Bloomberg Law

Request a Demo Login

Securities

GE, EQT Lead 40% Surge in Payouts for Investor Accounting Suits

March 20, 2026, 2:00 AM PDT

Five large settlements in some lengthy lawsuits propelled a 40% bump in the total dollars public companies paid investors in 2025 to end class actions alleging accounting misdeeds.

The duration of those cases, which involved General Electric Co., EQT Corp., Rio Tinto Group, and two other corporations, helped drive the overall total to $1.5 billion, up from $1.1 billion in 2024, according to a Cornerstone Research report issued this week. The amount shot up even though the total number of settlements, 35, remained static, according to the report, which focused on the subset of securities class actions that allege accounting issues.

One reason for the uptick could simply be that "the cases involved in this report have larger overall class-wide damages, so they're settling for bigger numbers," said plaintiffs' attorney Kara Wolke of Glancy Prongay Wolke & Rotter LLP. Another potential explanation is "cases that get further along in the procedural hurdles after they get class certification," she said. "Those will tend to settle for a higher percentage of the estimated class-wide damages."

About 80% of accounting-related securities settlements in 2025 came in at $50 million or less, according to Cornerstone. "The percentage of large (greater than $50 million) and mega (greater than $100 million) settlements doubled from 2024 to 2025 (from 9% to 20%)," the report said. The nearly $898 million value of the five mega settlements "represented almost 60% of the value of all accounting case settlements in 2025," the report said.

Cornerstone didn't identify the cases, but a report by National Economic Research Associates recapping securities class actions in 2025 specified seven, including non-accounting cases, that resulted in triple-digit settlements.

GE's $363 million deal with investors—alleging a practice known as long-term factoring that preceded a $1 billion shortfall in cash from operating activities—topped the subset of accounting cases in NERA's list. Energy company EQT's $168 million settlement after six years of litigation over expense accounting was next, followed by Rio Tinto's nearly $139 million settlement of claims the mining company withheld information about ballooning copper mine costs and delays; Alta Mesa Resources Inc.'s payment of $126 million in a suit over a $3.1 billion write-down in response to an audit that showed accounting weaknesses; and VMware Inc.'s nearly $103 million settlement of investor claims that it manipulated its revenue accounting.

Thomas Redburn Jr. of Lowenstein Sandler LLP echoed that the length of litigation contributes to those high settlement values. "You really can't draw any reliable conclusions from one year's crop of settlements," he said. "What is definitely a trend in the industry that's been happening for at least the last five, if not 10 years, is that more and more defendants are not settling after a motion to dismiss. They are actually taking the case through class certification because there's been so much legal activity in the class certification area that a lot of defendants believe that you essentially have a second chance of killing the case."

Write-Downs and Restatements

The new data also shows a dramatic slip in the value of settlements involving write-downs and a continued decline in the prominent role that financial restatements have typically played in driving up settlement values.

In 2024, the median settlement value for cases alleging write-downs spiked, due in part to a mega settlement in a write-down case, according to the Cornerstone report. But in 2025, that median amount fell by 83%, and represented a 53% decline from the write-down median spanning 2016 through 2024, according to the report.

Underlying that are shifts by the plaintiffs' bar as some kinds of cases become harder to bring, attorneys say. Changes in the law and judges' views have affected what accounting allegations are brought and survive dismissal efforts, they say.

"There's a full line of cases holding that most accounting judgments are opinion statements under the securities laws, which makes them harder to prove misleading," said defense-side attorney Kristin Murphy of Latham & Watkins LLP. "Plaintiffs are taking a hard look at whether they can meet that burden before they file."

Trend Reversal

Write-down cases appear to be part of that trend. "It does confirm something I've thought along for a while, which is that those cases are getting more and more difficult to bring," said Lowenstein Sandler's Redburn, who represents institutional investors who opt out of securities class actions. "Those cases, when you get right down to it, are based on opinions as opposed to statements of fact."

"That makes them hard to bring and hard to prosecute in 10b-5 world," he said, referring to a Securities and Exchange Commission rule implementing anti-fraud provisions of the securities laws.

Meanwhile, the 2025 annual report is the third in a row by Cornerstone Research showing "a reversal of the historical trend where cases involving restatements typically lead to larger median settlement values than those without a restatement," the report's authors, Frank Mascari, Sally Bai, and Kelly Lancer, said in an email.

"Courts are increasingly persuaded that restating earnings doesn't, by itself, mean you committed fraud," said the defense-side attorney, Murphy. "We saw that play out in The Metals Company case in the Central District of California." The ocean floor mining company defeated an investor suit over debt levels and accounting abilities for complex transactions in January of this year.

The specific cases in a given year play a role, too. "Anecdotally, notwithstanding the fact that cases with restatements tend to be considered stronger on the merits, my guess is that that pool of cases just had overall lower class-wide damages," said Glancy's Wolke.

To contact the reporter on this story: Martina Barash in Washington at mbarash@bloomberglaw.com

To contact the editors responsible for this story: Andrew Harris at aharris@bloomberglaw.com; Alicia Cohn at acohn@bloombergindustry.com

Winklevosses' Gemini Space Station sued by shareholders over strategy, departures

reuters.com/sustainability/boards-policy-regulation/winklevosses-gemini-space-station-sued-by-shareholders-over-strategy-shift-2026-03-19

Jonathan Stempel March 19, 2026

Item 1 of 2 Gemini Co-founders Tyler Winklevoss and Cameron Winklevoss attend the company's IPO at the Nasdaq MarketSite in New York City, U.S., September 12, 2025. REUTERS/Jeenah Moon/File Photo

[1/2]Gemini Co-founders Tyler Winklevoss and Cameron Winklevoss attend the company's IPO at the Nasdaq MarketSite in New York City, U.S., September 12, 2025. REUTERS/Jeenah Moon/File Photo Purchase Licensing Rights, opens new tab

- Shareholders allege misleading statements in IPO documents
- Gemini shares have fallen since September IPO
- Tyler, Cameron Winklevoss tout prediction markets, path to profit

NEW YORK, March 19 (Reuters) - Gemini Space Station (GEMI.O) , opens new tab and its billionaire founders Cameron and Tyler Winklevoss were sued by shareholders who said they were defrauded about the cryptocurrency exchange's business prospects, and suffered losses as a strategy shift, job cuts and executive departures caused the stock price to fall.

In a proposed class action filed on Wednesday night in Manhattan federal court, shareholders said Gemini made false and misleading statements in marketing documents for its September 11, 2025 initial public offering by overstating the viability of its crypto platform and its ability to grow internationally.

They also said the New York-based company did not disclose it was poised for an "abrupt corporate pivot" to focus on prediction markets, where users wager on the likelihood of future events.

Shareholders said Gemini's problems surfaced in February when the company said it would cut about 25% of its workforce and wind down European Union, UK and Australian operations; announced it was "parting ways" with its chief operating officer, chief financial officer and chief legal officer; and projected a potential $602 million net loss for 2025.

Gemini shares fell after those announcements to below $7, more than 75% below the $28 IPO price.

Shareholders said Gemini and the Winklevosses intended to and did "deceive the investing public." The complaint seeks damages for shareholders between September 12, 2025 and February 17, 2026.

Gemini did not respond on Thursday to requests for comment.

After markets closed, Gemini reported a full-year net loss of $582.8 million, or $258 million before interest, taxes, depreciation, amortization and other adjustments.

In an accompanying shareholder letter, the Winklevosses said prediction markets "will be as big or bigger than today's capital markets," and focusing on the United States will reduce expenses and "meaningfully accelerate our path to profitability." They also said artificial intelligence was a factor in the job cuts.

Tyler Winklevoss is Gemini's chief executive, and Cameron Winklevoss is president. The identical twins are each worth $2.7 billion, according to Forbes magazine.

Gemini shares closed up 5 cents at $6.01 on Thursday. They rose 11% after market hours to $6.67.

Reporting by Jonathan Stempel in New York, Editing by Franklin Paul, Diane Craft and Bill Berkrot

Ann M. Lipton
@annmlipton.bsky.social

not good for musk:

2. The Jury has the following question:

JURY INSTRUCTIONS DISCREPANCY:
PG 15, LINE 22: FALSE OR MISLEADING
PG 17, L 24-25: FALSE OR MISLEADING
PG 18, LINE 5: FALSE AND MISLEADING

MAY THE COURT CLARIFY IF STATEMENTS SHOULD BE FOUND FALSE AND, or OR MISLEADING?

> **Ann M. Lipton** @annmlipton.bsky.social · 1d
> Jury is still out for the Musk twitter shareholder trial (the first one) and my instinct is, the longer it takes the worse it is for him, but we will see.

2:44 PM · Mar 19, 2026 · Everybody can reply

11 reposts **1** quote **61** likes **1** save

7 12 61

Write your reply

Mark von Wahlde @markvonwahlde.bsky.social · 21h
Sometimes I love juries.
4

SwampLizard @swamplizard.bsky.social · 21h
Skates by on the rare false but not misleading claim
1

EDP @elizdp.bsky.social · 19h
We can hope.
1

Melayna @melaynalokosky.bsky.social · 19h
Hi! FYI a weird thing just happened. I reposted and BlueSky unreposted it twice.
1

Ann M. Lipton @annmlipton.bsky.social · 19h
😄
1 1

BonaireVolt @bonairevolt.bsky.social · 19h
If he retort

NewsRoom

3/19/26 Plain Dealer (Clev.) 2
2026 WLNR 8288923

Cleveland Plain Dealer

March 19, 2026

Section: A

Jury asks a key question. Here's why it matters. Issue appears to concern the timing of the payment FirstEnergy officials made to Sam Randazzo

Adam Ferrise - aferrise@cleveland.com

Jurors deliberating in the FirstEnergy bribery trial asked a judge about Ohio's bribery law on Wednesday, the first day of deliberations after six weeks of testimony.

Former FirstEnergy CEO Chuck Jones and ex-top lobbyist Michael Dowling are accused of bribing former state regulator Sam Randazzo with $4.3 million about a month before Randazzo officially applied to become the chairman of the powerful Public Utilities Commission of Ohio.

The jury's question appeared to concern the timing of the payment FirstEnergy officials made to Randazzo.

"If that public servant has not yet applied to be a public servant, does the before in the instructions count?" the question said.

Summit County Judge Susan Baker Ross replied that the question "is for you to decide as a factual matter."

Ohio's bribery law states, "No person, with purpose to corrupt a public servant or party official ... whether before or after the public servant or party official is elected, appointed, qualified, employed, summoned, or sworn, shall promise, offer, or give any valuable thing or valuable benefit."

Cleveland State University law professor Jonathan Witmer-Rich said the statute "means what it says."

"It would include providing a payment or offering a payment even before the person has applied to be a public servant," Witmer-Rich said. "It would just be anytime in anticipation of the public official taking office."

The issue - key in the jury's decision - came up during trial.

During closing arguments, Jones attorney Carole Rendon said that Randazzo wasn't a public official at the time Jones signed off on the payment on Dec. 19, 2018. The payment went through on Jan. 2, 2019. Randazzo didn't submit his application to the PUCO until Jan. 17, 2019 and wasn't selected by the PUCO's nominating council as a candidate until Jan. 31, 2019, Rendon said.

Defense attorneys argued the money wasn't a bribe but rather payment for a prior settlement agreement with Randazzo's former clients that FirstEnergy was obligated to pay.

Assistant Ohio Attorney General Matthew Meyer argued that the law includes the word "before," therefore it may apply to the time before Randazzo's appointment. He also said Jones and Dowling knew he was a candidate for PUCO chair after a Dec. 18, 2018 dinner with incoming Gov. Mike DeWine and Lt. Gov. Jon Husted, now a U.S. senator.

