kilpela Slade in Little Rock, Arkansas—Chhabria said that, after putting himself "in the shoes of a plaintiff's lawyer" preparing to sue Apple, he was baffled by their decision to file a class action

rather than pursue a route to multidistrict litigation, emphasizing that plaintiffs do not have standing to seek injunctive relief.

"I feel fairly confident that what I would have said is, 'There's no way that we are going to be able to proceed with this case as a class action,'" he said.

"It makes a lot more sense to bring a bunch of individual cases. ... The court's never going to certify a class. In addition, if we try to proceed with a class action, there's going to be a huge mess with choice of law questions and the question of whether we have standing to seek injunctive relief. It's obvious that we're not going to be able to get a class certified with respect to causation, at a minimum. ... As a matter of fact, if we try to bring this as a class action, we run the risk that the judge is going to immediately sever the plaintiffs and rule that the plaintiffs are improperly joined."

The case, filed on Dec. 5, 2022, asserted that Apple's AirTag, a Bluetooth tracking device used to locate missing personal items that debuted in April 2021, "has revolutionized the scope, breadth, and ease of location-based stalking."

"With a price point of just \$29, it has become the weapon of choice of stalkers and abusers," it said, alleging product liability claims, negligence and violation of California's Invasion of Privacy Act, among other causes of action.

According to the complaint, the device was implicated in at least two reported murders in 2022. The plaintiffs, Lauren Hughes and the anonymously named Jane Doe—residents of Texas and New York, respectively—alleged that their former romantic partners used the device to "track," threaten" and "harass" them, leaving both to live in continual fear for their safety and forcing Hughes to move to a new neighborhood.

On March 15, 2024, Chhabria partially rejected Apple's motion to dismiss the lawsuit, finding that most of the claims were "inadequately pled" but ruling that claims for negligence and strict products liability under California law could proceed.

During the March 5 hearing, Chhabria likened the allegations in the proposed class action to those in ongoing passenger sexual assault litigation against rideshare giant Uber Technologies Inc., which was consolidated in the Northern District of California in 2023 and saw its first bellwether trial—resulting in an [\\$8.5 million verdict](#) for the plaintiff—earlier this year.

"These cases are kind of analogous to Uber sex assault cases in that there are a number of common issues about what measures Uber should have taken to make sure that its drivers were not dangerous to passengers," Chhabria said.

"There are legal questions, potentially, about whether the drivers are employees or independent contractors and things along those lines. But it's so obvious that you can't bring a class action on behalf of hundreds or thousands of people who were assaulted by Uber drivers, and so we're going to bring them individually. Why didn't you take that approach here?"

David Slade, representing the plaintiffs, noted that when the lawsuit was first filed with two named plaintiffs, he thought that the case was a "rifle-shot [California Invasion of Privacy Act] case." Since then, he said, plaintiffs counsel has been contacted by "roughly 39 other people."

"And so, going against the instincts of a good class action plaintiff's lawyer, we decided, 'All right, let's bring these people in,' recognizing that the more people you have in, the more variables you have, the messier things get," Slade continued, conceding that the case as it stands now looks "a lot like a mass tort."

Wade Kilpela Slade declined to comment on the development, and Apple and its counsel at Morrison & Foerster did not respond to requests for comment.

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California Brief

Live Nation Gets to Keep Ticketmaster in Surprise DOJ Settlement

March 9, 2026, 2:00 PM PDT

Live Nation Entertainment Inc. reached a surprise settlement with federal antitrust authorities, creating a chaotic courtroom scene that angered the judge and sparked a chorus of criticism from rivals, lawmakers and state attorneys general that had joined the case.

The settlement was announced Monday, just a week into the landmark trial. It threatens to derail an antitrust case years in the making that accused the company of illegally monopolizing the live music industry and sought to force a sale of its Ticketmaster subsidiary.

Under the terms, Live Nation won't have to sell Ticketmaster, the marquee goal of the DOJ and states in bringing the lawsuit. The developments buoyed Live Nation shares, which are on track to close at the highest price since September.

Still, news of the settlement was followed by conflicting information about which states will join the deal and how the trial will proceed without the Justice Department.

At Monday's hearing, Adam Gitlin, an attorney for the DC attorney general, said that more than two dozen states are opposed to the settlement and he asked the court for a mistrial.

Appear Before Judge

US District Judge Arun Subramanian, who is presiding over the case, delayed ruling on the request and ordered Live Nation Chief Executive Officer Michael Rapino and Omeed Assefi, the current acting head of the Justice Department, to appear before him to speak about the deal Tuesday morning.

Subramanian said he would likely pause the trial to allow the states to regroup and continue the case with the same jury next week.

The company said it didn't admit to any wrongdoing.

"By giving artists greater flexibility in choosing their promotional partners and ticketing strategy while also keeping the cost of a concert more affordable for fans, we are putting more power where it should be – with artists and fans," said Rapino.

Some details of the agreement still appear uncertain. A senior DOJ official said in a press briefing that Live Nation will sell at least 13 of its amphitheaters. A Live Nation executive said that company won't sell any of its venues, and that it doesn't own the 13 in question. Instead it will open up all the amphitheaters it owns or operates to rival promoters. That will require the company to terminate contracts with some amphitheaters that it doesn't own, and enter into new, non-exclusive deals, the executive said on a call with reporters.

"All owned and operated amphitheaters will continue to be operated by Live Nation as open venues, promoting competition and maximizing show volume," Live Nation said in a statement. According to a court filing with the settlement terms Live Nation will "divest ownership or control of 13 concert venues."

Build New Technology

The deal allows for a host of fixes the company's critics have long pushed for. Under the settlement, Ticketmaster can no longer require that large amphitheaters and arenas use it as the exclusive ticketing company, the DOJ official said. Live Nation will build technology so that venues can more easily allow rival systems to sell up to 50% of tickets to concerts alongside Ticketmaster, the company said.

The settlement will lead directly to lower prices, according to the DOJ official. Live Nation agreed to cap the fees at 15% for tickets sold at the company's venues, the company executive said, but it has no control over the fees at other locations.

Additionally, Live Nation must submit all acquisitions, regardless of size, to the DOJ for approval.

The agreement also calls for the company to pay a maximum of \$280 million in damages if all 39 states and the District of Columbia sign on, the government and company officials said. That figure will be lower if fewer states join the settlement, they said.

Industry players and lawmakers weren't pleased. The pact is "incredibly disappointing," said Adam Lichstein, general counsel of rival ticketer SeatGeek Inc., whose CEO was one of the key witnesses in the trial. "Meaningful reform requires deep structural changes, not more of the surface level consolations that have failed for the last 16 years."

Minnesota Democratic Senator Amy Klobuchar said, "given Live Nation-Ticketmaster's monopoly dominance in ticketing, venues, and promotion, the only way to make live events truly affordable and competitive for fans, artists, and venues is to break up Live Nation." Klobuchar said she plans to introduce a bill next week to bolster court oversight of antitrust settlements.

Opted For Settlement

The Justice Department was optimistic about its chances at trial, but opted for the settlement rather than go through a lengthy process that might not result in a favorable deal, the DOJ official said.

The settlement also requires Live Nation to provide artists with data on their fans ticket purchases, information the company previously withheld, the DOJ official added.

The lawsuit, which was filed under the Biden administration and brought to trial this month by President Donald Trump's Justice Department, accused Live Nation and Ticketmaster 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 said that Live Nation has monopolized the market for large, outdoor amphitheaters in the US.

Read More: Live Nation Nears DOJ Settlement That Avoids Ticketmaster Sale

Subramanian castigated the Justice Department and the states for what he said was an "entirely unacceptable" process. The judge said the parties informed him on Friday about the possibility of a settlement, but failed to disclose that a binding preliminary agreement had already been executed.

Andrew Kline, a Justice Department lawyer, said that Live Nation and the federal government signed a binding preliminary agreement on Thursday evening. Any settlement would still need to be finalized and then reviewed by Subramanian.

The states alleged in their mistrial motion that the Justice Department "hid the settlement" from them and "engineered" its timing to limit their ability to continue the case. The Justice Department didn't provide the states with the proposed settlement terms until Thursday, a lawyer for New York said in a sworn statement, and only gave them 24 hours to determine if they wanted to join.

Discussions With States

The DOJ has been in discussions with the states to alleviate their concerns, said the DOJ official, who estimated that there will be a double-digit number of states joining the settlement.

DC's Gitlin said that eight states have indicated they will join the settlement. Those include Arkansas, Iowa, Mississippi, Nebraska, Oklahoma, South Carolina, South Dakota and West Virginia — all of which have Republican attorneys general.

Four additional states with Republican AGs — Florida, Indiana, Louisiana and Texas — are still deciding. Texas said it has "concerns" about the deal, Gitlin said.

New York Attorney General Letitia James said that at least 25 states and DC will continue with the trial, along with New York. The settlement "fails to address the monopoly at the center of this case," she said in a statement. "We cannot agree to it."

Earlier: US Sues to Break Up Live Nation, Ticketmaster 'Monopoly'

Assefi, who brokered the deal directly with Live Nation's Rapino, took over as head of the Justice Department's antitrust division last month after the Trump administration removed Abigail Slater from the role. The Live Nation executive said he didn't believe her removal impacted the settlement negotiations.

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 literal billion-dollar question is what will come from the states continuing to pursue this case," said Bill Werde, director of the Bandier music business at Syracuse University. "The only thing that would change industry dynamics is if Live Nation has to split from Ticketmaster."

(Updates with Live Nation statement and fresh details throughout.)

--With assistance from **Mikella Schuettler**.

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Michael J. Moore, Steve Stroth

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California Brief

Live Nation Judge Orders Antitrust Settlement Talks With States

March 10, 2026, 6:53 AM PDT

A New York federal judge ordered a group of states to engage in settlement talks with Live Nation Entertainment Inc. to potentially resolve claims the company illegally monopolized the live event industry.

US District Judge **Arun Subramanian** declined to rule on a request by 27 states and Washington, DC, for a mistrial of the case that began last week after the Justice Department reached a settlement with the company. Instead, he ordered the states to negotiate a potential resolution with Live Nation. If no settlement is reached, a jury trial in the case may continue next week, he said.

The Justice Department announced Monday that it had reached a settlement with Live Nation to resolve the antitrust suit without the need for a sale of its Ticketmaster subsidiary — the main relief originally sought in the case. Subramanian must still review that settlement to ensure it is in the public interest before it is final.

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California Brief

NFL Sunday Ticket \$4.7 Billion Jury Award Pressed on Appeal

March 9, 2026, 2:24 PM PDT

Billions of dollars in damages awarded by a jury to NFL Sunday Ticket subscribers and then reversed by a judge were at stake during oral arguments Monday before a panel of Ninth Circuit judges.

The panel is considering an appeal of a Los Angeles district judge's ruling that tossed out a jury verdict awarding \$4.7 billion to Sunday Ticket subscribers, which could have tripled to \$14 billion under federal antitrust law.

Judge Joan H. Lefkow, sitting by designation, said she had a "fundamental problem" with departing from the jury's verdict.

"Juries are imprecise," Lefkow said. "It's an archaic sort of process we have for resolving disputes, and as a trial judge there have been many times I could point to where the jury came to a result that, as long as the instructions were valid and correct, then you accept the jury's verdict."

After a weeks long trial in 2024, the jury sided with subscribers who said the league conspired with DirecTV to raise the price to watch out-of-market games. But Judge Philip S. Gutierrez in the US District Court for the Central District of California entered judgment for the NFL after excluding the testimony of two plaintiffs' experts and tossing out the jury's damages calculations.

Gutierrez found that the jury didn't follow the court's instructions to calculate damages, calling "nonsensical" its apparent method of subtracting the average price paid by residential subscribers between 2011 and 2023 from the list price of NFL Sunday Ticket in 2018 and 2019.

"It looks an awful lot like the jury assessed damages based on a discount rather than a premium," US Court of Appeals for the Ninth Circuit Judge Anthony Johnstone said. "How can we say that that is sufficiently supported by the evidence?"

Amanda Bonn, representing the subscribers, said the jury's calculations found an "overcharge" based on the difference between what class members paid and what could have been a competitive price. The damages award was within the range the subscribers sought, Bonn said.

The subscribers are asking the Ninth Circuit to reinstate the jury's damages verdict.

College Football Comparison

Judges also pressed Paul Clement, representing the NFL, on his position that one of the plaintiffs' excluded experts, Daniel Rascher, inappropriately used college football as a "yardstick" comparison for the NFL to calculate damages.

Rascher testified that without anticompetitive restraints, football fans would be able to watch out-of-market NFL games on a basic cable package for free, as they can for college football.

"If that's not a yardstick, what is?" Johnstone asked, referring to the comparison between the NFL and college football and echoing a point raised earlier by Judge Holly A. Thomas.

Clement said it would be more appropriate to consider other sports leagues like the NBA and MLB that are covered by the Sports Broadcasting Act.

It's possible to use college football as a yardstick, but Rascher didn't use it the right way, Clement said.

When Rascher was asked how in his hypothetical scenarios Sunday Ticket would come to be offered as part of a basic cable package, Clement said, "his answer was the sophisticated parties will work it out. And that's not an appropriate answer."

The case is Ninth Inning Inc v. National Football League, Inc, 9th Cir., Nos. 24-5493 and 24-5691, 3/9/26 .

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Analysis | **Artificial Intelligence**

As AI Creates Winners and Losers, Corporate Boards Struggle to Avoid Becoming the Weakest Link

"When there's a board, you don't have anybody above them saying, 'Hey, don't do that,' or trying to hold them accountable. So I think that really magnifies the risk," said Tyler Thompson, a partner at Reed Smith.

March 06, 2026 at 11:30 AM By **Michael Gennaro**



Photo: Fizkes/Adobe Stock

AI advancements are creating new threats—and opportunities—at such a bewildering pace that many corporate boards of directors are hopelessly overmatched.

That's the sobering assessment of a deluge of reports and studies in recent months, some of which contrast today's typical director—a generalist in his early 60s—to the characteristics boards say they desperately need to navigate AI: businesspeople who understand digital transformation and have gained a deep understanding of AI by using it in their daily lives.

While the seasoned business executives who long have been mainstays of corporate boards continue to have value, governance experts say boards also need digital natives. But many don't.

Sixty-six percent of the 700 directors and executives surveyed for [a Deloitte study on AI governance](#) last year said their boards had "limited to no knowledge or experience" with AI, and 31% said AI does not even appear on board agendas.

Boards that fail to get a handle on AI oversight risk facing a cascade of consequences: lawsuits over neglected fiduciary duties, reputational damage from biased or erroneous outputs, data breaches and costly regulatory violations. They also risk falling victim to AI FOMO—fear of missing out—and burning through millions or billions of dollars by making the wrong artificial intelligence investments.

Tyler Thompson, a Denver-based partner for Reed Smith who advises companies on AI, agreed that boards of directors are trying to find their way.

As an example, he cited a Reed Smith client in the utility industry that conducted a rogue-AI exercise last month in which an AI system impersonated the company's CEO.

"This exercise was something that was specifically requested by the board," Thompson said. "And I think that's a good example of what you see, is boards trying to figure out 'how is AI going to create additional risk?'"

Thompson said that directors need to understand that, through their own missteps, they can escalate risk. For example, a board member could inadvertently expose sensitive information by entering it into a public AI system.

"When there's a board, you don't have anybody above them saying, 'Hey, don't do that,' or trying to hold them accountable," he said. "So I think that really magnifies the risk."

Cat Casey, an Austin, Texas-based AI expert who advises law firms, legal departments and technology companies on AI strategy, said the most fundamental risk is a pervasive knowledge gap among board members and the in-house counsel who advise them.