The PUCO is a powerful state regulatory body that can greatly influence how much utilities, like FirstEnergy, can make.

"Imagine a world where as long as you had a private meeting and everyone knew you were about to go up and be the governor, the chair of the PUCO, a mayor, a judge, as long as the cash lands right before you file the papers, it's OK," Meyer said. "Well, the laws of the state of Ohio do say it's not OK."

The jury went home Wednesday without reaching a verdict.

---- Index References ----

Company: FIRSTENERGY CORP; CLEVELAND STATE UNIVERSITY

News Subject: (Corruption, Bribery & Embezzlement (1EM51); Crime (1CR87); Fraud (1FR30); Regulatory Affairs (1RE51); Social Issues (1SO05))

Canada’s Supreme Court scrutinizes Facebook's role in Cambridge Analytica privacy scandal

courthousenews.com/canadas-supreme-court-scrutinizes-facebooks-role-in-cambridge-analytica-privacy-scandal

Daphné Dossios March 20, 2026

Facebook CEO Mark Zuckerberg speaks at Georgetown University in Washington, Thursday, Oct. 17, 2019. (AP Photo/Nick Wass, File)

MONTREAL (CN) — The Office of the Privacy Commissioner of Canada argued Thursday that Facebook breached provisions of Canada’s private-sector privacy law, the Personal Information Protection and Electronic Documents Act, or PIPEDA.

In 2015, a global scandal sparked after a personality quiz app on the major social media platform was found to collect data from users and their friends. That information was shared with Cambridge Analytica, a political consulting firm that used the data for political profiling and targeted advertising.

Between 2018 and 2019, the Privacy Commissioner of Canada investigated Facebook under PIPEDA and concluded users did not give meaningful consent for their data to be shared with third-party apps, and that Facebook failed to implement adequate safeguards to protect that information.

But attorney Michael Feder, representing Facebook before the Supreme Court, said users gave their meaningful consent when signing up and agreeing to Facebook’s terms of use, which he described as presented “in the plainest of language,” “not legalese.”

But Justice Andromache Karakatanis said this consent is too distant.

"You are not just sharing with friends; it's sharing with friends who have then determined how that information can be shared with others," she says.

Justice Nicholas Kasirer backed this up, citing the Federal Court of Appeal, which in 2024 overturned a Federal Court of Canada ruling that sided with Facebook. The appeal court reasoned friends of direct app users would have "at best, a vague and rosy picture of how third-party apps may use their data."

Facebook also maintained the information shared — including birth dates, locations and liked activities — isn't sensitive data, like medical or other highly private information.

"Facebook is a social network. People choose to come to Facebook because they want to share information. No one is coming to Facebook with things they wish to keep secret from the world … The reason we are given the likes is because one wants the world to know," Feder said.

But Justice Mahmud Jamal countered by explaining that as Canadians live more of their lives online, their digital trail of activities offers insight into their personal lives and political views.

"If you ask Canadians, when you participate on Facebook, do you know that your data trail is being used to target political messages to you, to sell you things? Some may say 'I don't care,' but others may say, 'actually, I didn't know that,'" he said.

Feder also argued that any issues with a third-party app's privacy policies are the responsibility of the app developer — not Facebook. In this case, he pointed to Aleksandr Kogan, the creator of the "This Is Your Digital Life" app at the center of the case.

Colleen Bauman, representing the Privacy Commissioner, pushed back, arguing Facebook failed to act on clear warning signs. In particular, the company knew that the app was requesting access to user data beyond what the app needed, which Facebook's own policies prohibited.

"Facebook acknowledged that this was a red flag, yet they failed to take any steps. They continued to disclose data for the next year," she said.

Feder countered that Facebook had put safeguards in place and improved its platform to protect user data. Facebook's filings detail how the company implemented the Privacy Commissioner's recommendations from a 2008 investigation.

This included the Granular Data Permissions system, implemented in 2010. Under this system, when a user installed an app, they were informed about the types of information the app wanted to access, given a link to the app's privacy policy, and able to grant or deny each requested permission. However, these safeguards were put in place before the creation of the app.

The debate also drew interventions from civil liberties groups.

Cynthia Khoo, attorney for the British Columbia Civil Liberties Association, which participated as an intervener, stressed the complex modern reality of social media platforms as part of a vast third-party ecosystem, where companies collect and monetize personal data.

She cited examples such as social media posts being used by surveillance firms to monitor protestors or activity data feeding algorithmic models that discriminate in housing and employment.

Social media is comparable to an iceberg, Khoo said. The tip is the basic information we share: the likes, posts, and texts. The rest is the information inferred from it: behavior patterns, political views, and more, that is sold to third parties.

"Users need to be informed about the entire iceberg, not just the part above the water. They should be informed of the potential consequences," she said.

The justices did not indicate when or how they would rule.

Categories / Appeals, Civil Rights, Courts, International, Law

Epstein files upend lawsuit over stock options by longevity expert Peter Attia

reuters.com/legal/transactional/epstein-files-upend-lawsuit-over-stock-options-by-longevity-expert-peter-attia-2026-03-20

Jenna Greene March 20, 2026

Documents from disgraced late financier and sex offender Jeffrey Epstein, referencing court cases against him, are seen in this handout released by the U.S. Justice Department and printed and... Purchase Licensing Rights, opens new tab Read more

- Quinn Emanuel Urquhart & Sullivan

March 20(Reuters) - Fallout from the Epstein files has surfaced in an unexpected forum: a dispute over stock options brought by longevity expert Peter Attia.

Attia initially sued San Francisco-based Oura Ring and its Finnish parent in 2023, claiming , opens new tab the start-up had reneged on its promise to grant him equity.

In counterclaims , opens new tab recently filed in a California federal court, Oura alleges the physician and writer failed to disclose his "deep, multidimensional" relationship with Jeffrey Epstein from 2015 to 2019 — a period overlapping with Attia's role as an Oura advisor, investor and brand ambassador. Oura says it never would have allowed Attia to become involved with the company had it been aware of his ties to the late convicted sex offender. Now, it's asking the court to rescind his stock option agreement worth between $25 million and $31 million.

The move marks a sharp turn in a lawsuit that had once centered on corporate governance and choice-of-law disputes, recasting the fight as a referendum on whether undisclosed personal relationships can invalidate a multimillion-dollar equity deal.

Oura, which was founded in 2013, makes a smart ring that tracks health data such as heart rate, sleep stages and physical activity. In its latest round of funding, the company was valued at nearly $11 billion.

Attia's name appears more than 1,700 times in the trove of 3 million documents released as part of the Epstein files by the U.S. Department of Justice on January 30.

Lawyers for Attia at Coblentz Patch Duffy & Bass did not respond to a request for comment.

In a post on X , opens new tab last month, Attia denied he was involved in criminal activity in connection with Epstein, who was convicted in 2008 of soliciting prostitution from a minor. But he apologized and said he was "ashamed" by the emails, which he called “embarrassing, tasteless, and indefensible.”
In one 2015 note to Epstein, Attia wrote, "The biggest problem with becoming friends with you? The life you lead is so outrageous, and yet I can't tell a soul..."

Epstein died in jail in 2019 while facing federal sex-trafficking charges in what the medical examiner ruled was a suicide.

I wrote about Oura’s stock option fights last year, when Attia — as well as former NFL quarterback Drew Brees and a Canadian marketing consultant — brought separate suits against the company, claiming it reneged on promised equity.
More recently, Oura’s former chief executive, Harpreet Singh Rai, also sued over allegedly unpaid stock options. Rai’s suit , opens new tab, filed in November, remains pending in San Francisco federal court. Counsel for Rai declined comment.
Brees last year was ordered , opens new tab to arbitrate his claim in Helsinki, and the marketing expert had his case dismissed for lack of jurisdiction.
Attia, however, had been racking up wins. In 2024, he defeated a bid , opens new tab by Oura to compel arbitration. The 9th U.S. Circuit Court of Appeals upheld the decision , opens new tab in 2025.
In his breach of contract lawsuit, Attia said he struck a deal in 2017 to aid Oura with developing, testing, marketing and promoting its ring. He said he later signed an agreement entitling him to 20,000 shares that would vest over a three-year period, trusting assurances from then-CEO Rai that the board had approved the arrangement.

But when Attia tried to exercise the options in 2022, the company’s general counsel allegedly told him that Oura would not honor the contract.

In court papers, Oura said its board of directors never authorized the options grant, and that under Finnish law, such approval is necessary for the issuance to be valid.

The Epstein revelations have allowed Oura to dramatically reframe its litigation posture.

In six counterclaims against Attia, the company alleges causes of action including fraudulent concealment, negligent misrepresentation and unjust enrichment.

“Plaintiff’s representations about his sterling reputation — and its associated value — were demonstrably false,” lawyers for Oura at Quinn Emanuel Urquhart & Sullivan wrote, claiming consumers have recently discussed boycotting Oura because of its association with Attia and Epstein.

The company is seeking compensatory and punitive damages and legal fees, in addition to the cancellation of Attia’s stock-option agreement.

An Oura spokesperson said Epstein’s crimes “caused devastating harm to women and girls, and anyone who maintained a relationship with him, especially after those crimes became public, has serious questions to answer.”

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

- 𝕏

Bloomberg Law

Request a Demo Login

Securities

Vanderbilt University, Medical Center Sued Over Retirement Fund

March 19, 2026, 8:12 AM PDT

Vanderbilt University and Vanderbilt University Medical Center were separately sued by proposed classes of employees challenging the performance of a single actively managed retirement fund from Vanguard.

The lawsuits, docketed Wednesday in the US District Court for the Middle District of Tennessee, center on the Dividend Growth Fund from non-party Vangaurd, which invests primarily in large-cap stocks that tend to offer current dividends. This fund consistently underperformed its benchmarks and the returns achieved by similar investment strategies, and a prudent retirement plan fiduciary would have acted swiftly to swap it for a better option, according to the pair of complaints.

The cases bring claims under the Employee Retirement Income Security Act on behalf of participants in retirement plans sponsored by the university and the medical center, which cover about 18,000 and 74,000 people, respectively

The plaintiffs in both cases are represented Milberg PLLC, which has filed a slew of proposed class actions claiming retirement plan mismanagement in 2026

Neither the university nor the medical center responded to inquiries about the lawsuits

Federman & Sherwood and Don Bivens PLLC also represent both sets of plaintiffs.

The cases are Bogenschild v. Vanderbilt Univ. , M.D. Tenn., No. 3:26-cv-00319, complaint docketed 3/18/26 ; Lyons v. Vanderbilt Univ. Med. Ctr. , M.D. Tenn., No. 3:26-cv-00318, complaint docketed 3/18/26 .

To contact the reporter on this story: Jacklyn Wille in Washington at jwille@bloombergindustry.com

To contact the editor responsible for this story: Brian Flood at bflood@bloombergindustry.com

Litigation funding deal threatens class action over US college financial aid

reuters.com/legal/government/litigation-funding-deal-threatens-class-action-over-us-college-financial-aid-2026-03-19

Mike Scarcella March 19, 2026

The logo of the law firm Berger Montague is seen at their legal offices in Philadelphia, Pennsylvania, U.S., June 10, 2021. REUTERS/Andrew Kelly Purchase Licensing Rights, opens new tab

WASHINGTON, March 19 (Reuters) - An undisclosed litigation funding arrangement is threatening to derail a proposed class action accusing elite U.S. universities of suppressing competition for financial aid and favoring wealthy students in admissions.

The controversy over how the case is being financed emerged as U.S. District Judge Matthew Kennelly in Chicago considers whether to certify the lawsuit as a class action, which could increase pressure on the defendants to settle. Two of the plaintiffs' law firms — Berger Montague and Freedman Normand Friedland — apologized , opens new tab to Kennelly in a court filing on Thursday for failing to disclose that a third firm has worked with an outside litigation funder in the case.
Sign up here.