"There's no obligation of technical competence. There's no bar mandate to have technical fluency or AI literacy. You have the very differing capability of the in-house people you're bringing to the table to advise you on the risk, the opportunity, of using AI from a legal standpoint and from an exposure standpoint," she said. "And sometimes, if legal is not at the table, you're having decisions made by technologists, CIOs, CTOs, who may not even be thinking of the downstream effects."

She added: "You have companies that are going all in on tech, but their key advisers may not have full tech fluency."

Who's Accountable?

Governance experts say a key first step in establishing sound board governance of artificial intelligence is assigning AI oversight to a specific board committee—typically the audit or governance committee. Twenty percent of S&P 500 board had [taken that step](#) as of September 2025, up from 8% 12 months earlier, according to the the EY Center for Board Matters.

The push comes as companies face mounting pressure from the Securities and Exchange Commission to provide "tailored and verifiable" AI disclosures, with nearly 75% of S&P 500 companies now identifying AI as a material risk to their business, Latham & Watkins attorneys [said in recent commentary](#).

Yet, AI adoption is occurring far faster than boards are putting formal governance policies in place. In [a December essay](#) titled "The AI Reckoning: How Boards Can Evolve," the management consulting firm McKinsey noted that 88% of organizations now use AI in at least one business function, according to McKinsey, fewer than 25% have board-approved, structured AI policies in place.

Thompson said one board he advises has gone further than most, creating a dedicated subcommittee of two technically fluent board members who meet regularly with key people inside the organization, specifically to keep AI issues from overwhelming the full board.

"They're going to try to keep a lot of the majority of the AI issues from bogging down the rest of the board, because they were just kind of getting wrapped around the axle on it a bit," he said. "And it allowed these two board members, who were more technical, they have more of that expertise, and so they were able to understand the risk and everything a little bit better."

Thompson emphasized, however, that this kind of proactive structure remains the exception.

"A lot of the boards that I work with are behind, and we've been pushing them to do things like this, to educate themselves, to do the subcommittees, to get that training," he said. "They know there's a need there. But I think the learning curve for people at the board level has been fairly steep, depending on your organization."

Playing Catch-Up

Not surprisingly, boards struggling with AI fluency rarely are in the tech industry, legal observers say. More often, they're in retail or other industries that historically have required less tech expertise.

"They're at a lower stage," Thompson said of the laggards. "They're a little bit further behind, and they're still where my tech company clients might have been a year ago or 18 months ago, where they're still trying to understand what's the lay of the land."

The situation is further complicated by the demographics of corporate boards. Many board members built their careers long before AI—or even the internet—existed.

"Having those folks trying to understand AI, and they're trying to give organizations guidance on how to use AI, or see around the corner on what's coming with AI, that's very challenging for them, and I think that's something that we're going to continue to see," Thompson said.

Casey agreed. "If someone's a digital native, they might have more fluency and comfort with tech than someone who didn't touch a laptop until they graduated law school," she said.

[An MIT study](#) released last year found businesses with digitally and AI-savvy boards outperform their peers by 10.9 percentage points in return on equity, while companies without that board savvy fall 3.8% percentage points below their industry average.

In their commentary, Latham & Watkins suggested one path forward: actively recruiting an AI professional to the board. The firm noted that board members typically hail from finance and business management, backgrounds well-suited to fiscal and competitiveness questions but not necessarily to the technical complexities AI presents.

An ideal recruit, the firm said, "should bring experience as an operational AI leader with a track record of implementing successful AI projects in similar organizations."

Genuinely AI-literate board candidates are scarce, though, Thompson said. He noted that those who are savvy are likely to stick to roles inside the tech industry.

"Folks that are really at that level and are really comfortable and knowledgeable with AI, they're in incredible demand," Thompson said.

Casey said that rather than trying to amass all the knowledge they need on their own, boards may be wise to form cross-functional advisory groups inside their companies that draw on internal stakeholders with relevant technical knowledge.

She said one of the most dangerous risks boards can succumb to is grossly overestimate their own competency and knowledge.

"I think for the nontech organizations, that's where those AI committees and cross-functional groups that advise the board become really important. And so if the board is willing to solicit that input from these stakeholders who do have knowledge. I don't think there's that much of a risk," she said.

In a recent appearance on a Skadden, Arps, Slate, Meagher & Flom podcast, Shake Shack director Sumaiya Balbale said boards that get AI can end up with [a competitive advantage](#).

"You need to enable an environment where people feel like AI fluency is important and critical, and I think companies are responsible for helping to upscale their labor, right, and making sure that people feel empowered to understand this technology, to use it to find creative applications, to identify the risk, but also to grow in their own talent and capabilities, because at the end of the day it's people that drive companies and people that drive growth," Balbale said.

She continued: "The more literate and the more effective your workforce is in winning in this constantly evolving game, the better chances and the better odds that you have of succeeding in the long term rather than just getting a strategy right in one moment."

With no comprehensive, nationwide regulations currently in force in the United States, Thompson says companies cannot simply wait to be told what to do.

"We need to talk about what is best practice. We need to try to see around the corner and think about what are some of the really worst-case scenarios," he said.

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March 9, 2026

Attorneys for former FirstEnergy execs call on judge to throw out case
Attorneys defending two former FirstEnergy executives against bribery
charges argued March 9 that prosecutors have mishandled the case.

Patrick Williams, Akron Beacon Journal

Outside of the presence of the jury March 9, defense attorneys representing two former FirstEnergy executives in a bribery case argued that their clients should be acquitted of all charges.

Defendants Chuck Jones, former FirstEnergy CEO, and Michael Dowling, ex-FirstEnergy senior vice president of external affairs, listened as their lawyers made multiple arguments to Judge Susan Baker Ross. A prosecutor then offered his response.

Jones and Dowling are accused of bribing Sam Randazzo, former chair of the Public Utilities Commission of Ohio, with a \$4,333,333 million payment before Randazzo took the position. Randazzo died in 2024.

Rachael Israel, an attorney for Jones, said bribery charges as defined by Ohio law do not apply in the case because Randazzo was not a public servant or candidate for a public servant position at the time of the alleged criminal acts.

From Dec. 19, 2018, when Jones agreed to pay Randazzo the roughly \$4.3 million, and Jan. 2, 2019, when FirstEnergy wired the money to Randazzo, the recipient was not a public servant or candidate for public office, Israel said. She pointed to a Cleveland.com news clip from early February 2019 that said Randazzo applied for the PUCO chair position "three weeks ago."

Ohio Assistant Attorney General Matthew Meyer said in response that the defendants realized Randazzo was the "ascendant candidate" around Dec. 18, 2018, which is why "they scrambled

for this payment right after meeting with the governor(-elect)." Meyer said Randazzo was "outmaneuvering" the defendants by going for the chair spot, as they wanted Jason Rafeld as chair, so they acted quickly to influence Randazzo.

Defense attorneys contend the approximately \$4.3 million payment was meant for the Industrial Energy Users of Ohio trade group that Randazzo represented as an attorney. However, Randazzo stole the money, defense attorneys say.

In his opening statement Feb. 3, Meyer called the 2015 agreement between FirstEnergy and IEU-Ohio a "magic paper" intended to conceal the flow of money to Randazzo. Through the bribe, Meyer said, Randazzo did FirstEnergy's bidding — by scuttling a 2024 rate case at the PUCO, writing part of House Bill 6 in 2019 and lobbying the General Assembly for the passage of House Bill 6.

Israel said allegations against Jones in the case followed that 2015 agreement by a few years.

"To be clear, Chuck Jones is not charged with any offenses relating to the negotiation, drafting or non-disclosure of the 2015 settlement agreement between FirstEnergy and IEU-Ohio," Israel said. "Chuck is a defendant in this case because of a single act — his decision on December 19, 2018, to terminate that settlement agreement and have FirstEnergy pay the balance due in a lump sum."

In addition to bribery, Jones has been charged with two counts of money laundering and one count each of engaging in a pattern of corrupt activity, telecommunications fraud and conspiracy to engage in a pattern of corrupt activity.

Dowling has been charged with all of the same counts as Jones, as well as two counts of tampering with records, two additional counts of money laundering and an additional count of telecommunications fraud.

Steve Grimes, an attorney for Dowling, included among his arguments that former FirstEnergy Chief Ethics Officer Ebony Yeboah-Amankwah advised FirstEnergy not to pay the roughly \$4.3 million for business reasons, not legal ones.

But Grimes said the fact that Dowling, who is not a lawyer, relied upon Yeboah-Amankwah's advice "undermines" the notion that the defendants sought to corrupt Randazzo.

Further, Grimes argued against the prosecution's presentation of the 2015 agreement between FirstEnergy and Randazzo as fake. Grimes pointed to Yeboah-Amankwah; Matt Brakey, a former member of IEU-Ohio, which is now the Ohio Energy Leadership Council; and Matthew Pritchard, a former colleague of Randazzo's at a law firm; testifying that FirstEnergy had a legitimate

settlement agreement with IEU-Ohio and paid the group through Randazzo as a result of the settlement.

Meyer responded by stating various reasons why he contends the defendants are guilty.

Meyer said the defendants and their associates sent text messages that revealed the nature of their backroom dealings.

By way of example, Meyer pointed to a doctored image of Mount Rushmore that former FirstEnergy lobbyist Ty Pine said Feb. 20 was created by his friend, an energy industry executive named Matt Evans.

The meme, featuring the faces of Dowling, Randazzo, Pine and Evans appearing to replace those of four presidents on Mount Rushmore, has the caption, "HB 6 F*** ANYBODY WHO AINT US."

The prosecutor called the meme a "a graphic, obscene visual representation" of Randazzo being depicted as one of "us" and added that Jones forwarded the image to Randazzo.

Baker Ross said she intends to rule on the defense's argument for acquittal around midday March 10.

If she denies the motion, the trial will continue March 11 and jurors will return to the courtroom for expected testimony for the defense from U.S. Sen. Jon Husted, R-Ohio, via video from Washington.

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This article originally appeared on Akron Beacon Journal: Attorneys for former FirstEnergy execs call on judge to throw out case

---- Index References ----

Company: FIRSTENERGY CORP

News Subject: (Crime (1CR87); Financial Fraud (1FI18); Fraud (1FR30); Government (1GO80); Lobby & Pressure Groups (1LO18); Social Issues (1SO05))

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

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March 9, 2026

Lead investigator in FirstEnergy bribery trial may plead the Fifth

Lucas Daprile; cleveland.com

CLEVELAND, Ohio — Despite leading the investigation into former FirstEnergy executives accused of corruption, the case's lead investigator may not testify at trial.

On Monday, prosecutors and defense attorneys told Summit County Court of Common Pleas Judge Susan Baker Ross that attorneys for lead investigator Eric Lehnhart said he planned to plead his Fifth Amendment right against self-incrimination at the FirstEnergy trial if he were called as a witness.

Lehnhart, a special agent with the Ohio Bureau of Criminal Investigation, has previously been accused of falsifying documents in a separate investigation.

Steve Grimes, an attorney representing defendant former First Energy lobbyist Michael Dowling, called the revelation "jarring" and a blow to the state's credibility. Grimes said Lehnhart either conducted or sat in on 32 witness interviews.

Assistant Ohio Attorney General Matthew Meyer said Lehnhart's role in the investigation was mostly documenting records and serving subpoenas. The investigations were conducted by a task force including local officials, the Organized Crime Investigations Commission and Meyer personally, he said.

Ross noted the move was unusual.

"I guess we all assumed the agent in charge would get called, but he hasn't," Ross said at the Monday hearing.

Prosecutors say Chuck Jones, former FirstEnergy CEO, and Dowling bribed Sam Randazzo, the state's former top utilities regulator in the high-profile scandal.

Randazzo, who died by suicide in 2024, received \$4.3 million to rule in favor of FirstEnergy and support regulatory actions worth more than \$1 billion to the company, investigators say.

Jones and Dowling each face more than a dozen charges, including racketeering, conspiracy, aggravated theft, money laundering and telecommunications fraud.

Last week, attorneys for Jones and Dowling accused the state of "persistent prosecutorial misconduct," and asked Judge Susan Baker Ross to either dismiss the charges or give the jury special instructions that would benefit the defense.

Defense attorneys said prosecutors failed to disclose key evidence to the defense until mid-trial, violating *Brady v. Maryland*, which requires investigators to turn over all exculpatory evidence that might benefit the accused. That key evidence came from the grand jury testimony of a former FirstEnergy chief ethics officer Ebony Yeboah-Amankwah.

Prosecutors have said they did not violate Jones and Dowling's constitutional rights.

On Wednesday, U.S. Sen. Jon Husted, who has not been accused of wrongdoing in this case, is scheduled to testify over video on behalf of the defense. Husted, who was then the lieutenant governor-elect, spoke to Dowling on the phone nine times around the time prosecutors say the bribe happened.

---- Index References ----

Company: FIRSTENERGY CORP

News Subject: (Corruption, Bribery & Embezzlement (1EM51); Crime (1CR87); Criminal Law (1CR79); Financial Fraud (1FI18); Fraud (1FR30); Government Litigation (1GO18); Legal (1LE33); Social Issues (1SO05))

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

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March 10, 2026

**BOMBSHELL VIDEO: JON HUSTED CALLED TO TESTIFY
IN FIRSTENERGY CRIMINAL CORRUPTION TRIAL**

COLUMBUS, OH

The following information was released by the Ohio Democratic Party:

WEWS: "Next week, the defense is set to call Senator Jon Husted to the stand... Tonight [Morgan Trau] is asking why Senator Husted may not be able to testify in Ohio, but can campaign here"

Husted refuses to testify in person despite returning to Ohio for a fundraiser

Ohio families paying \$663 more a year on electric bills thanks to Husted

COLUMBUS, OHIO In a stunning new development in the largest bribery scandal in Ohio history, Senator Jon Husted is now expected to testify next week in the ongoing FirstEnergy criminal corruption trial. Husted played a key role in the bribery scheme that delivered a billion dollar bailout to utilities and contributed to energy rates for Ohioans increasing by \$663 a year.

WATCH HERE:

Despite being called to testify, Husted is refusing to appear in person to explain his role in the scandal, with his lawyers claiming he must remain in Washington due to the "outbreak of war in Iran." But Husted's excuse is already falling flat as he was spotted traveling through airports in both Washington and Columbus, on the way to a swanky fundraiser where tickets go for as high as \$1,000.

Husted has already been mentioned more than 100 times during the corruption trial as new developments continue to surface, including phone calls, text messages, and previously unreported secret meetings between Husted and the indicted FirstEnergy executives.

Ohio Democratic Party Senior Communications Advisor Tony Wen released the following statement:

"Jon Husted has been mentioned more than 100 times in the largest bribery scandal in Ohio history and now that he's finally being called to testify, he is refusing to show up in person to answer for his role in the scandal. Ohioans deserve to know why Jon Husted sold them out to a big utility company and left families paying hundreds more each year on their energy bills."

Read more about Jon Husted's role in Ohio's largest corruption scandal:

Jon Husted played a central role "running the show" in the largest bribery scandal in Ohio history that is costing Ohioans \$663 more a year.

New evidence revealed nine calls between Jon Husted and Mike Dowling in the months preceding a \$4.3 million bribe to former Utilities Commission Chair Sam Randazzo.

New reporting revealed Jon Husted held secret meetings with indicted FirstEnergy executives, including with the "mastermind of Ohio's largest public corruption scheme two days before scandal-ridden bribery legislation was introduced."

Neil Clark, a FirstEnergy lobbyist and co-defendant with former House Speaker Larry Householder, referred to Husted as FirstEnergy's "golden boy."

Text messages between Husted and FirstEnergy Executives reveal that the trio were in constant communication "before, during and after his campaign."

Indicted FirstEnergy CEO Chuck Jones said Husted was a "good friend of FirstEnergy" who was "highly engaged" and "fighting to the end" in support of the massive bail out.

Just weeks after Husted and DeWine were elected in 2018, they had dinner with Jones and Dowling at the Athletic Club of Columbus.