They submitted an amendment to their class certification motion saying they should take the case forward. The third firm, Gilbert Litigators & Counselors, in a separate filing , opens new tab said it should be designated as supporting counsel.

The three firms brought the proposed class action on behalf of more than 200,000 current and former students, alleging they were overcharged tuition by top schools including Cornell University, Georgetown University and the University of Pennsylvania. Twelve universities, including Brown, Yale and Columbia, have already agreed to settlements with the plaintiffs worth nearly $320 million.

To grant class certification, Kennelly must determine that the law firms leading the antitrust case are adequately representing the interests of the proposed class. At a hearing on March 11, the judge expressed concern that he may have been misled because the firms did not describe the Gilbert firm's funding agreement.

Berger Montague and Freedman Normand Friedland said in their filing on Thursday that their statements to Kennelly in prior filings may have “unintentionally left the court with an inaccurate impression” about the relative risks faced by the three firms. Unlike the Gilbert firm, they said, neither firm partnered with a litigation funder.

Litigation funders provide financing to clients in exchange for a part of a case's proceeds, reducing some of the risk a firm takes in working on a lawsuit that may not guarantee any compensation by the end.

Berger Montague chairman Eric Cramer and Freedman Normand’s Ted Normand on Thursday asked Kennelly to appoint them as representatives of the proposed class and urged the court not to remove them from the litigation. In its filing, the Gilbert firm said it backed the proposal, asserting that removing the plaintiffs' firms would give the schools a "huge, unwarranted benefit."

Cramer declined to comment beyond his court filing. Normand and Bob Gilbert did not immediately respond to requests for comment.

Penn declined to comment. Cornell and Georgetown did not immediately respond to requests for comment. The schools that settled and the five remaining defendants have all denied , opens new tab participating in a conspiracy to artificially inflate the cost of enrollment.

At the hearing this month, Kennelly said he was not questioning the propriety of litigation funding itself but rather the accuracy of prior statements about risk and compensation. Gilbert apologized in court, saying there was no intent to mislead.

Berger Montague and Freedman Normand told the judge that they have handled most of the work so far, logging more than 68,500 combined hours.

They attributed the funding disclosure lapse to using recycled language from earlier cases and said they are adopting new internal policies to improve transparency in court filings about legal fees.

The case is Henry v. Brown University, U.S. District Court for the Northern District of Illinois, No. 1:22-cv-00125.

For plaintiffs: Ted Normand of Freedman Normand Friedland; Bob Gilbert of Gilbert Litigators & Counselors; and Eric Cramer of Berger Montague

For Cornell: Norman Armstrong, Emily Chen and Dan Laytin of Kirkland & Ellis

For Georgetown: Britt Miller and Dan Fenske of Mayer Brown

For Penn: Seth Waxman, David Gringer and Alan Schoenfeld of WilmerHale

Read more:

Litigation funder Burford wins US court challenge to $50 million Sysco settlement
Burford's $35 million bet on antitrust claims hits snag in US bankruptcy court
Law firms drop lawsuit challenging California fee-sharing ban

LAW.COM

News | **Mass Torts**

How the $7.25B Roundup Settlement's Deadlines Overlap With Key SCOTUS Case

Objections and opt-outs to Bayer's $7.25 billion class action settlement are due June 4, after April 27 oral arguments in a key Roundup case before the U.S. Supreme Court.

March 20, 2026 at 09:59 AM By **Amanda Bronstad**

What You Need to Know

- On March 4, 22nd Judicial District Judge Timothy Boyer granted preliminary approval of the class action settlement.
- The settlement's final approval hearing is set for July 9, after a likely U.S. Supreme Court ruling in Durnell v. Monsanto.

Credits: Diego M. Radzinschi/LAW.COM; Adobe Stock: Ricochet64; hodagmedia

A St. Louis judge's preliminary approval of the $7.25 billion Roundup settlement triggers a series of deadlines over the next four months, during which the U.S. Supreme Court also is set to hear oral arguments about a key defense that, according to lawyers who crafted the deal, could wipe out thousands of lawsuits over Monsanto's pesticide.

On March 4, 22nd Judicial District Judge Timothy Boyer granted preliminary approval of the class action settlement, which Bayer, Monsanto's parent company, announced last month to resolve tens of thousands of lawsuits filed by individuals who have non-Hodgkin lymphoma, or could in the future, after being exposed to Roundup. The exact amount depends on their age, the severity of their illness, and whether their exposure was at home or work.

Class members can object or opt out of the settlement by June 4, with a final approval hearing set for July 9. But the Supreme Court, in a Roundup case called *Durnell v. Monsanto*, is set to hear oral arguments April 27 on whether the Federal Insecticide, Fungicide, and Rodenticide Act preempts claims that Monsanto failed to warn about the link between non-Hodgkin lymphoma and glyphosate, the pesticide's key ingredient. The Supreme Court could rule in the case before the July 1 end of its term, but, according to some lawyers, it is unlikely to do so before class members must decide whether to opt out of the settlement.

In announcing the settlement last month, Bayer CEO Bill Anderson said both the agreement and the Supreme Court are necessary: Each "provides an essential path out of the litigation uncertainty," noting that the Supreme Court decision, if in Monsanto's favor, could resolve the opt-out cases.

Chris Seeger, who is class counsel, has insisted that a ruling by the Supreme Court for Monsanto could be "disastrous" for plaintiffs.

"This settlement was reached amid the threat of a Supreme Court ruling that could eliminate their claims entirely and a potential Monsanto bankruptcy that would leave claimants with nothing," he said in an emailed statement after the settlement was preliminarily approved. "It represents the best path to compensation for all plaintiffs, and we look forward to working with the court and all stakeholders to address concerns and see this through to final approval."

That is a "scare tactic," said Hofstra University Maurice E. Deane School of Law professor Norman Silber, who wrote a guest post on Public Citizen Litigation Group's Consumer Law & Policy Blog about the settlement.

"That's basically unfairly encouraging opting into the class," he said.

More than a dozen plaintiffs firms claiming to represent 20,000 Roundup plaintiffs took the same view in a motion to intervene prior to the settlement's preliminary approval. The Supreme Court agreed to hear the case on a limited issue involving warnings on labels that the U.S. Environmental

Protection Agency hasn't required; that doesn't affect claims of design defect, breach of warranty or negligence.

"This false claim will unquestionably exert undue pressure on class members to settle their claims based on misinformation about risks," they wrote.

They unsuccessfully sought to delay what they called a "rush to preliminary approval." Class counsel, who include Seeger, of Seeger Weiss in Ridgefield Park, New Jersey, and Eric Holland, of Holland Law Firm in St. Louis, called the motion by the intervening firms "rife with inaccuracies" and "groundless."

'Really a Low Ball'

The intervening firms have other complaints about the settlement. In a reply, they insisted Monsanto chose to settle a nationwide class action, which resolves Roundup cases "at a discount."

Silber, whose wife may be a potential class member, also criticized the program's compensation, which ranges from $10,000 to $165,000.

"The total amount in this settlement seems to be really a low ball, especially when you consider it purports to bind future plaintiffs," he said.

Some firms also criticized the opt-out procedures. Under the settlement's provisions, Monsanto gets "credits" if more than 650 people opt out.

On March 10, Mark Niemeyer, at St. Louis-based Niemeyer, Grebel & Kruse, and Weitz & Luxenberg's Robin Greenwald, in New York, alerted the judge to "serious deficiencies" in the notice posted on the settlement's website, weedkillerclass.com, which "materially impair the ability of our clients—and the class at large—to exercise their constitutional and procedural rights, including the fundamental right to opt out of the settlement."

Class counsel insisted that some problems, such as pop-up blockers, were routine browser settings that users could resolve, while others were "misreadings" of the settlement agreement's requirements.

In another filing, on Wednesday, the same firms demanded more financial information about class counsel's "unsubstantiated" claims that Monsanto could file for bankruptcy. They also criticized the absence of medical lien protections, given that medical costs for many class members run into the hundreds of thousands of dollars.

"We cannot fulfill our ethical obligations without the financial disclosures necessary to evaluate the bankruptcy risk representations, and without a settlement structure that ensures our clients will actually receive compensation after their medical liens are satisfied," wrote Neimeyer, Greenwald, and Asim Badaruzzaman of Sbaiti & Co. in Newark, New Jersey.

California Brief

'Chicken Soup' Publisher Adds to Copyright Suits of AI Giants

March 19, 2026, 12:40 PM PDT

The publisher of the "Chicken Soup for the Soul" franchise sued the bulk of the AI industry in a second copyright suit from those who opted out of a $1.5 billion settlement with Anthropic PBC.

The AI giants infringe by training their models on pirated copies of the series' hundreds of books, Chicken Soup for the Soul LLC said in a complaint in the US District Court for the Northern District of California. In addition to Anthropic, the suit names OpenAI Inc., Google LLC, Meta Platforms Inc., Apple Inc., X.AI Inc., Perplexity AI Inc., and NVIDIA Corp. as defendants.

Chicken Soup's filing denounced Antropic's $1.5 billion settlement of a class action suit by authors as inadequate. At roughly $3,000 per work, the pact amounts to "a tiny fraction (just 2%) of the Copyright Act's statutory ceiling" for willful infringement, Chicken Soup said, echoing word-for-word a group of authors who sued all of the same defendants, except Apple and Nvidia, in December.

That first suit was brought in December by a group authors including Pulitzer Prize-winning journalist John Carreyrou. Stris & Maher LLP and Freedman Normand Friedland LLP represent the plaintiffs in both cases.

"LLM companies should not be able to so easily extinguish thousands upon thousands of high-value claims at bargain-basement rates, eliding what should be the true cost of their massive willful infringement," both complaints said.

After the Anthropic settlement, Judge William Alsup—now retired—accused ClaimsHero, an entity co-founded by a Freedman Normand partner and represented by the firm, of a "fraud of immense proportions" to make "a quick buck" by tricking authors into opting out. ClaimsHero denied the accusations, saying it fully intended to sue and didn't deceive clients.

Carreyrou and other writer-clients of Claimshero sued the next month. Google and later Meta and Perplexity moved to be split off from the Carreyrou case, arguing allegations against them are completely independent from those against other defendants. Those bids to force the authors to litigate against each company separately remain pending.

Chicken Soup said the companies had ample warning that their actions violated copyright law—when they copied works to acquire them from pirate libraries, train their LLMs, and retrieve information. They allegedly copied the works anyway to create and operate higher-quality platforms without paying for the materials required to do so.

The nature of the "Chicken Soup" franchise, which has sold 500 million copies, represents a particularly valuable asset given that "long-form, high-quality books are the 'gold standard'" for AI training, the complaint said.

The defendant companies didn't immediately respond to emailed requests for comment.

The case is Chicken Soup for the Soul, LLC v. Anthropic PBC , N.D. Cal., No. 3:26-cv-02333, complaint filed 3/17/26 .

To contact the reporter on this story: Kyle Jahner in Raleigh, N.C. at kjahner@bloomberglaw.com

To contact the editor responsible for this story: Adam M. Taylor at ataylor@bloombergindustry.com

California Brief

BMG Files Anthropic’s Latest Music Company Suit Over AI Training

March 19, 2026, 12:02 PM PDT

Anthropic PBC was hit with yet another copyright lawsuit over how it developed its AI models, this time from music publisher and record label BMG Rights Managements (US) LLC.

Anthropic illegally acquired copies of BMG’s copyrighted musical compositions and song lyrics from sources such as Common Crawl, Pirate Library Mirror, and The Pile, to train its artificial intelligence models, according to a lawsuit filed by the music company and its subsidiary in the US District Court for the Northern District of California. BMG, which said it’s the fourth-largest music company in the world, owns or controls the rights to musical compositions including “What a Wonderful World,” “Kryptonite,” and “Uptown Funk.”