Public records show that FirstEnergy funneled \$1 million in dark money to a dark money group backing Husted in 2017 part of the same corrupt scheme that led to federal and state indictments.

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

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NewsRoom

Securities

Manage Newsletters

Matt Levine's Money Stuff: Bill Ackman Wants Your Money Again

March 10, 2026, 10:45 AM PDT

May I sell you stock?

In 2024, Bill Ackman [came to the stock market](#) with a proposition: You could give him \$50, and he would invest about \$49 of it in some stocks for you. (The other \$1 would go to underwriting fees.) This is called a "closed-end fund," and Ackman's is called Pershing Square USA Ltd., or "PSUS."

How much is that proposition worth? How much should you pay for \$49 worth of stocks selected for you by Bill Ackman? Some possible answers include:

\$49, because \$49 worth of stocks is worth \$49;

less than \$49, because Ackman will charge you fees for picking the stocks, which will reduce the value of your stake over time ; or

more than \$49, because Bill Ackman is good at picking stocks and will pick ones that go up more than the average stock.

Ackman obviously argued for "more than \$49," because he is quite confident in his ability to pick the stocks that go up. Others disagreed. Closed-end funds often trade at a discount to net asset value (i.e., less than \$49), so it would not be unreasonable to worry that Ackman's would also trade at a discount. In fact Ackman already *has* a closed-end fund in Europe, called Pershing Square Holdings Ltd., and it trades at a discount, so.

This is a big problem when it comes to raising money. If Bill Ackman comes to you and says "give me \$50 to buy \$49 worth of stocks," and you think that proposition is worth \$52, you give him the \$50 and everything is great. But if you think that proposition is worth \$47, there's a problem. You can't give him \$47 to buy \$49 worth of stocks: Where would he get the other \$2? (He could just buy \$46 of stocks for you, but that's not worth \$47 – that's worth like \$43. Etc.) Ackman can only *raise new money* from people who think that his fund is worth more than net asset value; he can only get this started by selling shares at a premium.

Anyway this didn't work. Ackman set out to raise something like [\\$25 billion](#) for Pershing Square USA, cut that back to [\\$2.5 billion](#) , and ultimately [raised \\$0](#) . Oops.

This analysis might make you wonder how anyone could ever launch a closed-end fund: If they all trade at discounts to net asset value, how do they *start out* by raising money at a premium to net asset value? As far as I can tell, the main answers are “agency costs” and “sweeteners.” Agency costs are, like, your broker puts you in a closed-end fund because she gets a kickback; sweeteners are, like, you buy the closed-end fund because *you* get a kickback.

After Ackman pulled the Pershing Square USA offering, he and I and others [thought about ideas](#) for how to sweeten the deal for investors. For instance:

Ackman could put in some of his own money to subsidize the new investors and get the thing going. (And then make money on the back end from fees, etc.) You give Ackman \$50, he puts in \$5 of his own money, he buys you \$54 worth of stocks (after fees) and that's worth \$51 to you. It costs him \$5 but he's playing a long game.

Ackman could put in some of his own money to get the thing going, and take back *warrants*. You give Ackman \$50, he puts in \$5, he buys \$54 worth of stocks, and if that ends up worth more than \$70 he gets half the upside, etc. Maybe that's worth \$50.25 to you, but the warrants are worth \$5.25 to him. Everyone wins.

Ackman could put some of the *management company* into the pot to subsidize the new investors. Ackman already runs a business, a hedge fund management company called Pershing Square Capital Management LP, which [manages \\$30.7 billion of assets](#) (including that European closed-end fund) and [does some stuff](#) with Howard Hughes Holdings Inc. Running \$30 billion of investor money is a good business – Pershing Square made \$250 million of net income on \$763 million of revenue in 2025 – and in 2024 Ackman sold a 10% stake in the management company to a group of investors for \$1.05 billion. That suggests that the other 90% is worth, you know, \$9 billion, more if Ackman keeps raising more money in new funds (like PSUS). If you put 5% of the management company into the new closed-end fund, then that increases the net asset value by \$500 million and maybe gets the deal done. Of course this costs Ackman \$500 million, but it's not cash, and it's maybe easier to justify. “If we raise a big closed-end fund, the value of the management company goes up, and I'd rather own 85% of a more valuable company than 90% of a less valuable one.”

The third idea seemed like the favorite. And now [here we are](#) :

Pershing Square Inc. filed for an initial public offering, in a deal that would see billionaire Bill Ackman's hedge fund make its debut on a US exchange alongside a new closed-end fund.

The combined initial public offering includes a stake in Pershing Square USA Ltd., a closed-end fund, and Ackman's Pershing Square Capital Management, the filings show. For every 100 shares of the closed-end fund IPO purchased by a buyer, that investor will receive 20 shares in the hedge fund management company, the filing shows.

Ackman is looking to raise between \$5 billion and \$10 billion for Pershing Square USA in the combined deal, with investors able to buy shares in the closed-end fund at \$50 apiece.

Part of the funds will be raised from a private placement, with \$2.8 billion secured from qualified investors including family offices, pension funds and insurances companies, the filing shows. The investors in the private placement will receive 30 shares in the management company for every 100 closed-end fund shares purchased.

Here are the prospectuses for Pershing Square USA Ltd. (the closed-end fund) and for Pershing Square Inc. (the management company). After the IPOs, Pershing Square Inc. will have 400 million shares outstanding, which means that a \$50 investment in Pershing Square USA gets you \$49 worth of stocks *plus* 0.00000005% of the management company. If the management company is worth \$10 billion, then that 0.00000005% stake is worth \$5. If you think PSUS should trade at an 8% discount to net asset value, then the \$49 in the pot should be worth \$45.08, but then you get \$5 worth of Pershing Square Inc. stock and it all works out? Pershing Square Holdings, the European closed-end fund, trades at about a 25% discount to NAV, but that's probably different.

Chatbot investing

In 2021, US retail investors got together and all bought the same stocks at the same time, pushing up the prices of those stocks and [causing](#) much jollity and havoc. Which stocks? How did they decide which stocks to buy? How did they coordinate to all buy the same stocks at the same time? Well, there were some online discussion boards – Reddit's WallStreetBets forum was the most famous – and they got together there and talked explicitly about what to buy.

This was important because they were mostly *small* investors. A big asset manager can buy a lot of stock and move the price, but a small retail investor can't. Millions of small retail investors acting together apparently *can*, but historically they typically didn't, because they had no way to coordinate: If I spend \$1,000 to buy one stock and you spend \$1,000 to buy another stock and someone else decides to sell those stocks, nothing really happens, but if we all agree to spend our \$1,000 to buy the same stock on the same day it will go up. Social media provided a surprising new way for small-time retail investors to coordinate and, thus, to move stock prices. This phenomenon got the name "meme stocks," which emphasizes the fun and arbitrary nature of the picks, but it's also worth emphasizing the coordination.

Last year there was another meme-stock wave and I [speculated](#) that the world had changed since 2021, and that in the future the retail [coordination mechanism](#) might be *chatbots*. Like: Millions of retail investors all want to buy stocks, and they all ask an artificial intelligence chatbot "what stocks should I buy," and the chatbot, which is extensively trained on Reddit, comes up with the sort of answer that would have been popular on Reddit in 2021. And the chatbot gets this question millions of times, and gives similar answers each time, and all the retail investors buy the same stocks and they go up.

Today [Bloomberg Businessweek reports](#) :

When he started trading in 2020, Lito Chen followed mostly well-trodden advice, tucking his modest university student savings into the kinds of blue-chip stocks like liquor companies that analysts had touted as safe bets. They proved to be anything but, erasing his nest egg and eroding his confidence in mainstream financial analysis. So when doing research for his next round of investment picks in the first half of 2024, Chen turned to what many young people know best: artificial intelligence chatbots and the social media hive mind. Investing in a mix of tech, defense, mining and other stocks recommended by internet friends and chatbots like Kimi and Zhipu, he's clawed back his earlier losses—and then some. "I'll rely more on AI for stock selection in the future," says Chen, a 24-year-old student in Shanghai. "Some of the stocks it picked for me really just kept rallying nonstop."

Young, technologically savvy, even defiant, Chen represents China's newest generation of retail investors. These bold Generation Z traders have earned a nickname in China: Xiao Dengs, or "little guys"—and their swelling ranks are propelling the country's more than \$14 trillion stock market.

Yes, right, if AI picked stocks for you and those stocks "really just kept rallying nonstop," that might be because the AI is really good at spotting fundamental value. Or it might be that everyone is asking the AI the same question and getting the same answer, so they are all buying the same stocks. In 2021, loosely speaking, "Reddit" caused stock rallies; in 2026 maybe the chatbots are doing it.

S&P 500 binaries

I [wrote last week](#) that "I am an old man and I tend to think that, if you want to bet that the Nasdaq 100 stock index will go up, the thing you should do is buy the Nasdaq 100 index." But obviously if I ran a *gambling website* I would think differently. I would think: "Buying the stock index might be a good way to bet on long-term economic growth, but it doesn't bring in any revenue to my gambling website, whereas I could probably sell somebody a short-term all-or-nothing bet on whether the stock index will go up." Traditionally securities law would prevent gambling websites from offering those sorts of bets, but not anymore.

Bloomberg's [Alexandra Semenova and Bernard Goyder report](#) :

The classic way to bet on the direction of the S&P 500 Index is in the options market, buying puts or calls tied to a preset price.

But now, there's an alternative: placing a bet on Kalshi Inc. or Polymarket, using event contracts that allow rookie investors to make all-or-nothing wagers on stocks and indexes hitting a certain level. "It simplifies it in a way that everybody can really understand, so it takes out the intimidation factor of the markets," said Danny Moses, the money manager made famous in *The Big Short*, and who has promoted Kalshi on his podcast.

And:

"It's hard to reconcile how those are not, both in legal definition and also economically, a security product that belongs on an SEC-regulated exchange," Craig Donohue, Chief Executive Officer of Cboe Global Markets Inc., said at a roundtable hosted by both regulators in September.

Shh, shh.

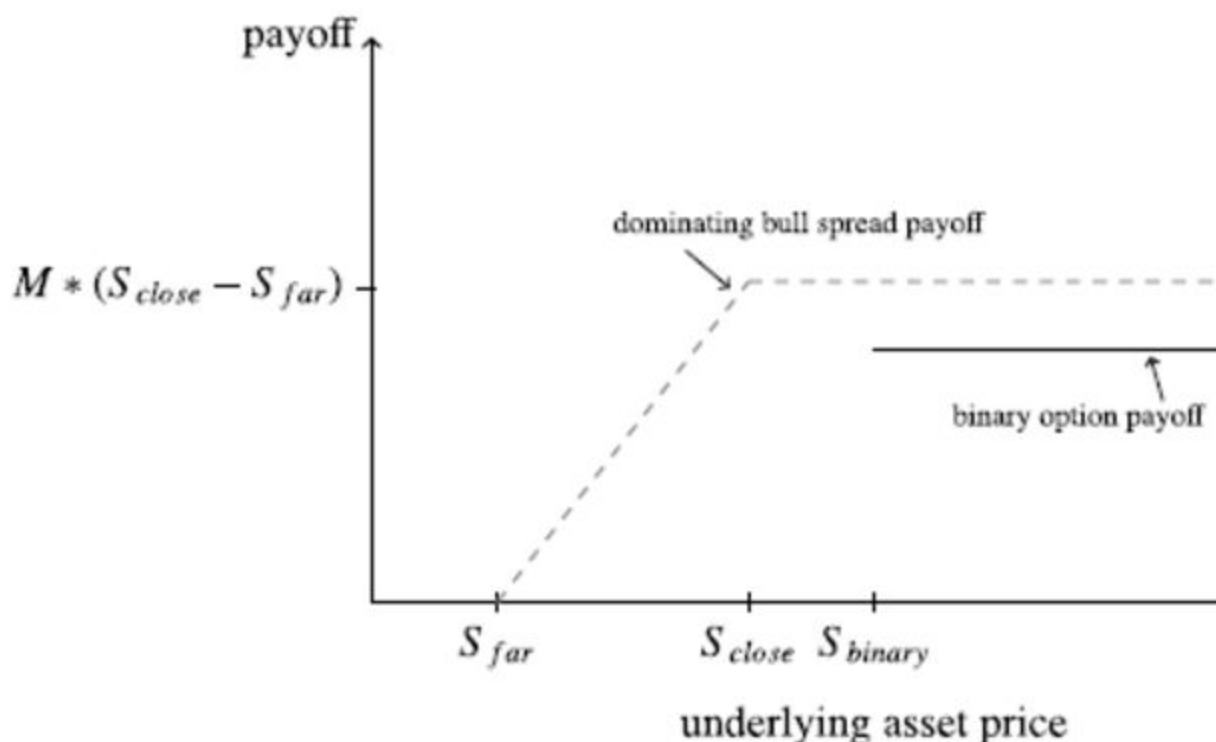
We have talked a couple of times recently about binary options. Prediction market bets naturally take a binary, yes/no form. Your favorite politician or sports team will win the election or the game, or won't. When prediction markets offer bets that *don't* naturally take that form – [bets like](#) “what will housing prices be in a year,” where the obvious form is a contract that goes up 1% for every 1% that housing prices go up – they nonetheless [shoehorn them into binary options](#). I find this aesthetically annoying, but presumably it is [easier for the prediction markets](#) as a technological and credit matter.

Also, though, while I find them annoying, these binary bets are clearly good marketing, to the point that even traditional financial exchanges, as well as Kalshi and Polymarket, are now offering [binary all-or-nothing bets like](#) “will the stock index go up.” People like to make simple all-or-nothing binary *bets*, and to the extent that financial markets are in the business of offering entertaining bets, those are the bets they should offer. (To the extent that financial markets are *not* primarily in the business of offering entertaining bets, not, but here we are.)

Here is “Overvaluing simple bets: Evidence from the options market,” by Aaron Goodman and Indira Puri, from the October 2025 issue of the Journal of Financial Economics. The abstract:

Analyzing trading behavior in the binary option market for retail investors, we find that market participants purchase binary options although strictly dominant bull spreads are available at lower prices: 15% of S&P index, 19% of gold, and 25% of silver trades violate no-dominance conditions consistently across three different asset classes. Buyers of dominated binaries lose on average 34% of the contract price by forgoing the dominating product. ... We show that our results are consistent with retail investors valuing simple, easy-to-understand binary bets.

That is, you can buy a binary option that pays out \$100 if some index is above 1,000, and \$0 if it's below 1,000. Or you can buy a call spread that pays out *at least as much* as the binary option in every state of the world, say \$0 if the index is below 800, \$120 if it's above 900, and a linearly increasing amount in between. The paper has a schematic diagram:



The dotted line is always better than the binary payoff. And they find that people pay *less* for the “dominating bull spread” than they do for the binary, for the pretty obvious reason that the bull spread is complicated, has different (always better) payoffs in different situations, requires you to buy multiple options and do math, etc., while the binary option is just “you make money if yes and you lose your bet if no.” That’s easier, so people pay more for it. “It simplifies it in a way that everybody can really understand, so it takes out the intimidation factor of the markets.”

Goodman and Puri are making an academic point – “a theoretically-grounded empirical impetus for research in behavioral finance which goes beyond historically pervasive utility frameworks” – but of course I am more interested in the commercial point. The commercial point is that you should sell people binary options because they will overpay for them.

Though [Semenova and Goyder report](#) :

This is how it works: traders buy contracts that yield \$1 each. An option selling for 4 cents represents a 4% probability of an outcome happening. On Wednesday, that was the price on Kalshi for the S&P 500 Index ending the year between 8,000 and 8,200 points – a \$2,190 bet pays out almost \$44,000.

In the options market, one could pay a \$2,190 premium to bet on a 8,000/8,200 call spread, giving them the right to cash in if the index exceeds the lower end of the target range. The potential gains are capped at about \$20,000 per contract, and investors would need to account for factors such as volatility and time decay that could affect their daily profit and loss.

Sounds like the Kalshi call spread is cheaper? If you are arbitraging Kalshi binaries against options-market call spreads I guess you should email me.

"Is this securities fraud?"

Because it is [my schtick](#), people often send me fact patterns and ask "is this securities fraud?" Curiously, although my schtick is literally "[everything is securities fraud](#)," my answer to these questions is often "no." Most things that don't seem like securities fraud *are* securities fraud, but some things that do seem like securities fraud aren't. But this is never legal advice.

Also people sometimes give ChatGPT fact patterns and ask "is this securities fraud?" Probably don't do that? Here's a TechCrunch article from last week:

The \$7 million in annual recurring revenue that Cluely co-founder and CEO Roy Lee shared with TechCrunch last summer was a lie, Lee admitted on Thursday on X. Wrote Lee, this "is the only blatantly dishonest thing i've said publicly online, so this is my formal retraction."

Several people sent me Lee's posts on X, which are (as someone posted) "the most @matt_levine coded thing to have ever happened": Lee apparently asked ChatGPT "got a call from some tech crunch reporter asking about revenue. told them 7m arr in reality 6.3m run rate. is this securities fraud," ChatGPT replied "almost certainly not," and Lee posted the exchange with the comment "ngl i was sweating for 2 mins." A verified X account with Elizabeth Holmes's name on it (!?!?!?!?) replied "I wouldn't trust AI with this one."

There are various not-best-practices things here, but I think I agree with ChatGPT? (Really not legal advice!) "Securities fraud" means using "any manipulative or deceptive device" "in connection with the purchase or sale of any security." When I say "everything is securities fraud," I typically clarify that "every bad thing that a public company does can be characterized as securities fraud." People are constantly trading the securities of public companies, so when a public company says something publicly, that will influence the purchase and sale of securities. If the company says something *misleading*, that is arguably "[fraud on the market](#)" that can count as securities fraud.

But a private company's shares *don't* trade continuously; that's what makes it private. A private company will occasionally go out to investors and try to raise money. If it lies to those investors in its offering documents, that's surely securities fraud. If the offering documents are all true, but the company's CEO has gone around lying to reporters about its revenue, that's a harder question. There is no general law against *lying to reporters*, and in fact people lie to reporters all the time. If the CEO lied to reporters with a plan like "a big magazine will publish a glowing profile of me, and investors will read that profile, and they will want to invest, and then I will go out and raise money from them without lying directly but relying on the glowing profile," then (1) that kind of *does* sound like securities fraud and (2) it's absolutely part of what got, for instance, Elizabeth Holmes. But if you lie to reporters and then publicly post a "formal retraction" before raising any more money, is that okay? I mean. Don't ask me. Don't ask ChatGPT either.

Anyway TechCrunch reports that "in June, Cluely raised a \$15 million Series A from Andreessen Horowitz," and the allegedly misleading article came out in July. Maybe it's fine.

Things happen

'Downright Panic': Traders Tested to Limits on [Oil's Wild Monday](#) . Balyasny, Millennium, Point72 [Lose Money](#) in Volatile Markets. Anthropic's Standoff With the Pentagon Shakes Up AI Talent Race. Nvidia to [Invest in Thinking Machines Lab](#) and Supply AI Chips. The Laid-off Scientists and Lawyers Training AI to Steal Their Careers. Exxon [Eyes Texas](#) for Legal Home After 144 Years in New Jersey. Weinstein Is ' [Buying Pessimism](#) ' With Discount Bids on Private Assets. ([Earlier](#) .) Goldman pitches hedge funds on strategies to bet against corporate loans. Creditors of Wall Street-Backed [MFS](#) Claim £1.3 Billion Shortfall. How a British Mortgage Company Became Private Credit's Latest Black Eye. Sturm Ruger Accuses Beretta of Attempting to Gain Control of Company. Lego chief hits out at Danish wealth tax proposal. "The word 'tranche' seems to be having a big moment." Musk-Loving Panama Mayor Wants Him to [Tunnel Under the Canal](#) . "Meta has acquired Moltbook, a viral social network designed for AI agents."

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1. In fact the underwriting fees in 2024 were a sliding scale from 2% for the first \$1 billion down to 0.1% for anything over \$20 billion, for institutional money. For retail money the fee was 1.5%. In the 2026 deal, the underwriting fees are 2% for institutions and 2.5% for retail.
2. The management fee was set at 2% per year, waived for the first year.
3. I am simplifying in saying that he will "pick stocks": That is the main thing, but Ackman also has a history of derivatives trades, and they can live in the fund too. From the 2024 prospectus: "The Company seeks to achieve its investment objective by acquiring and holding large minority (and occasionally controlling) positions in 12 to 15 large-capitalization, investment grade, free-cash-flow-generative, North American, durable growth companies that it seeks to acquire at discounts to its estimate of their intrinsic value, and by hedging macroeconomic and other risks. ... The Manager seeks to opportunistically utilize asymmetric hedges to protect its investment portfolio against specific macroeconomic risks, and to capitalize on market volatility." The 2026 prospectus is similar.
4. This is, for instance, extremely relevant to the [private credit liquidity issues](#) that we've discussed a lot recently. Private credit has raised a lot of money from retail investors in closed-end funds, though those are called "business development companies." There are roughly two kinds of BDCs: Public BDCs trade on the stock exchange, often at a discount; private BDCs don't trade, and so transact only at net asset value, even though sometimes [maybe they shouldn't](#) . How do you launch a BDC? Well, for a private one, you just make the case to advisers that it's worth at least its net asset value, and there's no trading so no way to disprove that. For a public one, I don't really know the answer – "launch in happier times" I guess? – but part of the historical answer seems to have been "launch private and then merge into public." Here's a Cliffwater

research note from last month on the Blue Owl BDC news: "Blue Owl Capital Corporation II ('OBDC II') was intended to provide a wealth access point to the Blue Owl deal pipeline. Typically, these non-traded BDCs merge with publicly traded BDCs as an exit opportunity. Blue Owl's flagship public BDC, Blue Owl Capital Corporation ('OBDC'), like most public BDCs, could not raise new capital through a share offering unless its shares traded above net-asset value, which was always a challenge. A new private-to-public BDC strategy (aka 'BDC 2.0') emerged a decade ago whereby a newly formed private BDC would raise capital on very favorable terms, invest over a three-to-five-year period and subsequently merge with the flagship public BDC." That points you in the direction of how this could work.

5. My impression is that a lot of closed-end funds are sold through advisers, but that is less appealing for a guy with a [large retail following on X](#).

6. Arithmetically that's wrong: If the warrant is worth \$5.25, that reduces your value by \$5.25, so you're getting less than \$50 of value. But of course the point is that the value of the warrant is uncertain and debatable and maybe he values it more than you do. Very loosely speaking this is how special purpose acquisition companies work.

7. See pages 13-15 of the new prospectus.

8. The management company is called Pershing Square Capital Management LP. It is currently owned by Pershing Square Holdco LP, which will change its name to Pershing Square Inc. when it goes public.

9. The 400 million post-IPO share count is on page 25. (Note that this seems to be a static number: The more money PSUS raises, the more of the management company its investors will get, and the less the management team will own.) For every 100 shares of PSUS you buy, you get 20 shares of the Pershing Square Inc. (30 if you bought in the private placement), so 0.2 PS Inc. shares per PSUS share, or 1/2,000,000,000 of the management company per \$50 share of the closed-end fund.

10. See for instance paragraph 8 of her indictment: "In an interview for a Wall Street Journal article published on September 9, 2013, HOLMES said that Theranos could 'run any combination of tests, including sets of follow-on tests' at once, very quickly, all from a single small blood sample." It was also a [part](#) of the case against Trevor Milton, the founder of Nikola Corp., who mostly made his false statements while Nikola was private and then got arrested for misleading its later public investors. (He was convicted but pardoned.)

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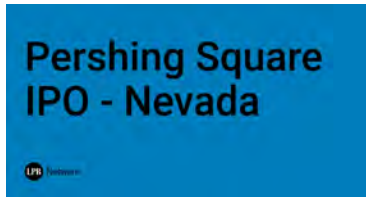
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Pershing Square IPO - Nevada

 [businesslawprofessors.com/2026/03/pershing-square-ipo-nevada](https://www.businesslawprofessors.com/2026/03/pershing-square-ipo-nevada)

Benjamin P. Edwards

March 10, 2026



Earlier today Pershing Square [filed an S-1](#) seeking to raise “between \$5 and \$10 billion . . . consisting of the \$2.8 billion in the PSUS Private Placement and between \$2.2 billion and \$7.2 billion, respectively, in the PSUS IPO.”

The IPO market is another key area to watch for jurisdictional competition. I’m working up some month-by-month statistics and materials for tracking this year’s IPO trends. The draft sheet is back with the research assistant team for some tweaking now, but January is nearly ready and should be out soon. It appears that the Caymans will take the crown for January IPOs when SPACs are included. If we exclude SPACs, Delaware again dominates.

If you want coverage of the [Exxon proposal](#) to shift from New Jersey to Texas, Ann has covered that one already. My only thought to add on it is that it’s consistent with what we’ve been seeing for corporations with a substantial Texas nexus already to shift to Texas—as Ann noted. This is how Exxon put it:

ExxonMobil is a Texas corporation in all but name, with most senior corporate executives and all corporate functions based in the state for the last 35 years. Our global headquarters are in Texas; approximately 30% of our global employees are based in Texas. Of the company’s U.S. employees, approximately 75% work in Texas and our U.S.-based research facilities are in Texas.

Here are some quick notes on the S-1 for Pershing.

Jurisdiction

The planned IPO is notable on the jurisdictional competition front because the company “will convert into a Nevada corporation by means of a statutory conversion and change its name to Pershing Square Inc.” before the registration statement becomes effective.

Counsel

In terms of lawyers on the IPO, it includes Simpson Thacher & Bartlett LLP, Washington, D.C. (Issuer Counsel), Brownstein Hyatt Farber Schreck, LLP, Las Vegas, (Nevada Counsel), and Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York (Underwriter Counsel).

Bench Trial Election

Pershing looks to take advantage of last session's amendment to the Nevada law and opt into bench instead of jury trials. This creates a degree of parity with Delaware's Chancery bench trials.

Controlling Stockholder Provision

Nevada's controlling stockholder statute applies. This is how the S-1 describes it:

Pursuant to NRS 78.240 (as amended effective May 30, 2025, pursuant to Assembly Bill No. 239), no stockholder (other than a "controlling stockholder" as discussed below) has any fiduciary duty to us or any other stockholder, and each stockholder (other than a "controlling stockholder"), regardless of such stockholder's relative ownership of shares, is entitled to exercise or withhold the voting power of such shares in such stockholder's personal interest and without regard to any other person or interest.

A "controlling stockholder" is defined as a stockholder of a corporation having the voting power, by virtue of such stockholder's relative beneficial ownership of shares or otherwise pursuant to the articles of incorporation, to elect at least a majority of the corporation's directors. The only fiduciary duty of a controlling stockholder of a corporation, in such person's capacity as a stockholder, is to refrain from exerting undue influence over any director or officer of the corporation with the purpose and proximate effect of inducing a breach of fiduciary duty by such director or officer, for which breach the director or officer is liable pursuant to NRS 78.138, and which breach:

- directly relates to the initiation, evaluation, negotiation, authorization or approval by the board of directors, or a committee thereof, of a contract or transaction to which the controlling stockholder or any of its affiliates or associates is a party or in which the controlling stockholder or any of its affiliates or associates has a material and nonspeculative financial interest; and
- results in material, nonspeculative and non-ratable financial benefit to the controlling stockholder, which benefit excludes, and results in a material and nonspeculative detriment to the other stockholders generally.

However, the exercise or withholding of voting power by a controlling stockholder, or the indication or implication by a controlling stockholder as to whether or to what extent such voting power may be exercised or withheld, does not, by itself, constitute or indicate a breach of this limited fiduciary duty. A controlling stockholder is presumed to have not breached its fiduciary duty with respect to any contract or transaction if it is authorized or approved, or recommended to the board of directors, by a committee of the board consisting only of disinterested directors.

Due to the anticipated aggregate voting power of our capital stock by ManagementCo (including its holding of the Special Voting Share) at the time of this offering, ManagementCo would be deemed, at such time, to be a "controlling stockholder" under the statutory provisions described above.

Hustling off to teach, but wanted to get this out and keep an active eye on the IPO space going forward.

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Exclusive

IPO Underwriters' Role in Chinese Stock Fraud Probed by House

March 9, 2026, 5:00 AM PDT

IPO underwriters in New York are under scrutiny from US lawmakers over their role bringing Chinese companies to market that were allegedly involved in stock manipulation schemes.

The “ramp-and-dump” schemes involving shell companies listed on US exchanges are directly tied to a “systematic assault” on US investors mounted by the Chinese Communist Party, the House Select Committee on China said in letters shared exclusively with Bloomberg Law announcing the investigations.

The letters were sent Sunday to executives at D. Boral Capital LLC, Dominari Securities LLC, and Revere Securities LLC. The House panel, led by Reps. John Moolenaar (R-Mich.) and Ro Khanna (D-Calif.), claims the underwriters—knowingly or through inadequate controls—enabled manipulation tied to small-cap IPOs by companies with variable interest entity structures that “provide American investors no actual ownership in the underlying Chinese businesses.”

The letters cite a Bloomberg News report estimating \$16 billion in market capitalization has been erased since 2023 through apparent stock manipulation schemes.

Foreign companies targeted in the schemes have drawn more than a dozen trading suspensions by the Securities and Exchange Commission since the agency under Chairman Paul Atkins announced a cross-border task force last September. The House investigation takes aim at their New York-based underwriters.

The letters also highlight a “nominee account” infrastructure that allows individuals inside China to open brokerage accounts en masse funded by undisclosed third parties and “controlled by hidden PRC principals.”

The committee seeks detailed records dating back to 2020 covering underwriters’ due diligence, “know your customer” verification practices, and off-channel communications.

The underwriter executives contacted by the committee didn’t immediately respond to requests for comment Monday.

The panel last April sent letters to JPMorgan Chase & Co. and Bank of America Corp., demanding that they withdraw their involvement in the IPO of Contemporary Amperex Technology Co., designated by the US Defense Department as a "Chinese military company." The committee has also asked Webull Corp. about the trading platform's alleged ties to the CCP.

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Securities

Manage Newsletters

Senators Look to Increase Small Firm IPOs With Bipartisan Bill

March 10, 2026, 7:00 AM PDT

Summary by Bloomberg AI

AI Generated



- Two members of the Senate Banking Committee are introducing bipartisan legislation to help small and mid-sized businesses go public.
- The ELEVATE Act would let emerging growth companies submit two years of audited financial statements to the Securities and Exchange Commission in the lead up to an IPO.
- The bill could help SEC Chairman Paul Atkins move forward with plans to overhaul the disclosures required for companies to trade publicly.

Two members of the Senate Banking Committee are introducing bipartisan legislation to help small and mid-sized businesses that want to go public, as policymakers consider ways to boost initial public offerings.

The so-called ELEVATE Act would let emerging growth companies, including those that just want to spin off from a parent, submit just two years of audited financial statements to the Securities and Exchange Commission in the lead up to an IPO, down from three years that some firms must provide.

The current treatment restricts some companies from accessing public capital markets, according to a statement from Nebraska Republican Pete Ricketts and Nevada Democrat Catherine Cortez Masto.

"Red tape and regulations force smaller companies to compete on an unlevel playing field," Ricketts said. "When we make it easier for small enterprises to unlock available capital, they thrive and drive our local economies forward."

"The federal government should be making it easier for emerging businesses to grow and innovate, not harder," Cortez-Masto said.