BMG said Anthropic plugged the data it illegally downloaded into a “general-purpose central library” separate from its use for training its flagship AI model, Claude. The complaint cited court documents in a case book authors brought against Anthropic also accusing it of acquiring works from online pirate libraries online.

Discovery will “demonstrate the full extent of Anthropic’s improper torrenting, copying and storage of BMG’s copyrighted works, " BMG said.

The fact that Anthropic stored the downloaded works—which it said it ultimately never used—in a central library was a key to a ruling leaving the piracy claims up to a jury in the authors’ case, which the company eventually agreed to settle.

Broadly, piracy is shifting to the center of copyright litigation against AI developers as more and more plaintiffs include claims over how tech companies acquired training data for their models. Anthropic is currently facing two more lawsuits from music publishers, the second of which was filed to include piracy claims.

Anthropic also removed copyright management information such as the songwriter and song title when it was cleaning its data to train large language models, according to BMG’s March 17 complaint. The lawsuit includes copyright infringement allegations on AI outputs that contain BMG-owned song lyrics.

"Anthropic's founders claimed to be starting a different kind of company, one with AI safety and research at the forefront that would mitigate AI's risks," BMG wrote.

"But in its pursuit of those goals, Anthropic ran roughshod over the rights of countless creatives and rightsholders, using their works without permission, removing identifying information from those works, and keeping ill-gotten gains for itself," BMG said.

Anthropic didn't immediately respond to a request for comment.

BMG is represented by Manatt, Phelps & Phillips LLP.

The case is BMG Rights Management (US) LLC v. Anthropic PBC , N.D. Cal., No. 3:26-cv-02334, complaint filed 3/17/26 .

To contact the reporter on this story: Aruni Soni in Washington at asoni@bloombergindustry.com

To contact the editor responsible for this story: Tonia Moore at tmoore@bloombergindustry.com

California Brief

Bain Struggles to Dismiss PowerSchool User Data Breach Claims

March 19, 2026, 11:49 AM PDT

Bain Capital L.P. largely failed to persuade a California federal judge to dismiss data breach claims filed by individual users of PowerSchool who say there were victims of an about 50 million-person cyber incident.

Four orders Wednesday denied in part PowerSchool Holdings Inc.'s and Bain's motions to dismiss against individuals and school districts. Bain had merged with PowerSchool and directed it to offshore cybersecurity functions to contractors, the plaintiffs alleged in the US District Court for the Southern District of California.

The offshoring had required data-management tools that enabled vendors to bypass consent protocols and access protected school district computers directly, according to the plaintiffs. Criminal group ShinyHunters stole a vendor's credentials to steal data, Judge Roger T. Benitez said the plaintiffs alleged.

PowerSchool discovered the incident in December 2024 and notified customers the following month that addresses, medical and financial information, Social Security numbers, and disability records had been compromised, the plaintiffs said.

The litigation is divided into two tracks: one for individual users, another for school districts. The school district track has two subcategories: those pursuing a class action, and those suing directly.

Individual User Track

For a negligence claim, the individual plaintiffs sufficiently alleged that Bain had a duty of care to protect user data and failed to meet that responsibility. "It is reasonably foreseeable that offshoring IT cybersecurity would increase the likelihood of a data breach, and that a threat actor would exploit the resulting vulnerabilities," Benitez said.

PowerSchool, for its part, focused on arguing the individual user plaintiffs failed to sufficiently allege damages to advance a negligence claim. But Benitez said several people had plausibly alleged actual injuries, denying the bid to dismiss a simple negligence claim.

Benitez denied PowerSchool's bid to dismiss breach of fiduciary duty, negligent training, and unjust enrichment claims. Benitez also rejected Bain's arguments that dismissal on agency, direct liability, and aiding and abetting theories of liability was proper.

The individual plaintiffs plausibly alleged an agency relationship between Bain and PowerSchool. The plaintiffs can proceed under direct liability because Bain's alleged behavior went beyond that of a typical investor. And they sufficiently alleged Bain knew PowerSchool could breach its duty to protect user data, and of its misrepresentations and omissions regarding weakened cybersecurity protocols, Benitez said.

School District Track

The school districts proved less successful at convincing Benitez to permit their claims against PowerSchool and Bain to proceed.

The class action school districts can't proceed with Computer Fraud and Abuse Act, unjust enrichment, and California Comprehensive Data Access and Fraud Act claims, the court said.

The court lacks personal jurisdiction over Bain when it comes to the class action school districts. Their arguments failed to show that Bain was subject to personal jurisdiction in New York or New Jersey. However, those plaintiffs may undertake limited jurisdictional discovery focused on Bain's corporate arrangements with PowerSchool and its authority over its operations in New York and New Jersey, Benitez said.

However, the direct action school districts sufficiently demonstrated personal jurisdiction in California by saying Bain essentially closed PowerSchool's California-based departments, and the decision to offshore operations led to the data breach. "Bain identifies no specific financial or logistical burden associated with litigating in California," Benitez said.

The directed layoffs despite knowledge of PowerSchool's cybersecurity duties were sufficient to allege Bain intentionally interfered with contractual relations, the court said

As for PowerSchool, the court dismissed the school districts' claims for negligence, unjust enrichment, fraudulent concealment, and Illinois' Biometric Information Privacy Act, among others.

Of the claims to advance, the school districts may continue with breach of contract, express indemnity, and declaratory relief claims. The direct action school districts can proceed with two consumer protection claims under New York law against PowerSchool.

However, because of a limitation of liability clause in PowerSchool's Main Services Agreement, tort claims in addition to the cause of action for breach of contract were dismissed to the extent they sought damages, the court said.

Direct action school districts for now may pursue the indemnity claim to protect them in the event they're sued for the data breach. Even if the indemnity claim ends up not being ripe by trial, permitting it to go forward rather than requiring an amendment later preserves judicial resources.

DLA Piper LLP US and Ropes & Gray LLP represented PowerSchool. Paul Weiss Rifkind Wharton & Garrison LLP represented Bain Capital.

Frantz Law Group APLC, Artiano Shinoff, and Murphy Hesse Toomey & Lehane LLP represented the school districts in direct actions.

Carella Byrne Cecchi Brody Agnello PC is lead counsel for the school districts in the class action.

Hausfeld LLP, Casey Gerry Francavilla Blatt LLP, and Labaton Keller Sucharow LLP represent the plaintiffs in the user track.

The case is In re PowerSchool Holdings Inc. and PowerSchool Grp. LLC Customer Data Sec. Breach Litig. , S.D. Cal., No. 3:25-md-03149, 3/18/26 .

To contact the reporter on this story: Ufonobong Umanah in Washington at uumanah@bloombergindustry.com

To contact the editor responsible for this story: Martina Stewart at mstewart@bloombergindustry.com

Privacy claims target nationwide access to California surveillance network

DJ **dailyjournal.com**/articles/390347

Flock Safety's rapid rise since its 2017 founding has seen its license plate readers placed in thousands of cities across the nation, but a lawsuit moved to federal court on Wednesday alleges the company violated California privacy laws in the process.

The lawsuit, filed by David M. Berger of Gibbs Mura, A Law Group, centers on Flock's purported practice of allowing its clients -- law enforcement agencies across the country -- to access its network of license plate data. The plaintiffs describe it as an "Orwellian mass-surveillance infrastructure that is practically impossible to avoid." *Javorsky et al v. Flock Group Inc.*, 3:26-cv-02382 (N.D. Cal., filed March 18, 2026).

The complaint was signed by Milberg LLC in addition to Gibbs Mura. Court documents also list Hausfeld as the plaintiffs' counsel, and Arnold & Porter Kaye Scholer LLP as Flock's attorneys.

Flock said it's aware of the lawsuit and that it's committed to complying with local laws.

"Flock takes privacy, legal compliance, and data security extremely seriously. We are committed to helping communities and law enforcement agencies use technology responsibly and in compliance with applicable law. Across California, Flock has been an invaluable tool in helping solve and deter crime, supporting investigations, and promoting public safety for residents and communities," the company stated Thursday.

In 2015, California passed a law to regulate the use of automated license plate readers amid safety concerns, as the technology became useful for law enforcement agencies.

The law prevents automated license plate readers from sharing data picked up by its cameras "except to another public agency, and only as otherwise permitted by law." The plaintiffs argue that the provision only applies to public agencies in California, citing 2023 guidance from the California Department of Justice's Law Enforcement Division.

"Importantly, the definition of 'public agency' is limited to state or local agencies, including law enforcement agencies, and does not include out-of-state or federal law enforcement agencies," the 2023 memo from the division chief, John D. Marsh, said.

If that interpretation of the statute is correct, the plaintiffs say, Flock is in clear violation of state law.

"Across California, out-of-state and federal agency sharing is pervasive. For example, Flock allowed law enforcement agencies from outside of California to search the San Francisco Police Department's ALPR database more than 1.6 million times between August 2024 and February 2025. Likewise, Flock allowed agencies from 48 other states to search the Los Altos, California database over a million times in 2024 and 2025. And Flock shares El Cajon's ALPR network data with over 300 out-of-state law enforcement agencies, including those in Alabama, Minnesota, Ohio, and Texas," the complaint states.

Even without that reading of the 2015 law, the plaintiffs allege, Flock is negligent in protecting drivers' data, violates the right to privacy in the state Constitution and common law principle of intrusion upon seclusion.

#390347

Daniel Schrager

Daily Journal Staff Writer
daniel_schrager@dailyjournal.com

LAW.COM

News | **Consumer Protection**

Dave's Killer Bread Reaches Settlement in Protein-Mislabeling Suit

Numerous similar suits targeting the represented protein contents in products have been filed recently, including this week against Trader Joe's chicken bone broth.

March 19, 2026 at 01:28 PM By **Riley Brennan**

Credit: The Toidi/Adobe Stock

Dave's Killer Bread and a group of consumers who alleged that the company mislabels the amount of protein contained in its products have settled, according to a federal judge in Illinois's order dismissing the action this week.

On Wednesday, U.S. District Judge Sunil R. Harjani for the Northern District of Illinois dismissed the claims and terminated the case pursuant to the parties' notice of voluntary dismissal. The motion indicated that both parties agreed to dismiss the action and bear their own costs, fees and expenses. The parties indicated they had settled the case in a joint notice of settlement filed Feb. 20, though the details of the agreement were unknown. On March 17, the named plaintiff, Megan Taylor, and all other plaintiffs filed a voluntary notice of dismissal.

The lawsuit was filed in December 2023, accusing Dave's Killer Bread of deceptive practices in labeling and marketing of products. The suit alleged that the company improperly promoted its bread, bagel and burger buns as having a certain amount of high-quality protein, in addition to making unlawful claims about the protein content on the front of packaging without complying with regulatory requirements. The plaintiffs alleged that the company misled consumers about the quality of protein and its contribution to daily protein needs by omitting the required percent daily value.

Numerous similar suits targeting the represented protein contents in products have been filed recently, including this week against Trader Joe's. The false advertising suit filed by Bursor & Fisher accuses the grocery store chain of making misleading claims regarding its organic free range chicken bone broth, alleging that the product has less protein than advertised.

In the lawsuit against Dave's Killer Bread, Judge Harjani allowed the claims against the company to move forward in January 2025 after concluding that the claims regarding the defendants' labeling of their bread products weren't preempted by U.S. Court of Appeals for the Seventh Circuit precedent or the Food, Drug, and Cosmetic Act.