A similar provision was wrapped into broader capital formation legislation in the House known as the INVEST Act. The House passed that bipartisan bill in December.

If enacted, the bill could help SEC Chairman **Paul Atkins** move forward with some of his plans to [overhaul the disclosures](#) required for companies to trade publicly. SEC staff are also considering other measures, such as allowing public firms to offer only semiannual rather than quarterly reports.

Read More: [SEC Will Move to Overhaul Investor Disclosures, Atkins Says](#)

"Our regulatory framework should provide companies in all stages of their growth and from all industries with the opportunity for an IPO, particularly one that represents a capital raising mechanism for the company, instead of a liquidity event for insiders," Atkins said at an SEC event on Monday.

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News from Bloomberg Terminal

Boeing Falls on Fresh Wiring Flaw Found on 737 Max Planes

March 10, 2026, 11:12 AM PDT

Summary by Bloomberg AI

AI Generated



- Boeing Co. said a wiring flaw found on its 737 Max will delay some deliveries of the jet, sending shares down in US trading.
- The company said its overall delivery target of roughly 500 of the 737 jets for the year remains unchanged despite the quality lapse.
- Boeing expects fixes to the scratches in the wiring of some undelivered planes will be completed in a matter of days.

By Lorelei Smillie

(Bloomberg) --

Boeing Co. said a wiring flaw found on its 737 Max will delay some deliveries of its cashcow narrowbody jet, sending shares down as much as 3% in US trading.

The US planemaker said its overall delivery target of roughly 500 of the 737 jets for the year remains unchanged despite the quality lapse, disclosed on Tuesday as Boeing reported monthly orders and deliveries.

"Our 737 program is performing rework on a group of airplanes to fix wires that have small scratches due to a machining error," a Boeing spokeswoman said in a statement. "This ensures they meet our quality standards before the airplanes are delivered."

Production of new 737 MAX airplanes continues at the existing rate, Boeing said. The planemaker didn't disclose how many aircraft were affected by the lapse.

The company said it expects fixes to the scratches in the wiring of some undelivered planes will be completed in a matter of days. Boeing fell 0.7% to \$223.35 as of 1:36 p.m. New York time.

The issues with the wiring could pose "a near-term headwind" for Boeing's results in the the first quarter, Ken Herbert, an analyst at RBC Capital Markets, said in a note on Tuesday.

Boeing delivered 51 commercial planes in February, the most for that month since 2017, outpacing rival Airbus SE and providing another indication the US company is maintaining momentum in its turnaround.

Within its Seattle-area factory, Boeing is carefully monitoring work to assemble wings for the narrowbody jet, a potential chokepoint given the complexity of the work, Katie Ringgold, a vice president and general manager of the 737 program, said at an aerospace event in San Diego.

The company has secured commitments from CFM, the GE Aerospace- Safran SA joint venture, for enough engines to keep pace with manufacturing plans for this year and early 2027, Ringgold said.

Boeing remains on track to certify the smallest and largest 737 Max models this year, as it awaits approval from US regulators for a redesign of the engine anti-ice system, Ringgold said.

Like Airbus' A320 family, the 737 is a closely watched program given it is a crucial source of revenue for Boeing and key to paying down its debt.

Airbus has also struggled with quality issues in recent months. In December, the European planemaker said it would have to inspect hundreds of metal fuselage panels on the A320neo jet due to an issue with one of its suppliers.

Boeing recorded 21 gross aircraft orders for the month versus six cancellations. Net orders for the month totaled six when including an accounting provision for at-risk deals.

The monthly total included 43 of its 737 Max jets and three of the 787 Dreamliners. Three 767 planes and two 777 freighters rounded out the total, the company said. Airbus delivered 35 planes during the same period.

An unidentified party placed an order for six 767s for the KC-46 tanker program. Boeing didn't identify the customer but deferred to the US Department of Defense and the US Air Force for further explanation.

The total order backlog with the accounting adjustment fell to 6,151 from 6,196.

Boeing is nearing one of the largest sales in its history: a 500-aircraft order for 737 Max jets set to be announced when US President Donald Trump travels to Beijing later this month. An agreement on the single-aisle planes hasn't been finalized, Bloomberg reported last week.

(Updates with comments from 737 manager in eighth and ninth paragraphs.)

--With assistance from Siddharth Philip and Julie Johnsson.

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Edison Dodges Investors' Wildfire Mitigation Suit, For Now

By **Lauren Berg**

Law360 (March 9, 2026, 10:56 PM EDT) -- A California federal judge tossed a proposed class action alleging the parent company of Southern California Edison misled investors about the effectiveness of the public utility company's wildfire-mitigation measures in the lead-up to last January's devastating fires north of Los Angeles, but allowed investors to rework part of the suit.

U.S. District Judge Otis D. Wright II's Friday **order** grants the motion to dismiss brought by SCE, Edison International, CEO Pedro J. Pizarro and Chief Financial Officer Maria Rigatti, finding that the investors — led by three related Hawaii Sheet Metal Workers pension funds — have not alleged that the company's statements about its "Public Safety Power Shutoff" program were false or misleading.

Specifically, "the PSPS statements are incapable of objective verification and are too vague to induce a reasonable investor's reliance," Judge Wright said, noting that the Edison defendants "vaguely described PSPS as one of many tools that it uses to combat the risk of wildfire," including that the program was a "'foundational strategy for mitigating wildfire risk.'"

"Such statements amount to generalized corporate optimism rather than concrete representations," the judge said. "As encouraging as the PSPS statements may have been, and as tragic they may seem considering devastating fires to come, they contain no verifiable measure by which a factfinder could determine their falsity."

The investors' operative consolidated **complaint**, which was filed in June on behalf of people who purchased Edison stock between Feb. 25, 2021, through April 29, 2025, alleged the defendants repeatedly touted that SCE's PSPS program, combined with physical mitigation measures, dramatically reduced wildfire risk compared to pre-2018 levels.

But the investors said the defendants "failed to disclose critical deficiencies in SCE's wildfire mitigation plans and PSPS program, including its inability to safely execute PSPS on key transmission lines in high-risk areas, delays in system upgrades, and outdated safety procedures for idle lines."

The truth came out in January 2025, when a fire ignited in Eaton Canyon in the San Gabriel Mountains northeast of downtown Los Angeles during a heavy windstorm, according to the complaint. As it became clear the fire had started under SCE's transmission equipment, Edison investors took a hit, the suit states.

"As these truths about SCE's wildfire risk management failures came to light, investors suffered significant losses from the rapid decline in Edison's stock price, which had been artificially inflated by defendants' prior misrepresentations," the shareholders said.

But in his order Monday, Judge Wright pointed out that the investors did not identify any statement made by the defendants that included "a concrete assertion that PSPS could be consistently utilized at every transmission line," including Eaton Canyon.

"If anything, the PSPS statements, read charitably for plaintiffs, plainly indicate that PSPS was not perfect," the judge added, noting that Pizarro had stated that SCE "'continues to improve'" the program, indicating it was "still a work in progress."

"At best for plaintiffs, the PSPS statements would lead a reasonable investor to believe that

defendants' PSPS operations were strong, but not perfect," he said. "At worst for plaintiffs, the PSPS statements would lead a reasonable investor to conclude that PSPS was a work in progress."

But neither of those inferences support the shareholders' falsity theory that a reasonable investor would think the statements meant PSPS was available at every SCE transmission site, including Eaton Canyon, according to the order.

Judge Wright also found that the investors have failed to allege that the defendants' statements "quantifying the reduced risk of losses from catastrophic wildfires that could be attributed to their wildfire mitigation plans," are false and misleading because they don't account for the PSPS deficiencies at Eaton Canyon and Sylmar, where another fire broke out in January 2025, the order states.

The investors conceded that the risk reduction statements are opinions, but argued that they are still actionable based on a misleading omission, according to the order.

Like the PSPS statements, the risk reduction statements might lead a reasonable investor to understand that the program and other wildfire-mitigation strategies are important tools that help reduce the risk of losses from catastrophic wildfires, Judge Wright said. But they wouldn't lead a reasonable investor to believe that PSPS was available on all of SCE's transmission lines, he said.

"The risk reduction statements are all they are: probabilities. By their very nature, probabilities and estimates invite a certain level of uncertainty and qualification," the judge said. "The qualification here is that PSPS was not perfect and that it did not completely reduce risk of loss from wildfires."

"Without an assertion of perfect or complete loss-reduction through PSPS, it would be illogical for a reasonable investor to assume that SCE could use PSPS on all thirty-eight of their transmission lines," he said. "This is particularly so in light of defendants' disclaimers that certain circumstances could limit the availability of PSPS."

With the being said, however, Judge Wright gave the investors permission to amend their claims "only to the extent they are premised on the risk reduction statements," according to the order. While the PSPS statements "cannot be saved," the judge found that the investors "could plausibly plead the risk reduction statements under a separate opinion theory."

David Eisenhower, a spokesperson for Southern California Edison, told Law360 on Monday, "We agree with the court's decision and remain committed to wildfire mitigation through grid hardening, situational awareness and enhanced operational practices."

Counsel for the shareholders did not immediately respond to a request for comment.

The lead shareholders are represented by Spencer Burkholz, Robert Henssler Jr., Matthew Alpert, Kevin S. Sciarani and Evelyn Sanchez Gonzalez of Robbins Geller Rudman & Dowd LLP.

The Edison defendants are represented by John W. Spiegel, John M. Gildersleeve and Lorraine L. Abdulahad of Munger Tolles & Olson LLP.

The case is Douglas Elliott et al. v. Edison International et al., case number 2:25-cv-01383, in the U.S. District Court for the Central District of California.

--Editing by Emily Kokoll.



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Biopharma Brass Hid Drug Trial Risks, Derivative Suit Says

By **Emilie Ruscoe**

Law360 (March 9, 2026, 6:40 PM EDT) -- Brass of Ultragenyx Pharmaceutical Inc. are facing shareholder derivative claims they caused the company to overstate prospects for a drug to treat a bone disease, hurting investors and opening the company up to liability when its share prices fell following disappointing clinical trial news.

In a **complaint** filed Friday in a California federal court, Ultragenyx investor Ryan Simutis took aim at Ultragenyx CEO Emil D. Kakkis, Chief Medical Officer Eric Crombez and seven of the company's directors, alleging that in the company's filings and in Kakkis' public comments, they projected confidence about a pair of Phase 3 clinical trials of its drug candidate setrusumab.

"In effect, the individual defendants overstated setrusumab's ability to trigger a decrease in the annualized [bone] fracture rate" of patients with the brittle bone disease Osteogenesis Imperfecta, the suit states.

The derivative suit follows an investor action filed in the same California federal court in February bringing related securities fraud claims against the company, Kakkis and Crombez.

That suit alleges that the defendants expressed "confidence in setrusumab's ability to ultimately trigger a decrease in the [osteogenesis imperfecta] patients' annualized fracture rate, alongside confidence in the study designs to demonstrate such ability and reduce testing variability that could interfere with such a result."

According to the derivative suit filed Friday, on earnings calls during the trials, Kakkis said that earlier studies of setrusumab showed the treatment increased patient bone mineral density.

"We have a high level of confidence that the [bone mineral density] produced by an antisclerostin like setrusumab will translate into fracture reduction," Kakkis allegedly said on one of those calls.

Kakkis also allegedly projected that even as certain patients enrolled in the studies became more active, the studies would still show an overall reduction in fractures. He told investors that "we're not so worried about the, let's say, the noise of having more fracture risk at this point," according to the complaint.

The investor's complaint says those statements were false or misleading, and that Ultragenyx knew that "setrusumab's ability [to] increase material bone density did not necessarily correlate to a reduction in annualized fracture rates of OI patients."

The investor also claims the company failed to disclose the risks that unexpected positive outcomes for a control group would eventually keep one of the studies from achieving its primary endpoint, and the other study would see a promising trend "[fall] shy" of statistical significance.

On the strength of those alleged misrepresentations, the investor says, trading prices for Ultragenyx were artificially inflated between August 2023, when the company announced it had started the studies, and December 2025, when the company disclosed that clinical studies failed to show the drug worked for its intended purpose.

Simutis points to two alleged corrective disclosures that pushed down trading prices for the

company's shares during the relevant period.

In July 2025, the investor claims, the company announced that a second interim analysis of one of the studies showed that it hadn't yielded statistically significant results supporting the proposed indication for setrusumab. The company said at the time it would prepare for a third and final analysis of both trials.

Following that disclosure, the investor claimed, trading prices for Ultragenyx shares fell over 25%, from above \$41 to just about \$31.

When the company announced in December 2025 that the trials didn't show the drug worked as the company hoped, the news allegedly precipitated a decline of over 42% for trading prices for Ultragenyx shares, from above \$34 to under \$20.

The suit alleges that costs tied to the investor suit that followed those trading price declines are among the "many millions of dollars" the company will have to expend in connection with the alleged misconduct.

In addition to the breach of fiduciary duty claims, the suit accuses the individual defendants of violating proxy statement fraud provisions of federal securities law.

Simutis alleges that the company failed to make required disclosures on an April 2024 proxy statement asking shareholders to vote to re-elect certain directors and give advisory approval for certain executive compensation, among other things.

Simutis also alleges that during the time when the company's trading prices were artificially inflated, Kakkis, Crombez and Sanders made improper insider sales of Ultragenyx stock for combined proceeds of \$9.1 million.

The suit also accuses the individual defendants of unjustly enriching themselves, abusing their control, grossly mismanaging the company and wasting corporate assets.

On Monday, counsel for Simutis declined to comment, and representatives for Ultragenyx did not immediately respond to requests for comment.

Plaintiff Ryan Simutis is represented by Robert C. Moest and Timothy Brown of The Brown Law Firm PC.

Counsel information for the defendants wasn't immediately available Monday.

The case is Simutis v. Kakkis et al., case number 3:26-cv-01985, in the U.S. District Court for the Northern District of California.

--Editing by Amy French.



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Musk's Team Warned 'WWIII' Over Twitter Deal, Atty Testifies

By **Bonnie Eslinger**

Law360 (March 10, 2026, 12:02 AM EDT) -- After Twitter sued Elon Musk for terminating his \$44 billion deal to buy the social media platform, Musk's legal team said their client would launch "World War III" against the company's board if forced to go through with the transaction, a Wilson Sonsini lawyer who led the deal for Twitter told a California federal jury Monday.

Monday kicked off the second week of trial in the securities fraud class action brought by Twitter investors claiming that Musk made misleading statements and threats to abandon the acquisition to depress the stock price and get a better price.

The plaintiffs called to the stand Martin Korman of Wilson Sonsini Goodrich & Rosati PC, who said he was the lead attorney who **advised** Twitter on the transaction in 2022.

Musk entered into the merger agreement with Twitter in **April 2022**, only to send the social media company a notice three months later seeking to terminate the deal over information the tech billionaire sought related to the percentage of fake "bot" accounts on the platform. Twitter turned around and sued Musk in Delaware, saying in its July 2022 complaint that his change of heart came amid market downturns and a \$100 billion slide in his flagship Tesla Inc.'s value.

Korman told jurors on Monday that in mid-September 2022, he spoke on the phone with members of Musk's legal team, including Alex Spiro of Quinn Emanuel Urquhart & Sullivan LLP, who suggested a way to resolve the matter.

"Mr. Spiro was inviting a renegotiation of the transaction so that the lawsuit could be dropped and that the parties could mutually agree to close the transaction," Korman said. "I believe he said it would be in everyone's best interest."

A lawyer for the investors, Caroline Yuen of Cotchett Pitre & McCarthy LLP, asked if Spiro's remarks were threatening.

Spiro said if Musk ends up purchasing Twitter, he'd have access to company records, including emails, Korman said. The Quinn Emanuel lawyer said "something to the effect of" Musk could "dig into whatever he wanted to dig into," and "that might not be comfortable for the Twitter people," Korman continued.