Earlier this year, Dave's Killer Bread filed another motion to dismiss the deceptive business practices suit, arguing that the plaintiffs admitted in sworn admissions during court proceedings that they weren't injured by the alleged practices. The defendant alleged that the plaintiffs admitted under oath that they didn't rely on the alleged mislabeling, and therefore, couldn't establish reliance or injury.

Patrick J. Branson, of Gutride Safier in Chicago, represented the lead plaintiff and declined to comment.

Livia M. Kiser, of King & Spalding in Chicago, represented the defendants and did not immediately respond to a request for comment.

News | **Commercial Litigation**

Trade Court Won't Form Plaintiffs' Steering Committee to Guide Tariff-Refund Litigation

Sidley Austin and Cozen O'Connor had requested the formation of a plaintiffs' steering committee, saying they weren't prepared to speak for every importer owed a refund on whether U.S. Customs and Border Protection's proposed refund plan could work.

March 19, 2026 at 03:13 PM By **Alyssa Aquino**

U.S. Court of International Trade in New York City. Credit: JHVEPhoto/Adobe Stock

Sidley Austin and Cozen O'Connor may be the only firms with a formal say in how U.S. Customs and Border Protection will refund more than $160 billion in tariffs, after the U.S. Court of International Trade refused to convene a plaintiffs' steering committee.

Judge Richard Eaton declined the proposed committee in a one-page order issued late Wednesday.

The order lacked any legal reasoning, but tracked with Eaton's remarks during a March 4 hearing where he said he was "beginning to think" it wouldn't be necessary to manage the tariff refunds issue the way court did earlier large-scale trade cases.

The New York City-based trade court is a relatively low-volume court that has found itself the home of approximately 2,500 lawsuits seeking to force CBP to refund the duties collected under President Donald Trump's so-called reciprocal duty orders. The orders were enacted through the International Emergency Economic Powers Act, or IEEPA.

The U.S. Supreme Court rejected the IEEPA duties in a 6-3 decision named *Learning Resources v. Trump*, but kept quiet on refunds.

In an apparent surprise to government counsel, Eaton attempted to quickly resolve the refund issue through a lawsuit filed by Sidley Austin and Cozen O'Connor on behalf of the importer, Atmus Filtration Inc.

In a March 4 hearing, Eaton ordered CBP to remove the IEEPA duties from the final duty assessments for imports that entered the country before the Supreme Court order. For imports that had already been assigned a final duty rate, that is, liquidated, CBP must reliquidate, Eaton said.

CBP has since been filing status reports in the *Atmus* suit on how it plans on refunding those tariffs.

But in a March 18 motion, Sidley Austin and Cozen O'Connor said it wasn't clear whether CBP's proposed refund system was sufficient—and that they weren't prepared to speak on that issue for every importer affected by the IEEPA duties.

In that motion, they asked Eaton to implement case management tools that the trade court has used in other large-scale trade disputes, such as creating a master case and forming a plaintiffs' steering committee composed of lawyers representing other clients.

"Plaintiff shares the court's sense of urgency on the refund question but notes that decisions are being made with limited importer input, which could lead to the unintended consequence of delaying the availability of refunds," they argued.

Ted Murphy, the co-leader of Sidley Austin's trade practice and counsel for Atmus, declined to comment on Thursday. CBP didn't immediately respond to a request for comment.

According to the request, Crowell & Moring; Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt; Neville Peterson; and Rock Trade—collectively with Sidley Austin and Cozen O'Connor—represent nearly half of the importers who filed suit.

Legal data company Relativity confidentially files for US IPO

reuters.com/technology/legal-data-company-relativity-confidentially-files-us-ipo-2026-03-19

Reuters March 19, 2026

The U.S. Securities and Exchange Commission logo adorns an office door at the SEC headquarters in Washington, June 24, 2011. REUTERS/Jonathan Ernst
Purchase Licensing Rights, opens new tab

March 19 (Reuters) - Legal data company Relativity has confidentially filed for a U.S. initial public offering, the company said on Thursday, against the backdrop of investor caution for new listings.

The Chicago-based company said it had not yet determined the number of shares or the price range for the proposed listing.

Relativity, backed by private equity firm Silver Lake, was valued at about $3.6 billion in March 2021, according to PitchBook data. It has raised roughly $2.35 billion to date and as of January 2026 completed a $920 million debt refinancing.

The company, which was founded in 2001 by Andrew Sieja, initially built tools to manage digital evidence for litigation before expanding into broader legal data analytics.

Its flagship cloud product RelativityOne uses machine learning to prioritize relevant documents, reducing time and costs in complex legal processes.

Relativity's move to tap the public markets comes at a delicate moment, as U.S. IPO activity is already bruised by a software sector selloff and facing additional pressure as Middle East tensions weigh on broader markets.

Confidential filings with the U.S. securities regulator let companies prepare for IPOs away from public market scrutiny.

Reporting by Prakhar Srivastava in Bengaluru; Editing by Sriraj Kalluvila and Shailesh Kuber

Our Standards:

Read Next

- US, Germany, Canada disrupt botnets that infected millions of devices

Securities

Senate Judiciary Backs Trump Pick to Lead Anti-Fraud Division

March 19, 2026, 8:15 AM PDT

The Senate Judiciary Committee voted to advance President Donald Trump's nominee to lead a new fraud division at the Justice Department as Democrats question the unit's enforcement focus.

Trump's nomination of Colin McDonald, a former San Diego line prosecutor, now heads to the full Senate after the committee's party-line vote Thursday.

McDonald, if confirmed, would lead a division that Trump administration leaders have said is aimed at ending fraud in public benefit programs. Democrats have questioned the motives behind the initiative amid DOJ's attempted prosecutions of Trump's perceived political enemies.

"Republicans and Democrats can agree that rooting out fraud to protect the American taxpayers is a critical goal," Senate Judiciary Chairman Chuck Grassley (R-Iowa) said at the vote Thursday. He called McDonald "a career public servant, and an expert in fraud prosecutions."

McDonald, who joined Trump's DOJ last year, provided little detail during a committee hearing last month on cases he intends to bring as the inaugural head of DOJ's national fraud enforcement division. He told lawmakers he initially plans to target abuse of taxpayer-funded programs such as Medicaid and SNAP.

Vice President JD Vance first announced plans for the new division in January as the Trump administration scrutinized government benefits fraud in Minnesota. Vance initially said the unit would be led by an assistant attorney general who reports directly to the White House, though guidance later released by DOJ said the new division head would report up to Deputy Attorney General Todd Blanche.

Sen. Dick Durbin (D-Ill.), the Judiciary Committee's ranking member, voiced concern Thursday that McDonald and other nominees "will help the president as he approaches his take on our justice system." Durbin also questioned the rationale for the new division after the administration moved to dismantle cryptocurrency and tax enforcement units and the president pardoned several of his campaign contributors who were convicted of fraud.

“Can anyone with a straight face argue this new division operating under the president’s thumb will be a nonpartisan law enforcement agency?” Durbin said, adding he believed the division’s true purpose is to “weaponize fraud enforcement against the president’s opponents.”

Durbin said Attorney General Pam Bondi has yet to respond to a February letter with questions on the new division, including how the team will be staffed and separated from existing fraud enforcement offices.

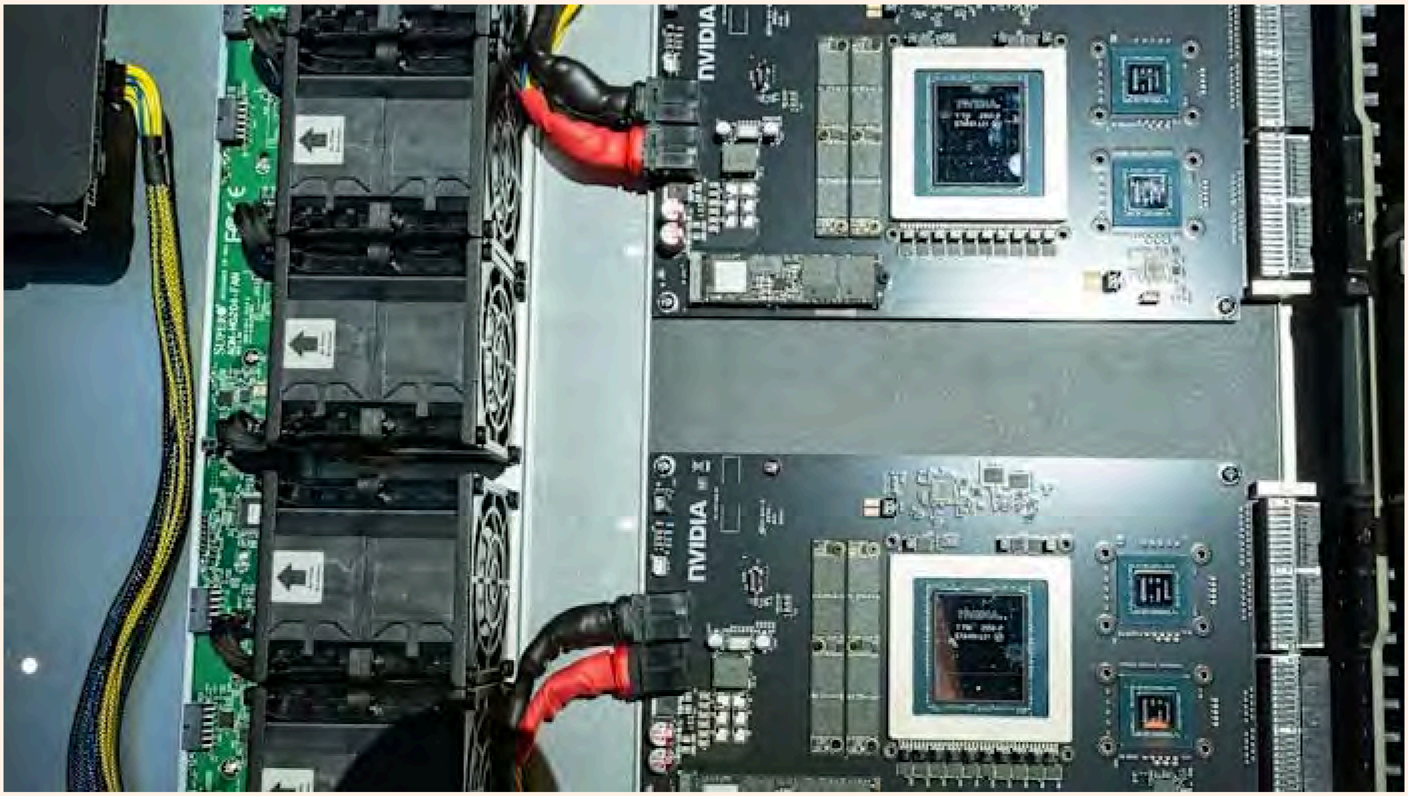
To contact the reporter on this story: Celine Castronuovo in Washington at ccastronuovo@bloombergindustry.com

To contact the editor responsible for this story: Ellen M. Gilmer at egilmer@bloomberglaw.com

Semiconductors

Supermicro drops 30% after co-founder charged with smuggling Nvidia chips to China

US prosecutors allege two employees and a contractor conspired to illegally ship servers through south-east Asia



Supermicro packages Nvidia's AI chips into servers for sale to customers, including US tech groups © David Paul Morris/Bloomberg

Michael Acton in San Francisco

Published YESTERDAY | Updated 07:06

Supermicro stock fell as much as 30 per cent on Friday after a co-founder and two others working for the company were charged in New York with smuggling $2.5bn of Nvidia's AI chip servers to Chinese customers.

The US attorney's office for the Southern District of New York on Thursday evening alleged that Wally Liaw, a co-founder and member of Supermicro's board of directors, conspired with a Taiwan-based Supermicro employee and a contractor to violate US export controls by shipping chips to China.

The announcement by New York's top federal prosecutor Jay Clayton following an FBI investigation is the largest case yet by US law enforcement relating to AI chip exports, with the allegation that Nvidia's products are being smuggled into China via employees at one of its biggest server partners.

Liaw, who served as senior vice-president of business development, and the contractor Willy Sun have been arrested. Steven Chang, a Supermicro sales manager in Taiwan and a Taiwanese citizen, "remains a fugitive", the US Department of Justice said in a press release.

Liaw, Sun and Chang could not be reached for comment.

Supermicro is not named as a defendant in the indictment unveiled on Thursday. The $18.5bn company packages Nvidia's AI chips into servers for sale to customers, including US tech groups.

The case comes as Nvidia is poised to start shipping its older but powerful H200 chips to China after a breakthrough deal with the Trump administration in December.

Successive US administrations have clamped down on Nvidia's ability to sell its AI chips to China — something that chief executive Jensen Huang has lobbied heavily against.

"Supermicro maintains a robust compliance programme and is committed to full adherence to all applicable US export and re-export control laws and regulations," said Supermicro, adding that it had placed its employees on administrative leave and severed its relationship with the contractor.

Nvidia said "strict compliance" was a "top priority" for the company and that the "unlawful diversion of controlled US computers to China is a losing proposition across the board".

"Nvidia does not provide any service or support for such systems, and the enforcement mechanisms are rigorous and effective," the company added.

Huang has previously dismissed warnings that the company's chips enter China illegally, saying there was no evidence of large-scale chip diversion despite an FT report last year that large numbers of its restricted chips were entering the country.

Prosecutors said the defendants used a company based in south-east Asia as a "pass-through entity" to ship Nvidia chips from Taiwan to China using third-party brokers. The scheme included repackaging Supermicro's servers and placing them in unmarked boxes to conceal their contents.

This resulted in the pass-through entity becoming one of Supermicro's largest customers, accounting for $99.7mn in revenue in the final quarter of its 2024 financial year, according to the indictment.

More than $510mn of Nvidia servers assembled in the US were diverted to China between late April 2025 and mid-May 2025, it added.

Supermicro has been recovering from an auditing scandal in 2024 that led to delayed financial releases. Its chief financial officer was later replaced. An independent probe found no evidence of fraud.

The investigation revealed on Thursday marks the latest chip smuggling probe after two Chinese nationals in Los Angeles were arrested in August last year for shipping Nvidia chips to China.

In December, Texas law enforcement arrested two businessmen for allegedly smuggling Nvidia's AI chips into China, seizing $50mn in Nvidia technology as well as cash.

Chris McGuire, a technology and security expert at the Council on Foreign Relations, said it was "extremely concerning" that a senior executive from a big US company involved in AI was "actively enabling, and profiting from, China's violation of US export controls".

"This shows that chip companies simply can't be trusted to police themselves," said McGuire, who worked on export controls as a senior White House and state department official during the Biden administration. "Contrary to the claims of some in the industry, AI chip smuggling is a major problem and it needs to stop."

Additional reporting by Kaye Wiggins in New York and Demetri Sevastopulo in Washington

Bloomberg Law

Request a Demo Login

Securities

Tricolor Founder Daniel Chu Gets October Trial on Fraud Charges

March 19, 2026, 2:37 PM PDT

Tricolor Holdings founder **Daniel Chu** is set to go on trial in October on charges that he defrauded the used-car dealer's banks and investors before the company collapsed last year.

Chu and former Tricolor Chief Operating Officer David Goodgame were given an Oct. 19 trial date by US District Judge Kevin Castel during a Thursday conference in the case. Manhattan federal prosecutors charged them in September with operating the company through "systemic fraud."

Both have pleaded not guilty.

Prosecutors claim that Tricolor executives acting at Chu's direction repeatedly defrauded banks through schemes including "double-pledging" auto loan collateral and manipulating descriptions of the loans. They also said Tricolor classified assets pledged for collateral to make "near-worthless" assets appear to meet lenders' requirements.

JPMorgan Chase & Co., Barclays Plc and Fifth Third Bancorp. have said they are facing hundreds of millions of dollars in losses from Tricolor, which filed for bankruptcy in September after shutting down more than 60 locations across the US Southwest.

Two other former Tricolor executives, Jerome Kollar and Ameryn Seibold, have pleaded guilty in the case and are cooperating with the government.

The case is US v. Chu, 25-cr-00579, US District Court, Southern District of New York.

To contact the reporter on this story:
Chris Dolmetsch in Federal Court in Manhattan at cdolmetsch@bloomberg.net

To contact the editors responsible for this story:
Anthony Lin at alin364@bloomberg.net

Rick Green

LAW360

Portfolio Media. Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Gemini Investor Sues Over Crypto Co.'s Post-IPO Biz Shift

By **Sydney Price**

Law360 (March 19, 2026, 9:06 PM EDT) -- Crypto exchange operator Gemini Space Station Inc. and its founders Tyler and Cameron Winklevoss were hit with a proposed shareholder class action accusing them of not disclosing before the firm's initial public offering its plans to shift focus to the prediction market, pull back on global operations and replace certain members of its leadership.

According to the complaint filed by shareholder Marc A. Methvin on Wednesday, Gemini's core business was its crypto platform until it went public last September. A few months later, the company announced plans to launch "Gemini 2.0," which involved a slimmed-down workforce and focus on offering customers access to the prediction markets, leading to a stock price decline, the suit says.

Gemini's registration statement and prospectus for its IPO mentioned event contracts "just twice" and stated that 60% of the company's total revenue in 2024 and the first half of 2025 was from transaction fees from its crypto platform, the complaint states.

According to the investor, the IPO documents emphasized that Gemini would focus on expanding its crypto platform with more new monthly users after completing the offering.

"[T]he offering documents described a prediction market and event contracts merely as some of Gemini's various product offerings, not as products that were likely to become the focus of the Company's business," the suit states.

The suit's proposed class period begins Sept. 12, 2025, the day Gemini's shares began publicly trading on the Nasdaq. A couple of months later on a Nov. 10, 2025, earnings call, Gemini told investors that the company was making progress on its international expansion, with "no hint that defendants might reverse course in the coming months," the suit states.

Then, on Feb. 5, Gemini announced in a blog post plans to cut its staff by 25% and begin offering prediction markets to customers to launch Gemini 2.0, according to the complaint. Gemini also announced it would "narrow" its focus by exiting the United Kingdom, European Union, and Australian markets, the complaint states.

Analysts reacted to the news, and shares of Gemini declined 64 cents per share, or about 9%, to close at $6.70 on Feb. 5, according to the complaint.

A couple of weeks later on Feb. 17, Gemini announced a shift in its executive leadership, including the departure of its now-former Chief Operating Officer Marshall Beard, Chief Financial Officer Dan Chen and Chief Legal Officer Tyler Meade. The same day, the company attributed higher operating costs in the previous quarter to, among other things, "marketing investments to support the Company's strategic initiatives."

The suit claims that several analysts lowered their price targets for Gemini in response to the news, and Gemini's shares declined 98 cents each, or about 13%, to close at $6.59 on Feb. 17, according to the complaint.

In addition to the now-departed executives Beard and Chen, the suit's individual defendants also include the Winklevoss brothers and several Gemini directors. The suit accuses them of violating the Securities Act and the Exchange Act and acting with scienter.

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

Methvin is represented by Jeremy A. Lieberman and J. Alexander Hood II of Pomerantz LLP.

Counsel information for the defendants was not immediately available on Thursday.

The case is Methvin v. Gemini Space Station Inc. et al., case number 1:26-cv-02261, in the U.S. District Court for the Southern District of New York.

--Editing by Emily Kokoll.

LAW360

Portfolio Media. Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Musk Cases, Atty Fees Draw Spotlight At Tulane Conference

By **Rose Krebs**

Law360 (March 19, 2026, 4:55 PM EDT) -- Two high-profile Delaware Supreme Court decisions involving Elon Musk's Tesla, the "supersize" attorney fee bids in those cases and others, and artificial intelligence's impact on the legal industry were among the hot topics Thursday as Tulane University Law School kicked off its annual Corporate Law Institute.

A "Delaware developments" panel on the first day of the two-day conference, which was moderated by Morris Nichols Arsht & Tunnell LLP partner William M. Lafferty, included discussions about the high-profile Tesla cases, musings over whether "supersize" attorney fees in Delaware litigation need to be reined in, and concerns about AI.

In December, the state's high court **reinstated** Elon Musk's once-$56 billion, now larger, Tesla Inc. compensation package that was rescinded by the Chancery Court in 2024. The decision handed Musk equity that has more than doubled in value.

Although the high court reversed the Chancery Court decision, it preserved — after heavy pruning — what had been calculated as a $345 million fee for stockholder attorneys as of the original decision. Instead, the ruling provided for a $68 million fee and expense award that amounted to four times the costs borne by class attorneys.

Panel members noted that the state's high court, in its unsigned per curiam decision, took a "narrow path" to deciding the issues on appeal.

"Although the justices have varying views on the liability determination, we agree that rescission was an improper remedy and therefore choose that narrower path to resolve this appeal," the opinion from the five justice-court said.

Bernstein Litowitz Berger & Grossman LLP attorney Mark Lebovitch, who founded the firm's corporate governance team in 2006 and **returned** to the firm late last year after retiring in 2023, and Richards Layton & Finger PA Director Rudolf Koch said the justices were likely wise in taking that "narrow" approach.

Lebovitch, a prominent shareholder attorney, said the court made its decision in a "savvy" and "intentional" way that showed "discipline" and "restraint."

The attorneys said the court steered clear of issues related to controversial amendments to Delaware's General Corporation Law, or DGCL, in 2025 that the justices later weighed in on in a February ruling **that concluded** the statutory amendments didn't violate the state's constitution.

Koch said he believes the shareholder litigation over Musk's pay would have been dismissed at the pleading stage had Senate Bill 21 been in place before.

The DGCL amendments, among other aspects, clarified what a controlling shareholder is and expanded liability shields for some corporate acts involving controlling stockholders

As for the reduced fee awarded in the case, Lebovitch said he believes the Delaware Supreme Court showed "restraint" by not using its decision as a precedent to cap fees. Anyone arguing a broader reading to assert any such cap is misreading the ruling, he asserted.

Chief Justice Collins J. Seitz Jr., who also sat on the panel, clearly didn't want to get into much detail in discussing the Supreme Court's decision saying "it was extraordinary litigation" that was "well fought" by the plaintiffs, which was taken into account in awarding fees.

The chief justice did acknowledge that some law professors "are furious" with the court for taking a narrow path in making its decision instead of addressing more of the liability issues.

One issue the panel pondered was the move by Tesla shareholders **in June 2024** to approve Musk's compensation plan after the Chancery Court struck it down earlier that year. The shareholders also voted to switch the company's incorporation from Delaware to Texas at that time.

Musk blasted the Chancery Court's decision and has been critical of the judge who penned it, Chancellor Kathaleen St. J. McCormick. He has also called for other companies to pull their legal domiciles from Delaware, leading to what many have called "DExit," which helped prompt SB21.

"I don't think that the case of Elon Musk can be applied anywhere else," Lebovitch said, calling him a "unicorn" who seems able to "bend the laws of physics."

Lebovitch suggested that the idea that certain rulings may have another problematic impact, such as the Supreme Court decision regarding SB21, are intended to restore "predictability" to Delaware's corporate law landscape and prevent more companies from leaving for other states.

Perhaps some companies are leaving so they can more easily skirt liability and because they want "more leeway to do bad things with your company and money," he said.

"Predictability in Delaware should not be: The shareholders always lose," he asserted.

In the other Tesla decision, the Supreme Court in January **slashed** by roughly $100 million attorney fees awarded to shareholder counsel as part of an excessive director compensation suit settlement, rejecting the Chancery Court's fee calculation and reducing the award to $70.9 million.