Korman said his counterpart on Musk's team, Mike Ringler of Skadden Arps Slate Meagher & Flom LLP, called him weeks later, toward the end of September.

"He said, 'I've been specifically told to convey a message to you,'" Korman told the jury. "That if Mr. Musk were required to go through with the transaction, that after trial, 'it would be World War III 'till the end of time.'" The threat was aimed at Twitter's officers and directors, Korman said.

The "vivid" message shocked him enough that he repeated it back to Ringler, and also brought another Twitter legal team lawyer onto the call to hear it, Korman said.

Korman also recounted the early stages of the deal, including the draft merger agreement he received from Musk's team on April 24, 2022, 10 days after Musk announced his offer to buy the company.

Korman said he immediately called Ringler after reading a letter from Musk attached to the agreement saying the businessman wanted to have it signed by the next morning.

"I asked him if this was a joke," Korman said. "These deals normally take many weeks."

Ringler said Musk was serious about getting it done overnight.

The merger agreement was inked the next day, April 25, 2022.

Korman's cross-examination was done by Ellyde Thompson of Quinn Emanuel, who asked about a May 6, 2022, meeting he attended between the two parties to discuss the takeover. She had him confirm that just before the meeting, Musk's team sent over an agenda with questions and topics for discussion, including how Twitter calculated that fewer than 5% of daily active users are false or spam accounts.

"And at that meeting on May 6, Mr. Musk explained that the amounts of bots and spam that he sees in his Twitter feed, replying to his tweets, did not jibe with Twitter's representations," Thompson said.

Korman said he recalled that Twitter's chief financial officer at that time had explained to Musk its process for estimating the amount of false accounts and spam on the platform.

Thompson said the then-CFO didn't go into detail during that meeting but talked about the process generally and that at the end of the meeting Musk had asked for Twitter user data related to the bots. Weeks later, he was still asking for it, she said.

"Mr. Musk wanted the data so he could perform his own analysis of the percentage of spam and false accounts, right?" Thompson asked.

That's what Ringler had told him, Korman replied.

Among statements made by Musk at issue in the case is a tweet the businessman posted on May 13, 2022, saying that the "Twitter deal [is] temporarily on hold" until the company showed him proof for its estimate that less than 5% of Twitter accounts are spam or false.

After that tweet, Ringler and Korman spoke on the phone.

"He told you that from the perspective of the Musk team, it was all systems go on the deal still, though, right?" Thompson asked. Korman agreed.

Thompson also asked about Ringler's remark about a possible price renegotiation. Those sometimes happen in merger transactions after a deal is signed and before it closes, she asked Korman to confirm.

"Rarely," he replied.

During **opening** statements Monday, a lawyer for the investors told jurors Musk "trashed" Twitter "to drive the stock price down," while counsel for Musk said he was airing "legitimate" concerns about bots and fake accounts on the platform.

During his two days on the stand last week, Musk told jurors **Twitter lied** about the number of bots on the platform, but 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.

The **certified class** are 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.

On Friday, things **got heated** between lawyers on both sides of the aisle and U.S. District Judge Charles R. Breyer urged them to take the weekend to cool down and "gain composure."

Musk filed a mistrial motion on Saturday, based on "repeated, improper conduct" from counsel for the investors, "that the court has refused to correct and to which, in some instances, the court has contributed."

For example, the investors have violated the judge's pretrial order prohibiting them from suggesting to the jury that their alleged scheme involves Musk's quiet purchase of Twitter stock on the open market before his offer to take Twitter private, Musk said.

"When defendant requested that the court instruct the jury to minimize the prejudice stemming from plaintiffs' violation of the court's ruling, the court declined to give any instruction," Musk's motion states.

In addition, the judge has interfered with Musk's lawyers efforts to introduce evidence to rebut the investors' evidence suggesting that privacy concerns prohibited Twitter from sharing certain data with Musk.

The investors have also been allowed to suggest to jurors that certain tweets were dishonest or deceptive, even though they were not pled as false or were dismissed by the court pretrial, Musk said.

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, Michael T. Lifrak and Phillip Jobe 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 Dorothy Atkins and Katryna Perera.



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9th Circ. Doubts Trial Judge Properly Nixed \$4.7B NFL Verdict

By **Dorothy Atkins**

Law360 (March 9, 2026, 11:28 PM EDT) -- A Ninth Circuit panel appeared open Monday to reversing at least portions of a lower court's ruling that scrapped a \$4.7 billion class action antitrust jury verdict against the National Football League, with one judge saying the "fundamental problem" is the trial court took the verdict away from the jury.

The judges' comments came during the NFL's arguments in a hearing on cross-appeals challenging various aspects of a lower court's judgment.

The NFL's counsel, Paul D. Clement of Clement & Murphy PLLC, defended the trial judge's decision to throw out the ten-figure verdict. He argued that the lower court was right to conclude that plaintiffs' economic expert Daniel Rascher's testimony was inadmissible, and that Rascher had improperly used college football as a "yardstick" comparison to inform his damages model.

But U.S. District Judge Joan Lefkow, who was sitting on the Ninth Circuit panel by designation, doubted the argument.

"My fundamental problem with your position is taking this all from the jury," Judge Lefkow told Clement. "I mean, juries are imprecise. It's an archaic sort of process we have for resolving disputes, and you know, as a trial judge, there have been many times I could point to where the jury came to a result that as long as the instructions were valid and correct, then we accept the jury's verdict. This judge, remarkably very soon after the verdict, decides to take it away from the jury."

But Clement disputed that the trial judge took the case away from the jury, noting that such post-trial motions are granted regularly and there's nothing particularly problematic about a trial judge exercising his discretion to grant such a motion given his concerns.

But U.S. Circuit Judge Holly A. Thomas also doubted that Rascher was wrong to compare NFL broadcasting rights to college football.

"If college football is an inappropriate yardstick, what would be?" Judge Thomas asked.

Clement replied that professional leagues like the NBA and the MLB that are specifically governed by the Sports Broadcasting Act, which allows professional sports leagues to pool their broadcasting rights and negotiate collective deals with networks, is a better starting point than college football.

"To be sure, there's no perfect yardstick," he added. "There's no NFL Prime, so if you're going to use a yardstick, you have to make the appropriate adjustments to the differences in the markets, but I think those would have actually been sort of a better starting place."

But U.S. Circuit Judge Anthony Johnstone, who asked both parties numerous questions throughout the hearing, suggested that Clement was downplaying Rascher's testimony, and he noted that Rascher theorized that with money on the table, sophisticated parties would work out a pro-competitive deal — just like the parties did in the college football broadcast deals.

Judge Johnstone also noted that the question the court is reviewing is whether Rascher's testimony is admissible, and not whether it's impeachable.

"[If it's admissible], why shouldn't that be the end of the inquiry?" Judge Johnstone asked. "To Judge Thomas' question earlier, if that's not a yardstick, what is? I mean, it seems like if the yardstick is the methodology, that's the gatekeeping. Once the methodology is applied, why isn't that it?"

Clement insisted again, however, that in order for Rascher's testimony to be admissible the expert must present a "reliable yardstick" and a reliable method to explain how he gets to his conclusion. That didn't occur in this case, Clement argued.

The trip to the Ninth Circuit is the latest chapter in the decadelong antitrust litigation first launched in 2015 by Sunday Ticket subscribers who allege the NFL and DirecTV violated the federal Sherman Act by unreasonably restraining trade, forming an illegal monopoly and pumping up the price of the sports broadcast package.

The claim against DirecTV, the provider of Sunday Ticket at the time, was stayed pending arbitration, and after an earlier Ninth Circuit panel revived the dispute in 2019, the case against the NFL headed to a jury in 2024.

After a four-week trial, jurors **awarded** two certified classes of DirecTV Sunday Ticket subscribers roughly \$4.7 billion. That amount was notably lower than the more than \$7 billion in maximum damages proposed by class experts, Rascher and John Douglas Zona, but higher than their alternative damages calculations.

Under the subscribers' \$7 billion "yardstick" damages model, the experts testified that the NFL could have allowed teams to negotiate their individual broadcasting rights, like college football does, which could have resulted in all Sunday NFL games being broadcast on the major networks and cable outlets like TNT and ESPN. Under this model, the Sunday Ticket package did not need to exist, and the plaintiffs therefore should receive a full refund for their subscription fees.

The alternative \$3.5 billion damages model proposed that DirecTV should have had competition rather than an exclusive right to the Sunday Ticket package, and a third, \$1.7 billion damages model suggested that the NFL should not have instituted a purported "NFL tax" on DirecTV that pressured the broadcaster to keep the price of the package 24.6% above the "optimal price" DirecTV should have charged.

But weeks after trial, in August 2024, U.S. District Judge Philip S. Gutierrez **vacated the verdict** and entered judgment in the NFL's favor, ruling that Zona and Rascher had presented "flawed methodologies," and should not have been given the weight the jury gave them.

The subscribers **quickly appealed**, while the NFL cross-appealed certain aspects of the trial court's judgment, arguing that the classes should be decertified in light of the stricken expert testimony.

During the hearing on the appeal Monday, the subscribers' counsel, Amanda Kate Bonn of Susman Godfrey LLP, told the appellate panel that Judge Gutierrez abused his discretion in scrapping the verdict.

Bonn said the trial judge also made at least three "fundamental legal errors" in excluding the opinions of Rascher, who she noted has offered testimony in other high-profile antitrust cases, including the *Alston v. NCAA* ruling cited by the U.S. Supreme Court.

Bonn defended Rascher's yardstick comparison damages model, arguing that "there can really be no debate" that there is a "reasonable economic similarity" between NFL football and top tier college games.

Ultimately, Rascher supported his damages methodologies with sound evidence and data, and it should be left up to the jury to decide how to weigh the NFL's criticisms of the model, as well as the purported "self-interested testimony" from Fox and CBS executives who claimed they wouldn't have negotiated better deals, Bonn argued.

Bonn added the lower court further erred by requiring Rascher to present a "false certainty" about what would have definitively existed in a hypothetical "but-for" world absent the NFL's alleged misconduct.

During the NFL's arguments, Clement argued that the jury erred in calculating damages, particularly in light of testimony at trial that the executives wouldn't agree to another broadcast model. But Judge Johnstone again doubted the NFL's argument.

"Why would it not be proper for the jury to discount that [testimony] given that those sophisticated parties, at least according to basic economic theory, are arguably enjoying supra competitive pricing under ... the [anticompetitive] conspiracy that was established?" Judge Johnstone asked.

Clement replied that the subscribers could have provided a witness or model that directly showed how the broadcasters would reach an agreement, but they didn't provide such evidence in this case.

"There's nothing there," Clement said. "There's just Rascher saying, 'They'll figure it out,' and there's the people he says are going to figure it out, [testifying] that, 'This is not a speed bump, this is an insurmountable hurdle in this industry.'"

At the end of the hearing, the panel took the arguments under consideration.

U.S. Circuit Judges Holly A. Thomas and Anthony Johnstone and U.S. District Judge Joan Lefkow sat on the panel for the Ninth Circuit.

The subscribers were represented during the hearing by Amanda Kate Bonn of Susman Godfrey LLP.

The NFL and individual NFL clubs were represented during the hearing by Paul D. Clement of Clement & Murphy PLLC.

The case is Ninth Inning Inc., et al. v. National Football League, Inc, et al., case numbers 24-5493 and 24-5691, in the U.S. Circuit Court for the Court of Appeals.

--Additional reporting by Craig Clough, David Steele, Gina Kim and Matthew Perlman. Editing by Michael Watanabe.



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Pump.Fun Seeks Dismissal Of Meme Coin Buyers' Suit

By **Katryna Perera**

Law360 (March 9, 2026, 9:16 PM EDT) -- Meme coin launchpad Pump.fun, its officers and related blockchain projects asked a New York federal judge to dismiss users' latest complaint, which added racketeering allegations and accused the defendants of operating an illegal digital casino, arguing it fails to establish jurisdiction or demonstrate the tokens at issue are securities.

Baton Corp. Ltd., which does business as Pump.fun, filed the dismissal **motion** Friday, saying the plaintiffs' third pleading attempt should be tossed because it is "empty."

"Stripped of volume and rhetoric, [the complaint] offers only speculation, unsupported hypotheses, alleged parallel commercial conduct, and inactionable puffery. In short, it overpromises, underdelivers, and states no claim," the motion states.

To start, the complaint fails to establish any connections between Baton and New York, and therefore has a jurisdictional threshold issue, according to the motion.

"The [complaint] identifies no New York conduct, transaction, injury, or targeting by Baton ... specifically, the [complaint] attributes conduct to 'defendants' collectively, rather than identifying any New York directed conduct by Baton," the motion argues. "Without allegations particularized to Baton, personal jurisdiction cannot be established, warranting dismissal."

The operative complaint also fails to adequately plead any actionable securities claims, according to the motion, because it fails to establish that the meme-themed tokens at issue were sold as securities.

"Plaintiffs do not allege that Baton pooled their funds and used them for a common enterprise ... [and] the [complaint] generically alleges that Baton led buyers of Pump Tokens to expect profits but pleads no facts supporting this legal conclusion," the motion contends.

Finally, the suit's claims under the Racketeer Influenced and Corrupt Organizations Act fail because the plaintiffs do not plead any cognizable enterprise, proximate causation or domestic injury, and they are also barred because they "sound" in securities fraud, the defendants say.

"The SAC alleges that Pump Tokens are securities and alleges fraud violations based on supposed misrepresentations concerning token launches, allocations, and pricing. Because these alleged misstatements are inseparable from the securities fraud theory, the [Private Securities Litigation Reform Act] bar prohibits a RICO claim based on that conduct," the motion states.

The Baton officer defendants made similar arguments in their dismissal **motion**, also filed Friday, saying the court lacks jurisdiction over them because they are foreign individuals, and there are no specific claims tying them to New York.

Additionally, the RICO claims fails because the suit alleges only "ordinary business relationships" among the defendants, and, because there is no primary securities violation, the complaint's control person liability claims also fail, the officer defendants' motion argues.

Finally, the defendants named in the suit that are related to the Solana blockchain Pump.fun was built on argue in their own dismissal **motion** that the RICO claims fail because the operative complaint doesn't allege they "did anything to conduct the purported enterprise's affairs, as they, at most, provided an inactionable service: software."

Additionally, any accusations of gambling or "illicit money transmissions" fail because the Solana defendants are not alleged to have conducted the transfer of any tokens, according to the motion.

In a statement to Law360 on Monday, Max Burwick of Burwick Law PLLC, who represents the plaintiffs, said the dismissal motions do not change their position.

"Our complaint alleges Pump.fun and Solana operate a RICO enterprise that systematically defrauds ordinary people, and we are confident those allegations will survive," Burwick said.

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

The suit, initially filed in **January 2025**, accuses Baton of depriving thousands of investors of protections by "co-issuing" tokens without registering them with the U.S. Securities and Exchange Commission.

According to the Pump.fun users, the businesses powering the meme coin platform and the underlying blockchain worked together to operate an illegal gambling enterprise, "with each defendant entity contributing infrastructure, marketing support, technological development, and economic routing essential to the scheme."

The suit argues the activity amounted to the operation of an unlicensed money transmitting business, illegal gambling, wire fraud, false advertising, copyright and trademark infringement, and right of publicity violations, in addition to the sale of unregistered securities.

Since the initial filing of the action, SEC staff released a **statement** clarifying that it does not believe meme coins meeting certain criteria fall under securities laws. The statements are not binding in any way and represent the interpretations of staff.

The plaintiffs are represented by Chet B. Waldman and Terrence Zhang of Wolf Popper LLP, and Max Burwick and Luis Munoz of Burwick Law PLLC.

Baton Corp. Ltd. is represented by Stephen D. Palley, Daniel Sachs and Kyle P. Dorso of Brown Rudnick LLP.