Given the two Tesla cases, the panel also pondered whether attorney fee awards in Delaware litigation need to be reined in.

T. Brad Davey, who leads Potter Anderson & Corroon LLP's corporate litigation group, suggested there needs to be more consideration about whether fees being awarded, including what he called "supersize" fees, is "reasonable."

Lebovitch agreed that "windfalls" should be discussed, but argued that the "value" created by litigation results should be what drives fee decisions, not just the hours worked.

After the chief justice asked whether the panel felt that the Delaware Legislature needs to weigh in on the fee issue, Lafferty asked Young Conaway Stargatt & Taylor LLP attorney Elena C. Norman to weigh in.

Norman is vice chair of the Delaware State Bar Association's Corporation Law Section, which formulates and recommends DGCL amendments to the Legislature, according to the bar's website. She said the group isn't currently recommending any cap on fees, but will continue to monitor the issue.

AI was another hot topic, with Justice Seitz saying that the use of AI by unrepresented litigation parties "is becoming a big problem" in Delaware.

The chief justice added that all the state's judges have access to AI tools, and the judiciary's Commission on Law and Technology continues to develop AI-related policies.

Beyond AI-related mistakes by attorneys, which he said courts are finding ways to reasonably deal with, Koch said a growing concern of his is "what our clients are doing with AI."

In some instances, they are using AI tools for legal advice, which can cause attorney-client privilege issues, he said. When they take a lawyer's counsel, but then use AI to provide more advice, the AI-produced details may not be protected by privilege, he said.

He cited an example of a Chancery Court decision from Monday in litigation between video game studio Unknown Worlds Entertainment and South Korean gaming conglomerate Krafton Inc.

Koch said Krafton's CEO utilized AI to get certain information, and that discovery became a key factor in the Chancery Court's decision finding that the company, which he represented, had wrongly terminated certain employees and improperly seized control of Unknown Worlds.

In **her decision**, Vice Chancellor Lori W. Will said "Krafton's CEO consulted an artificial intelligence chatbot to contrive a corporate 'takeover' strategy."

--Additional reporting by Jeff Montgomery and Sarah Jarvis. Editing by Amy French.

Correction: An earlier version of this story incorrectly spelled Rudolf Koch and Mark Lebovitch in certain instances. The errors have been corrected.

LAW360

Portfolio Media. Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Del. Suit Targets NC Enviro Co. Charter Shielding Directors

By **Jarek Rutz**

Law360 (March 19, 2026, 2:19 PM EDT) -- A stockholder of a North Carolina-based environmental technology business has brought a class action in the Delaware Chancery Court seeking to invalidate a provision in the company's corporate charter that he contends unlawfully shields directors and officers from liability for certain misconduct.

In a **complaint** unsealed Wednesday, Wayne Rogers alleged that 374Water Inc.'s "exculpation provision" goes beyond what Delaware law permits by insulating fiduciaries from accountability for breaches of duty that should remain subject to liability. He asked the court to declare the provision void and require the company to bring its charter into compliance with state law.

"Accordingly, the exculpation provision is facially invalid and should be deemed void," Rogers said in his complaint.

The complaint pointed out that the Delaware General Corporation Law has allowed companies to limit directors' personal liability for breaches of the duty of care, but it does not permit eliminating liability for more serious misconduct, such as breaches of the duty of loyalty, bad-faith conduct or transactions involving improper personal benefit. In 2022, the statute was amended to allow limited exculpation for certain corporate officers, but those protections remain narrowly defined. The lawsuit says 374Water's charter provision exceeds those limits by attempting to eliminate liability in situations where the law expressly forbids it, making the provision invalid on its face.

The case centers on how 374Water's charter is written and whether it improperly expands liability protections beyond what Delaware law allows. According to the complaint, the provision broadly states that directors and officers are not personally liable for monetary damages arising from breaches of fiduciary duty, except in limited circumstances, such as intentional misconduct, fraud, knowing violations of law, or unlawful dividend payments.

Rogers argued this language omits several key categories of misconduct that must remain actionable under Delaware law, including loyalty breaches and bad-faith actions that do not fall neatly into the provision's narrow exceptions. Because of that, he said, the clause unlawfully strips stockholders of rights guaranteed by statute.

The suit also points to the history of the provision, noting 374Water has maintained it since 2008, well before Delaware law permitted any form of officer exculpation. Rogers asserted that this timeline further demonstrates the company has long attempted to provide protections broader than those allowed by law.

Before filing suit, Rogers sought to resolve the issue directly with the company, according to the complaint. He said he sent a demand letter Oct. 21, 2025, asking 374Water to amend its charter. The complaint alleged the firm responded Nov. 21, 2025, saying the issue was "not presently at issue" and that it would evaluate enforceability only if circumstances arose implicating the provision. The response left what Rogers alleged was an unlawful provision in place with no clear path to correction, the suit says.

Rogers is seeking declaratory relief on behalf of a proposed class of all 374Water stockholders, which the complaint says includes thousands of investors based on more than 169 million outstanding shares as of November. He said leaving the provision in place risks limiting stockholders' ability to hold corporate fiduciaries accountable.

"Under no circumstance can the company lawfully maintain such an exculpation provision," according to the complaint.

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

Wayne Rogers is represented by David A. Jenkins of Smith Katzenstein & Jenkins LLP and Steven J. Purcell, Robert H. Lefkowitz and Stephen C. Childs of Purcell & Lefkowitz LLP.

Counsel information for defendant 374Water Inc. was not immediately available Thursday.

The case is Rogers v. 374Water Inc., case number 2026-0367, in the Delaware Chancery Court.

--Editing by Covey Son.

LAW360

Portfolio Media. Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Oil Company Sues X Critic Over Assets Amid Investor Suit

By **José Luis Martínez**

Law360 (March 19, 2026, 9:11 PM EDT) -- Oil and gas asset company Next Bridge Hydrocarbons Inc. claims that an X commenter has falsely accused the company of misleading investors about the value of its assets, in a dispute that comes as investors are appealing the dismissal of claims against the Texas company about misrepresentation of assets.

In a petition filed Wednesday in Harris County District Court, Jeffrey Davies is accused of waging a disparaging campaign on X by accusing Next Bridge and its management of fraud and sham transactions with the objective of eliminating the company's most significant asset — its contract with University Lands of Texas, which manages surface and mineral interests on behalf of a university endowment, for a drilling and development unit covering acreage in the Orogrande Basin in West Texas.

"Davies understood that public accusations questioning the legitimacy of Next Bridge's operations would predictably erode confidence among the broader public, including investors, industry participants and contractual counterparties," the petition says of Davies, who has about 40,000 followers on X under the handle @EnergyCredit1.

Next Bridge said that Davies' posts on X questioned the legitimacy and value of its basin and called the company a "scam," insinuating that it engaged in insider transactions or "pump the stock" schemes.

The company further alleges that Davies contacted representatives from University Lands to communicate false and misleading information about the company's finances, which it says contributed to University Lands' decision not to extend the drilling agreement.

The petition also claims that Davies mischaracterized the company's filings with the Securities and Exchange Commission by writing, "They literally just told you in the 10-K there is no oil and no value to the leases. Black and white. Confirmed what many of us have been saying."

Next Bridge said it changed the value in the filings due to the potential expiration of the underlying mineral lease.

The company's SEC filings were also the focus of a federal securities action filed two years ago, in which it is accused of including untrue statements about its assets' worth in its SEC filings after it was spun off from its predecessor company, Meta Materials.

In that investors' complaint, they alleged that Next Bridge valued its oil and gas assets at $47 million, later increased that figure to about $80 million and then in a 2024 restatement said those same assets were worth nothing. Next Bridge disputes the characterization, saying the figures reflect accounting treatment.

The investors' case was dismissed by a Texas federal court last summer on grounds that the shareholders failed to state claims under various sections of the 1933 Securities Act, but a subsequent appeal has now led to oral arguments in the Fifth Circuit, scheduled for April.

Counsel for Next Bridge declined to comment further Thursday and Davies did not immediately respond to requests for comment via his X account.

Next Bridge is represented by James W. Christian and Casidy R. Newcomer of ChristianAttar.

Counsel information for Davies was not immediately available Thursday.

The case is Next Bridge Hydrocarbons Inc. v. Jeffrey Davies, case number 2026-18186, in Harris County District Court.

--Editing by Karin Roberts.

Portfolio Media. Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

4th Circ. Leery Of W.Va. Opioid Towns' Abatement Arguments

By **Abigail Harrison**

Law360 (March 19, 2026, 10:45 PM EDT) -- During a heated hourlong oral argument Thursday, two Fourth Circuit judges interrogated an attorney for West Virginia municipalities stricken by the opioid crisis about whether the public nuisance of overly available drugs had already been abated, leaving only redress of resulting harms.

Two of the judges on a three-judge appellate panel — U.S. Circuit Judges Julius N. Richardson and Paul V. Niemeyer — kept Anthony J. Majestro of Powell & Majestro PLLC on the hook in a tense back-and-forth exchange in which they pulled apart Majestro's comparison of the opioid lawsuit to a pollution case, in which "we're not just telling them to stop the pollution, we're making them clean up the mess." Majestro argued that asking for money to train doctors or help people addicted to drugs is considered part of an equitable remedy for abatement of a public nuisance.

Judge Richardson, barely letting him finish, said that's distinctly not equitable abatement. It's instead a legal remedy available to someone because they're sick. Simply because the money sought is to prevent future harm doesn't render it equitable, he said.

"No, no, no, not at all … none of the things you've mentioned so far do that at all. What you're instead doing is saying, 'We want money to treat the people who got sick as a result of the pollution.' That's what you're asking for," Judge Richardson said.

Judge Niemeyer said what Majestro was asking for sounded like damages. "Your lawsuit is going after their pocketbook. It's not asking them to change their conduct. It's going after their pocketbook," he said.

Majestro disagreed, stating that his team was seeking money to educate doctors or put up treatment centers — "forward-looking" remedies to alleviate the effects of the opioid epidemic nuisance. The equitable remedy his team is seeking would eliminate the resulting harm of the epidemic, by, for example, preventing future addiction, he said.

"The act has stopped. The condition has not. Nuisances include conditions," Majestro said.

The exchange arose out of Cigna unit Express Scripts Inc. and UnitedHealth unit OptumRx's petition for a writ of mandamus, in which they want the Fourth Circuit to vacate an order for a statewide bench trial stemming from allegations of the companies' "central" role in the oversupply of opioids. Express Scripts and OptumRx, pharmacy benefit managers that handle drug reimbursement, are also challenging the local governments' bid to pursue statewide liability.

In early January, U.S. District Judge John Preston Bailey of the Northern District of West Virginia agreed to dismiss all legal claims, leaving only the local governments' equitable public nuisance claim.

The "public nuisance" theory of liability, traditionally used against annoying businesses and properties, has been deployed in thousands of opioid lawsuits with differing results.

Counsel for the pharmaceutical companies, Christopher G. Michel of Quinn Emanuel Urquhart & Sullivan LLP, said that even after that dismissal, the local governments are still demanding that Express Scripts compensate them — legal relief that implicates a Seventh Amendment right to a jury trial.

Reading from the district court complaint, Michel said the local governments want to be compensated for money already spent and money that will continue to be spent for the increased costs of public services. That's a prototypical request for compensatory monetary relief, and notably not an injunction, he said.

"This is a critical distinction. They're not asking us to abate the nuisance using our own money. They're asking us to pay them money that they will then use for their own purposes," Michel said.

While the parties agree that the only remaining claim is for public nuisance, and seem to agree on what "abatement" means under the Fourth Circuit's precedent set in 2025's City of Huntington v. AmerisourceBergen Drug Corp., there's serious disagreement about whether the remaining claim is legal or equitable under the Seventh Amendment, Michel said.