The Baton Officer defendants are represented by Samson A. Enzer, Tammy L. Roy and Lauren Perlgut of Cahill Gordon & Reindel LLP.

The Solana defendants are represented by Gregory N. Wolfe and Joseph W. Baier of Nagy Wolfe Appleton LLP.

The case is Aguilar v. Baton Corp. Ltd. d/b/a Pump.Fun et al., case number 1:25-cv-00880, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Aislinn Keely. Editing by Kristen Becker.



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Bitcoin Classes Should Be Modified, Judge Says In Opinion

By **Katryna Perera**

Law360 (March 9, 2026, 4:23 PM EDT) -- A New York federal judge narrowed the class definitions in a suit accusing Tether and Bitfinex of rigging the cryptocurrency market and costing investors hundreds of billions of dollars, after finding that there is no "clear-cut" injury for some investors.

U.S. District Judge Katherine Polk Failla's **opinion** granting class certification to Tether and Bitfinex investors who acquired bitcoin or ethereum was unsealed on Friday, after she issued a one-page order **last month**.

The investors sought certification of a class that included individuals and entities that acquired cryptocurrencies or crypto futures within the U.S. or its territories between March 31, 2017, and Feb. 25, 2019, according to court records.

The investors also requested certification of a subclass of individuals and entities that obtained crypto futures within the U.S. between March 31, 2017, and Feb. 25, 2019.

Judge Failla found the sought-after class and subclass to be ascertainable and numerous, and that typical claims and common questions of law and fact existed. The judge said the investor plaintiffs and lead counsel from Selendy Gay PLLC and Schneider Wallace Cottrell Kim LLP will be adequate representatives for the classes.

However, on the predominance requirement, the judge found that common questions override individual ones on the issue of injury only for class members who purchased crypto commodities with fiat currency or stablecoins.

The judge agreed with the plaintiffs that injury is established when a class member buys an artificially inflated crypto commodity or "the moment the purchaser incurs an overcharge." But establishing this initial harm is "not as clear-cut" for class members who purchased crypto commodities with other crypto commodities instead of with fiat currency or stablecoins, according to the opinion.

"If a purchaser bought a crypto commodity with a different crypto commodity, whether that purchaser has incurred the required initial overcharge would depend on whether the purchasing crypto commodity was more or less inflated than the purchased crypto commodity," the opinion states. "As the [defendants] point out, this inquiry would predominate and may even undermine adequacy."

Therefore, Judge Failla limited the class and subclass to those who purchased the relevant digital assets with fiat currency or stablecoins and excluded those who "otherwise acquired" the digital assets.

"Class members who acquired class assets only by engaging in mining, using the crypto fork or receiving them as gifts were not injured in any way because they did not pay market price for those assets," the opinion said.

Judge Failla also adjusted the class and subclass to exclude crypto commodity futures purchased on foreign exchanges, agreeing with the defendants that individual questions predominate regarding whether those transactions occurred domestically.

"Domestic exchanges always yield domestic transactions, but the domesticity of transactions on foreign exchanges is too fact-specific for class certification," the opinion states.

The investors claim in their suit that the Bitfinex exchange and Tether, the issuer of a stablecoin of the same name, engaged in a "part fraud, part pump-and-dump and part money laundering" scheme that eventually cost cryptocurrency investors hundreds of billions of dollars.

The complaint relies on the findings in a university professor's unpublished report, first made public in June 2018 and updated in October 2019, that said Bitfinex and Tether had coordinated to manipulate the price of bitcoin.

Counsel for the defendants declined to comment on Monday, and counsel for the plaintiffs did not immediately respond to requests for comment.

The investors are represented by Philippe Z. Selendy, Andrew R. Dunlap, Oscar Shine and Laura M. King of Selendy Gay PLLC, and Todd M. Schneider and Matthew S. Weiler of Schneider Wallace Cottrell Kim LLP.

The defendants are represented by Maeve L. O'Connor, Elliot Greenfield and Natascha Born of Debevoise & Plimpton LLP, Michael Jason Lee of the Law Offices of Michael Jason Lee APLC, and Sunjina K. Ahuja of Dillon Miller Ahuja & Boss LLP.

The case is *In re Tether and Bitfinex Crypto Asset Litigation*, case number 1:19-cv-09236, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Gina Kim. Editing by Melissa Treolo.

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Share Repurchases Leave Cos. Susceptible To Litigation

By **Amit Bubna** (March 10, 2026, 12:25 PM EDT)

Chirag Mody v. Aldrich, a class action against the directors of Semrush, a software-as-a-service company, was **filed** on Oct. 7 in the Delaware Court of Chancery by a stockholder alleging a breach of fiduciary duty for the approval of a share repurchase program that would allow the founder to obtain majority control.[1] This brings into focus a potentially growing source of litigation risk.

Share repurchases are the dominant payout mechanism for U.S.-listed public companies. But they also automatically increase the remaining shareholders' ownership percentage in the company without them providing a compensating payment. Because greater ownership typically brings greater voting power, increased ownership can have serious implications for corporate control.



Amit Bubna

Evidence shows that a significant number of share repurchase announcements between 2015 and 2024 would potentially have increased the single largest shareholder's ownership by at least 5% in over 200 announcements, and by over 10% in more than 70 announcements.[2]

Significant increases in ownership associated with share repurchases like these pose heightened litigation risk for companies. The risk is greater for companies with more assets, more ownership concentration and more cash holdings, meaning boards of companies should pay close attention to the ownership impact of share repurchase programs.

Corporate Control Concerns From Share Repurchases

Shareholders seeking to acquire a significant ownership stake typically pay a price, either in an open-market block transaction or through a negotiated deal, that reflects a control premium. However, when control shifts occur automatically through repurchases — without any market pricing of the control benefit — they raise concerns about a potential misuse of repurchase programs.

Concerns regarding increased ownership from share repurchases are not restricted to acquiring majority ownership. Even a significant minority stake could cause the investor to be deemed a controlling shareholder. This is evident from the various regulatory rules that impose consequences on shareholders at different ownership thresholds.

For instance, Section 13(d) of the Securities Exchange Act requires disclosure of more than 5% beneficial ownership, and was motivated by concern that "[s]tock holdings of between 5 and 10 percent in [large] companies are in many instances a controlling interest." [3] Those with over 10% beneficial ownership are subject to a short-swing forfeiture of profits from a purchase/sale — or sale/purchase — transaction within a six-month period.[4]

Current and Related Litigation

Between 2020 and 2024, over 15 complaints filed were tied directly to share repurchases by publicly listed companies.[5] Broadly, they alleged that the boards of directors chose to repurchase shares, which resulted in a controlling stake for a shareholder, but for which the shareholder did not pay any additional funds.

For instance, one class action — *Cascia v. Farmer*, **filed** in May 2023 in the Court of Chancery —

alleges that Hertz Global Holdings Inc.'s captured board authorized two share repurchase programs of \$2 billion each in 2021 and 2022 that resulted in CK Amarillo LP's ownership increasing from about 39% to 57% of Hertz's outstanding stock. CK Amarillo LP allegedly offered no additional consideration to either Hertz or its unaffiliated shareholders for the resulting controlling stake.[6]

In another class action, *Fishel v. Liberty Media Corp.*, filed in the Court of Chancery in September 2021, Sirius XM Holdings Inc.'s board was alleged to have breached its fiduciary duties when the announced share repurchase program raised the possibility of increasing the equity stake of its controlling shareholder, Liberty Media, from slightly below 80% to over 90%. Crossing the 80% and 90% thresholds would allow Liberty Media the benefits of tax avoidance on dividends from Sirius XM and to "effectuate a short-form merger," respectively, according to the complaint.[7]

Prevalence of Share Repurchases

A large number of U.S.-listed public companies announced share repurchases between January 2015 and December 2024.[8]

Figure 1 shows that share repurchase programs have increased since the outbreak of the COVID-19 pandemic. The programs are large, accounting for about 5% of the average company's market capitalization at the time of announcement.

FIGURE 1: Share Repurchase Program Announcements, 2015-2024

Year	# Announcements	# Companies	Median Buyback Amount (in \$ millions)	Median Buyback to Market Cap Ratio
2015	1,818	533	\$100.0	5.2%
2016	1,416	436	\$100.0	5.1%
2017	1,284	390	\$149.8	4.4%
2018	1,878	558	\$141.7	4.8%
2019	1,836	560	\$66.3	4.0%
2020	1,476	454	\$40.0	4.1%
2021	2,235	651	\$100.0	4.4%
2022	2,553	767	\$97.7	5.2%
2023	1,779	544	\$75.0	4.8%
2024	2,052	627	\$125.6	5.7%

Source: Capital IQ

Share repurchases are seldom one-off events. Figure 2 identifies the top 10 companies with the most frequent share repurchase announcements between 2015 and 2024. The median amount of their announced repurchase was over \$100 million, though some companies announced relatively small amounts.[9]

FIGURE 2 — Top 10 Companies With Frequent Share Repurchase Program Announcements, 2015-2024

Company	# Announcements	Median Buyback Amount
Chipotle Mexican Grill Inc.	29	\$100.0 M
NVR Inc.	23	\$300.0 M
Mackenzie Realty Capital Inc.	21	\$0.5 M
Ubiquiti Inc.	21	\$150.0 M
World Acceptance Corp.	17	\$27.4 M
Zions Bancorporation National Association	17	\$185.0 M
Dycom Industries Inc.	16	\$87.4 M
First Farmers Financial LLC	15	\$2.0 M
Monster Beverage Corp.	15	\$500.0 M
Core & Main Inc.	14	\$184.2 M

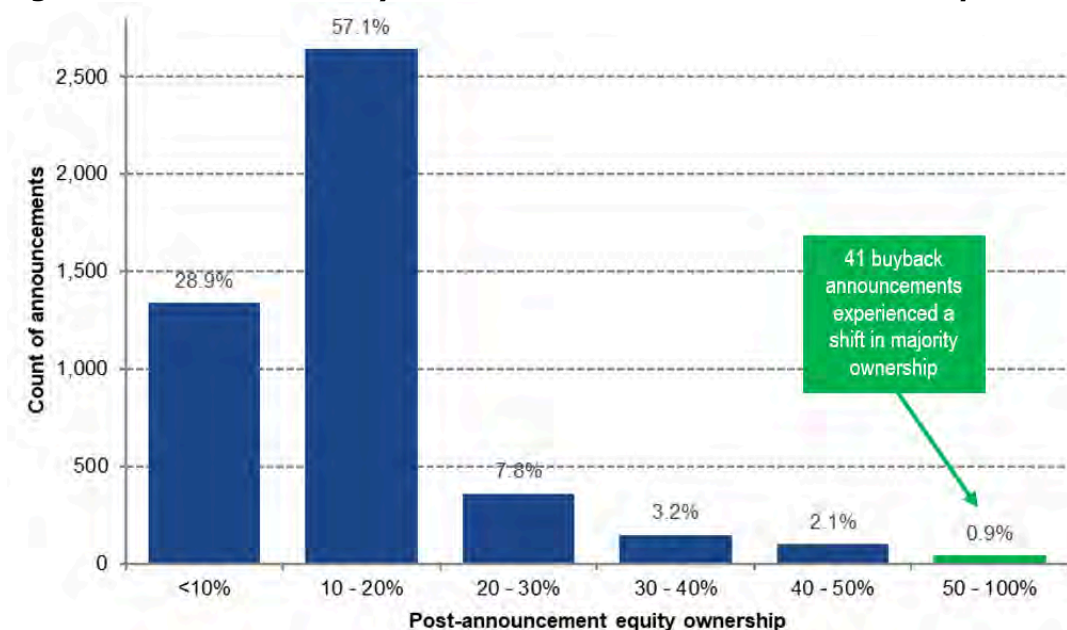
Source: Capital IQ

Potential Impact on Ownership

Large repurchases could significantly affect the ownership stake of remaining shareholders[10] and the accompanying risk of potential litigation.[11]

Figure 3 shows the distribution of postannouncement equity ownership and the associated count of announcements by companies with single-class shares.[12] Over 70% of share repurchase announcements resulted in postannouncement ownership exceeding 10%. In fact, 41 of the announcements resulted in majority ownership.

Figure 3: Count of Postbuyback Announcement Percent Ownership



Source: Capital IQ.

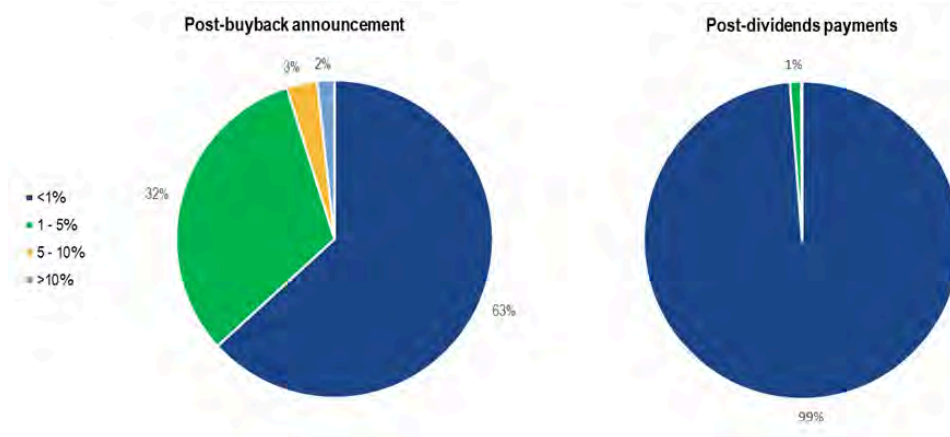
While the figure above points to postannouncement equity stakes, concerns about corporate governance would also be tied to the change in equity stake resulting from the announcement.

Figure 4 shows the distribution of the increase in the largest shareholder's equity ownership postannouncement. Over 30% of the announcements could have increased the largest shareholder's equity stake between 1% and 5%. In over 200 announcements — i.e., 5% of the announcements — the increase in the equity stake could have been over 5%.

So, even if a shareholder did not become the majority shareholder, a large increase in equity stake could have provided them with room to exercise significant control over the workings of the company — all without any proactive effort to acquire more shares or additional payments for the benefit.[13]

This shift in shareholder ownership stands in stark contrast to the implications of a dividend payout if the company were to spend the same amount as the share repurchase announcement.[14] As Figure 4 shows, over 99% of the announced amounts would increase equity ownership by no more than 1% if the dividend were used by the largest single shareholder to buy more stocks in the market.

Figure 4: Proportion of Announcements by Percentage Point Increase in Ownership Share



Source: Capital IQ.

Looking Ahead

Share repurchases continue to be the dominant mechanism for public companies to return money to shareholders. While share repurchases may have potential benefits, such as flexibility in payouts and tax efficiency, their impact on equity ownership stake will continue to raise questions about the unpaid benefits to some shareholders, particularly in companies with more assets, greater ownership concentration and larger cash holdings.[15]

While the above analysis quantifies the potential for a significant change in ownership due to share repurchases, it also draws attention to the need for constant vigilance on the part of attorneys and investors.

First and foremost, it is helpful to monitor the incentives of the company's board members and, in particular, whether the board is captured.[16] Though a captured board need not always announce share repurchases, such a board typically lies at the heart of allegations about share repurchases and unfair outcomes for the company's ownership structure. Linkages between a board member and a large shareholder could arise through alternative channels, including familial relationships; social ties, such as old-boys networks; and positions on multiple boards.

Additionally, attorneys and investors should pay attention to corporate events that may prompt a captured board to weaponize share repurchases to benefit one shareholder at the expense of other shareholders.[17] Changes in corporate structure at the time of an initial public offering or contractual terms in an M&A transaction may require or allow share repurchases to be used as a tool for expropriation from minority shareholders.

Thus, more generally, share repurchases need to be closely monitored by interested parties as an area of corporate governance susceptible to litigation risk.

Amit Bubna, Ph.D., is a principal at Bates White LLC.

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[1] **Chirag Mody v. Aldrich et al** , Case No. 2025-1147, filed in the Court of Chancery of the State of Delaware on October 7, 2025.

[2] I restrict the analyses to last until 2024 because the annual financial and ownership data that I use are only being released now for 2025.

[3] Congressional Record, Tuesday, February 10, 1970, vol. 116, Part 3, p. 3024 (<https://www.congress.gov/bound-congressional-record/1970/02/10/senate-section>).

[4] <https://resourcehub.bakermckenzie.com/en/resources/global-public-ma-guide/north-america/united-states/topics/before-a-public-takeover-bid>.

[5] The identified cases are based on keyword searches for share repurchases in Westlaw, Law360, and Bloomberg Law. Several complaints included share repurchase programs as a side matter in cases alleging misrepresentations or other corporate actions that kept stock prices inflated. E.g., see Gideon Akande v. Geisler et al., Case No. 2:24-cv-01928, filed in the U.S. District Court in the Central District of California on March 10, 2024.

[6] Cascia v. Farmer et al., Case No. 2023-0520, filed in the Court of Chancery of the State of Delaware on May 11, 2023.

[7] Fishel v. Liberty Media Corporation et al., Case No. 2021-0820, filed in the Court of Chancery of the State of Delaware on September 23, 2021.

[8] On average, about 13% of U.S.-listed companies announced share repurchases each year. For the count of U.S.-listed public companies, see The World Bank (World Development Indicators), <https://data.worldbank.org/indicator/CM.MKT.LDOM.NO?locations=US>.

[9] Some companies only had a single share repurchase program during 2015–2024. For example, Apple announced only one, but the largest share repurchase program during this time period, of \$605 billion.

[10] For every share repurchase announcement, I estimate the number of shares that would be repurchased with the announced amount. I assume that the company would repurchase the shares immediately following the announcement. Then I calculate the resulting ownership stake of the shareholder who had the single largest stake prior to the repurchase.

[11] Generally, companies repurchase shares over time and try to time it by buying shares when the price is low. By assuming that the buyback happens on the first postannouncement date, it is more likely that the repurchase price would be higher, and fewer shares repurchased, so that the chances of a shareholder ending up with a substantial ownership stake in my analysis would be lower.

[12] To align stock ownership with voting rights (for purposes of control), I focus only on companies with single-class shares. I rely on multiple sources for identifying dual-class share companies, including Prof. Jay Ritter's data source (<https://site.warrington.ufl.edu/ritter/files/IPOs-Dual-Class.pdf>) and the Council of Institutional Investors (<https://www.cii.org/files/Formatted%20Dual%20Class%20List%20203-22-21.pdf>). The analysis drops announcements by companies with a majority single shareholder prior to the repurchase announcement, as well as those with missing stock price data.

[13] It is possible that some of the large shareholders already had sufficient pre-announcement equity stake to influence decision-making within the firm. Additionally, focusing on the largest single shareholder may ignore cases where multiple shareholders have enough equity stake to jointly influence decision-making (e.g., family members). Nonetheless, share repurchases could increase their ownership even further, and in some cases, significantly. Such increases may offer additional benefits, as I discussed above.

[14] In the event of a dividend payout, the largest single shareholder receives a proportional share of the total dividend. In response to the dividend, the stock price is assumed to drop by the amount of the dividend per share. The shareholder is assumed to use the full amount of the received dividend to buy shares at the new price.

[15] This is the result of a regression analysis with the following specification: $\text{Log}(\text{ownership percent change}) = a + b \cdot \text{Top-5 \% share (pre-announcement)} + c \cdot \text{Log}(\text{assets}) + d \cdot \text{Age} + e \cdot \text{ROA} + f \cdot \text{Cash holdings \% of assets} + \text{Year FE} + \text{Industry FE}$

[16] For example, see *Scott Fellows v. G. Raymond Zage III et al*, Case No. 2025-0477, filed in the Court of Chancery of the State of Delaware on May 1, 2025.

[17] For example, see Plaintiff's Answering Brief in Opposition to Defendants' Motions to Dismiss the Second Amended Complaint in *Dennis Palkon v. Deutsche Telekom AG et al*, Case No. 2025-0211-PAF, filed in the Court of Chancery of the State of Delaware on September 2, 2025.

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Meta Integrity Head Tells NM Jury Proactivity Is Key

By **Cara Salvatore**

Law360 (March 9, 2026, 10:52 PM EDT) -- Meta's longtime head of integrity testified Monday in New Mexico's social media mental health trial that the company is always building new safety tools and that he led a shift to make it more proactive in detecting policy violations.

Guy Rosen, who was promoted to chief information security officer in November, had before that led the company's safety efforts, which it calls Integrity, for about nine years. He took the stand as part of Meta's defense case against 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.

Rosen said the company's safety efforts are extensive and never-ending, and that during his tenure he spent a great deal of time thinking about how safety efforts could become more proactive rather than depending on "reactive" reporting from users about objectionable content with which they'd already come into contact.

For example, the company now has systems to rank potentially concerning content in three ways, Rosen said. Content is scored with regard to its "severity" — the likelihood that it can imminently cause harm — as well as virality and the likelihood that the content violates policy. Then, based on those scores, content is prioritized or deprioritized as far as how quickly it should be dealt with, Rosen said. Some content is sent on to armies of at least 15,000 vendor-employed human reviewers for further review.

Rosen said it's not possible to be "perfect" at keeping objectionable or illegal content out of social media. But he said that building systems to try to stay ahead of account holders with bad intentions is something the company has worked hard on.

One example is what the company sees with nudity, Rosen said. For integrity work, "the space — and I think this is true for nudity in particular — is very adversarial. That means there's bad actors on the other side, adversaries, who are constantly trying to get around our rules. And the moment they understand where the lines are and how we detect what ... percent of a genital should be visible in order for it to trigger the classifier, they will go right up to that line."

"And so we have to constantly adapt and improve our systems," Rosen said.

He said Meta even has systems in place to try to stop banned users from just creating a new account and continuing the bad behavior all over again. Those systems look at things like IP addresses and unique device IDs, he said. The efforts even span Meta's different platforms.

"If we know they have accounts on our other apps, we will try to take them down, and we will try to prevent them from just opening a new account. That's not always possible, but we do our best," Rosen said.

Rosen's testimony also pushed back against one of the state's contentions, which is that the implementation of end-to-end encryption on Facebook Messenger was a bad move from the perspective of child safety, because it can make criminal messaging much less accessible to authorities.

Rosen said that the company implemented new safety tools as preparation for the implementation of

end-to-end encryption, including making teen accounts private by default, instituting new safety notices, and figuring out ways to scan images on users' devices since the encryption would make those images invisible to the company while traveling through Meta's servers.

"I think we have built the safest private messaging app," he said.

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 Bruce Goldman.

For more of this trial, see Courtroom View Network.

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Social Media Plaintiff Not Diagnosed With Addiction, Jury Told

By **Craig Clough**

Law360 (March 9, 2026, 10:12 PM EDT) -- A therapist who treated a bellwether plaintiff alleging Instagram and YouTube are harmful to children testified she never diagnosed the plaintiff with any social media addiction during five years of treatment but believed social media contributed to her mental health struggles, according to a video deposition a California jury watched Monday.

Allison Pratt, a licensed marriage and family therapist, said on a videotaped deposition taken in 2025 that she started treating the plaintiff known in court as Kaley G.M., or Kaley, in 2020 and was still treating her, with the treatment spanning from when Kaley was a minor into adulthood.

Pratt said she does believe social media addiction in children is real, which is one of the **points of contention** in the trial. She added that she has encountered children she believed suffered that kind of addiction, but that she never diagnosed Kaley with it.

"And the handful of mentions in your notes about social media primarily just dealt with a couple of instances of what you call either cyber-bullying or cyber-stalking?" an attorney asks in the video from off camera before Pratt agreed. "And you never diagnosed Kaley with social media addiction?" the attorney asked.

"Correct, correct, I did not," Pratt said.

"And you never actually diagnosed her with any type of addiction?" the attorney asked.

"Correct, correct," Pratt said.

Pratt was then asked if she ever determined if Kaley's mental health struggles were connected to social media, to which she said it was "multifactorial, and you know, social media being a contributor, amongst many other factors."

Kaley's negative experiences on social media included dealing with cyber-bullying, a "fear-of-missing-out" by seeing she was not being included in activities with peers and also using it as a "coping mechanism" where "she would spend a large amount of time on social media," Pratt said.

Pratt was asked at different times if Kaley specifically mentioned feeling addicted to YouTube or Instagram, and Pratt said she never did and that she never diagnosed her with being addicted to those platforms.

"Is it fair to say that Kaley never expressed to you that she thought she was addicted to Instagram specifically?" an attorney asked.

"She never reported that to me," Pratt said.

"And her mom has never expressed to you that [she] thought Kaley was addicted to Instagram, is that correct?" the attorney asked.

"That's correct."

At a later point in the video, a different attorney asked Pratt if she diagnosed Kaley with an addiction

to YouTube, and she said she did not.

Kaley, 20, **told the jury** earlier in the trial that she was on social media sites "all the time" as a child, and that her obsession with them contributed to or worsened her anxiety, depression and body dysmorphia.

Pratt said in her deposition that Kaley was diagnosed with those issues. She also said that Kaley told her she was participating in the litigation because "her mom wanted to participate" and that "there may be compensation."

The therapist also said Kaley's mental struggles could not be traced to a single cause but were multifactorial, which includes family strife and the problems associated with being "a teenage girl, which comes with a lot of stress and self-image and self-esteem challenges."

The proceedings began Monday with Los Angeles Superior Court Judge Carolyn B. Kuhl replacing a juror on the panel with an alternate. The replaced juror, a male who appeared to be in his 60s and was likely the oldest person on the panel, had a family illness to deal with, the judge said. She replaced him with an alternate, a man who appears to be in his 20s and is now likely the youngest person on the panel.

The move was the **second time** a juror has been replaced, and there are now four alternates remaining.

After the lunch break, the judge informed the courtroom that another juror had a family health emergency to deal with, so she canceled the proceedings for the afternoon.

In the morning, the jury was shown a short clip of video testimony given by Kaley's mother, who is known in the proceedings as Karen or Karen G. It was the **exact testimony** the jury heard read to them on Friday as part of the plaintiff's case prior to resting. Luis Li of Wilson Sonsini Goodrich & Rosati PC, who represents YouTube, said he wanted it played for "completeness."

The jury also saw live testimony from Ian McMeans, a software engineering manager at YouTube, who said part of his job is to respond to legal requests for documents.

McMeans said the watch history for YouTube accounts associated with Kaley prior to 2020 were not available. He said the company "allow[s] users to delete their activity data, like you can delete your watch history, your search history, anything else that we have," and that, "if for whatever reason, a user doesn't want like a record of their search or watch history, they have the power to delete it."

When Li asked if the data prior to 2020 was deleted, McMeans said "[t]hat seems like [the] most logical conclusion."

On the data available from 2020 through 2024, McMeans said Kaley watched about 28 minutes of videos and 29 minutes of music on average per day, which includes about four minutes of videos connected to autoplay and about one minute connected to YouTube Shorts. The **numbers match those** Li told the jury about during his opening statement when he suggested they prove Kaley is not addicted to YouTube or its features.

Mark Lanier of The Lanier Firm, who represents Kaley, cross-examined McMeans and suggested that YouTube is the party that deleted Kaley's watch history from prior to 2020 and that he "didn't tell" the jury that. He then pulled out a company "fact sheet," which McMeans confirmed said the company does not retain watch history records beyond about 80,000 videos or so.

Lanier said the records show Kaley has watched around 87,000 videos on her main YouTube account since 2020. He pulled out paper records of her available watch history, plopping them down in stacks on the table for dramatic effect until they measured around two feet high or more.

"If we stack it up, 80,000 videos, actually, 87,000-plus videos that take up two boxes that go all the way back, that's what y'all have, and you don't have any before, because you delete it, that's the storage limit, correct?" Lanier asked.

"Yes, if users watch enough videos, it eventually runs into storage limits," McMeans said.

"So if she's watched over 80,000 videos in just the last five years, y'all delete the storage history, not her, right?" Lanier said.

"Yes, that's something that happens when their history is old enough and long enough," McMeans said.

The trial is scheduled to resume Tuesday morning.

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 Dave Trumbore.



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Trump Media Investor's Venue Bid Rejected By Fla. High Court

By **David Minsky**

Law360 (March 9, 2026, 9:40 PM EDT) -- Florida's Supreme Court on Monday rejected a petition for review brought by an investor in President Donald Trump's Truth Social platform who challenged an order denying his motion to toss or transfer the company's lawsuit against him after he claimed it was filed in the wrong jurisdiction.

The Florida high court issued its ruling **declining to accept** jurisdiction and denying the petition brought by Patrick Orlando, who sought to have Trump Media & Technology Group Corp.'s Florida lawsuit against him dismissed after he argued the dispute belonged in Delaware.

"No motion for rehearing will be entertained by the court," the Florida Supreme Court said in its ruling.

In May 2025, Orlando and his company, Arc Global Investments II, petitioned the Florida Supreme Court to review a decision dismissing his appeal by Florida's District Court of Appeal a month prior. The appeal challenged a Sarasota County, Florida, lower court order denying his motion to dismiss TMTG's and Digital World Acquisition Corp.'s lawsuit.

Orlando and Arc Global Investments II were sued by TMTG and DWAC in Sarasota County, Florida, state court in February 2024. The plaintiffs claimed Orlando tortiously interfered with the DWAC merger with TMTG and also sought a declaration of rights as to the number of founder shares Arc was entitled to receive under DWAC's charter agreement. Orlando is the former CEO of DWAC, a special purpose acquisition company that merged with TMTG to make the company available for public trading on the stock market.

In July 2024, the Sarasota court rejected Orlando's argument that the Trump Media lawsuit was filed in the wrong venue, denying his motion to dismiss and to stay the case until a similar lawsuit brought by Orlando in Delaware panned out. Orlando argued in his motion to dismiss that the merger agreement precluded legal action in Florida.

Orlando appealed the lower court's order to the Second DCA at the end of July 2024. Orlando claimed in his brief that he was on the verge of filing a lawsuit against TMTG in Delaware but held off after learning they wanted to settle. The talks of settlement were a ruse and the plaintiffs instead brought their Sarasota lawsuit, Orlando said. Oral arguments **were held in March 2025**.

The Second DCA issued a ruling in April 2025, rejecting Orlando's appeal as moot "because the first amended complaint has been superseded by a second amended complaint that adds several additional claims, parties, and venue allegations."

Orlando's petition to the Florida Supreme Court argued that the Second DCA's ruling conflicted with the Third DCA's 1996 decision in **Smith v. Randall** 📌 that held venue must be decided by the last amended complaint.

In a July 2025 response brief on jurisdiction before the Florida Supreme Court, TMTG said the Second DCA decision didn't conflict with the Smith ruling because the company's second amended complaint "materially differed" from the first amended complaint.

Counsel for Orlando declined to comment and TMTG attorneys did not immediately respond to

emailed requests for comment on Monday.

Arc Global is represented by Kevin P. Jacobs and Christopher J. King of Homer Bonner Jacobs Ortiz PA.

Orlando is represented by Adam L. Schwartz and Andrew T. Figueroa of Vedder Price LLP.

Trump Media is represented by Samuel J. Salario, Jason Gonzalez and Mathew D. Gutierrez of Lawson Huck Gonzalez PLLC.

The case is ARC Global Investments II LLC et al. v. Trump Media & Technology Group Corp. et al., case number SC2025-0757, in the Supreme Court of Florida.

--Additional reporting by Carolina Bolado. Editing by Leah Bennett.

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