He said the question in front of the court isn't whether the local government can seek monetary abatement at all. Instead, he contended, the question is: if it does seek monetary abatement, are the drug companies allowed to ask for the local governments' own residents to sit as the jury, as guaranteed by the Seventh Amendment.

U.S. Circuit Judge Toby J. Heytens expressed some perplexity at the dismissal order from the lower court.

"I genuinely have no idea what aspects of the complaint are still alive and what are not," he said.

Judge Niemeyer agreed that the order is too generalized given the arguments made during the hearing. He wanted to see the full complaint to get a better grasp on the sought-after remedies, especially after Huntington established that a public nuisance claim can include damages.

"A lot depends on what the complaint says," Judge Niemeyer said.

In Huntington, the court confirmed that abatement funding was understood as equitable relief rather than legal damages, according to the local governments' court filings. In that case, two plaintiffs in this action, city of Huntington and Cabell County, are among those seeking $2.5 billion in abatement costs in a parallel opioid lawsuit.

The pharmaceutical companies argue that even if Huntington's definition of abatement includes both legal and equitable aspects, they're still entitled to a jury trial based on the specific remedies sought in the complaint.

Judge Richardson said the court is bound by Huntington, which established that in West Virginia, abatement includes traditional abatement and something else "legal in nature" that goes well beyond what equitable abatement was in 1791, the year the Bill of Rights was ratified.

That date is material because the first step of Seventh Amendment analysis requires courts to consider if the nature of action was customarily heard at law or in equity in late 18th-century England.

The jurist pressed Majestro for cases that would support the local governments' position under common law that resulting harm was part of an abatement remedy.

"It is part of the remedy of abatement in West Virginia, at least in federal courts now," Judge Richardson said, referring to Huntington. "But where is it part of that in the common law?"

Majestro was undeterred, pressing that "cleaning up the mess is abatement," and paying money doesn't preclude that.

Judge Niemeyer couldn't get on board, repeatedly saying that the people in need are those adversely affected by a nuisance that's no longer around, and the compensation request appears to arise from past conduct.

"They stopped doing it. A lot of them are not even in the business. I mean this, this was attacked so fully. None of these towns are suffering from this nuisance. Now, the towns and cities are suing to fix things up, to remedy what happened," he said.

U.S. Circuit Judges Paul V. Niemeyer, Julius N. Richardson and Toby J. Heytens sat on the panel for the Fourth Circuit.

The pharmaceutical companies are represented by Charles R. Bailey and Justin C. Taylor of Bailey & Wyant PLLC, by William J. Ihlenfeld and Maximillian F. Nogay of Flannery Georgalis LLC, and by Christopher G. Michel, Michael J. Lyle and Jonathan G. Cooper of Quinn Emanuel Urquhart & Sullivan LLP.

The local governments are represented by Anthony J. Majestro and Christina L. Smith of Powell & Majestro PLLC, by Paul T. Farrell Jr. and Michael J. Fuller Jr. of Farrell & Fuller LLC, and by Robert P. Fitzsimmons, Clayton J. Fitzsimmons, Mark A. Colantonio and Christine Pill Fisher of Fitzsimmons Law Firm PLLC.

The case is In re: Express Scripts Inc., case number 25-2281, in the U.S. Court of Appeals For the Fourth Circuit.

--Editing by Karin Roberts.

LAW360

Portfolio Media. Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Judge Digs Into Counsel Over 'Astronomically High' Fee Bid

By **Nadia Dreid**

Law360 (March 19, 2026, 8:45 PM EDT) -- Attorneys who represented classes of people who say they received harassing phone calls from real estate agents in violation of federal telemarketing laws are asking for way too much of the $20 million settlement, according to the California federal judge who tore into them Wednesday.

U.S. District Judge James Donato had a lot to say in his order about the request that attorneys from Tycko & Zavareei LLP, Reese LLP, Kaufman PA, the Law Offices of Stefan Coleman and Bailey & Glasser LLP walk away with 30% of the settlement money, refusing to grant their request and saying that the general benchmark of 25% might be "also too generous here."

Judge Donato's main problem was the number of hours billed, which he called "astronomically high."

"Although this case had its wrinkles, it was at heart a straightforward lawsuit under the Telephone Consumer Protection Act," he said. "Plaintiffs did not justify the expenditure of over 10,000 attorney hours on it, or plausibly explain why such a mammoth number of billing hours might have been warranted."

All together, the five firms billed just over 10,243 hours, but the work wasn't split evenly.

Tycko & Zavareei sought the most by far, billing just over 5,125 hours, and Reese LLP came in second at 2,388 hours. At the bottom was Bailey & Glasser LLP, which billed just under 1,000 hours.

Judge Donato said the "bloated billing hours reflect the inefficiencies in handling this case on the part of plaintiffs' counsel."

"As the long ECF docket indicates, and the court's experience confirms, the prosecution of plaintiffs' claims was muddled and unfocused," he wrote. "This culminated in a highly unusual request by plaintiffs, at a late stage in the case, to 'modify' a class definition that they had successfully argued for."

Despite believing there could be a "good argument" for knocking the fee award down below 25%, Judge Donato said he would approve the benchmark amount "even so."

He also agreed to the requested amount of costs and expenses to be reimbursed at just under $900,000.

The long-running litigation began wrapping up at the beginning of last year when the plaintiffs and the defendant — real estate services company Realogy, whose brands include Coldwell Banker and Sotheby's International Realty — told Judge Donato that they had come to terms.

The lawsuit was over 5 years old at that point. Filed in mid-2019, it alleged the plaintiffs had received unwanted marketing calls advertising Coldwell Banker's real estate business. They claimed the calls were made via autodialer, operated by former co-defendant Mojo Dialing Solutions LLC.

The classes are represented by Tycko & Zavareei LLP, Bailey & Glasser LLP, Kaufman PA, the Law Offices of Stefan Coleman and Reese LLP.

Realogy is represented Faegre Drinker Biddle & Reath LLP.

The case is Sarah Bumpus et al. v. Realogy Holdings Corp. et al., case number 3:19-cv-03309, in the U.S. District Court for the Northern District of California.

--Editing by Brian Baresch.

LAW360

Portfolio Media. Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

3M, DuPont Hit With RICO Suit Over PFAS In Firefighter Gear

By **Hailey Konnath**

Law360 (March 19, 2026, 10:52 PM EDT) -- San Mateo County has filed a proposed Racketeer Influenced and Corrupt Organizations Act class action against a slew of chemical companies including 3M, Chemours and DuPont de Nemours, claiming that they provided protective gear for firefighters that contained "hazardous levels" of synthetic per- and polyfluoroalkyl substances, or PFAS.

The California county said it purchased personal protective equipment for the San Mateo County Fire Department, including hoods, helmets, coats, pants, gloves, boots and reflective tape. That gear was treated with PFAS, also known as forever chemicals, which threaten the health and safety of firefighters and others exposed by using, cleaning or storing the gear, according to the **complaint**, filed Wednesday in California federal court.

Forever chemicals are nearly impossible to break down in the environment and have been tied to cancer, fertility issues, high blood pressure in pregnant women and other health problems, according to U.S. Environmental Protection Agency data.

"The PFAS in the defendants' turnout gear do not remain contained or stable," the county said. "Rather, the PFAS concentrations and migration substantially increase when exposed to physical stressors associated with firefighting activities."

That means the PFAS leach, shed, crumble or emit as gas out of the PPE, causing "unreasonably dangerous exposure and contamination of the county and class members' firefighters, fire stations, fire trucks, occupational equipment, personal property, firehouse furnishings, lockers and storage areas, laundering equipment and facilities, bunk rooms, other surrounding property and other exposed employees and persons," the complaint states.

3M, DuPoint and Chemours are already among a long list of companies facing multidistrict litigation over PFAS in firefighting foam. Earlier this month, Alpena County in Michigan **joined the fray**, suing over a dozen chemical companies for allegedly contaminating its county-owned airport with PFAS.

San Mateo County's suit isn't centered on the foam, though it noted that California has sued DuPont and 3M over the foam and that DuPont has denied it had any role in manufacturing contaminated firefighting foam.

The county said the chemical companies have long known that PFAS posed major health risks but they covered that up and still sold and marketed the gear.

"Rather, for decades, defendants suppressed negative scientific research regarding PFAS," the county said. "In addition, defendants made misleading statements to the public about the safety of the PFAS in turnout gear. Accordingly, for decades, defendants, through a common enterprise, promoted, sold, and otherwise distributed PFAS turnout gear that created an unreasonable risk of harm."

San Mateo County said the companies didn't disclose to fire departments or other public entities that the gear they were selling was "highly dangerous to health, property and the environment."

It said it paid for the gear to protect firefighters who were instead exposed to toxic chemicals that are known to cause cancer, immune system disorders and other harmful health conditions. Roughy 70% of firefighters are predicted to eventually die from cancer, a significantly higher rate than that of the general population, the county said.

"The change over the decades closely corresponds to when defendants' added PFAS to firefighters' PPE and commercialized PFAS turnout gear," it said.

Nowadays, PFAS-free gear is available, but it would've been available much earlier if the companies had focused on safety rather than trying to "suppress information regarding PFAS," the county said.

"Unless and until the PFAS turnout gear is disposed of, and the contaminated property effectively remediated, and the equipment replaced, the unreasonably dangerous toxic exposure and contamination will continue — even escalating due to the weathering and leaching of PFAS in older PFAS turnout gear — causing bodily harm and property damage to fire stations and the surrounding environment," San Mateo County said.

The county alleges violations of RICO, common law conspiracy, product liability, fraudulent and negligent misrepresentation, breach of express and implied warranty of merchantability, negligence, unjust enrichment and violations of California state laws.

San Mateo County wants to represent a class of "all political subdivisions of each of the states of the United States, including but not limited to, counties, cities, municipalities, fire districts, and other public or private entities in the United States that have purchased or paid for firefighter turnout gear that contained PFAS during the relevant time period that was treated or contaminated with PFAS."

The county said it's looking to recover the costs of purchasing the gear, remediation, repair and replacement of the property contaminated by PFAS as well as "elimination of the ongoing toxic exposure of their firefighters and other exposed persons to unreasonably dangerous PFAS."

San Mateo County, 3M, Chemours and DuPont de Nemours didn't immediately respond to requests for comment late Thursday.

Connecticut firefighters have filed a **similar proposed class action** over technical gear allegedly containing PFAS.

San Mateo is represented by Joseph W. Cotchett, Adam J. Zapala, Elizabeth T. Castillo, Christopher F. Jeu and Lauren Devens of Cotchett Pitre & McCarthy LLP.

Counsel information for the defendants wasn't immediately available.

The case is County of San Mateo v. 3M Co. et al., case number 3:26-cv-02380, in the U.S. District Court for the Northern District of California.

--Additional reporting by Jonathan Capriel and Emily Field. Editing by Dave Trumbore.

LAW360

Portfolio Media. Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Anatomy Of A Citation Hallucination: AI Edit, Associate Review

By **Rachel Riley**

Law360 (March 19, 2026, 8:28 PM EDT) -- Counsel for consumers in a supplement labeling lawsuit against Amazon responded Wednesday to a Seattle federal judge's order to explain an AI-hallucinated citation, saying the error was introduced by a generative artificial intelligence tool used to "harmonize" drafts of a brief, then missed by a fifth-year Boies Schiller associate tasked with checking the citations.

On March 4, U.S. District Judge John H. Chun **ordered** attorneys from Just Food Law PLLC and Boies Schiller Flexner LLP to explain how a nonexistent statutory citation appeared in an opposition brief in the consumers' proposed class action accusing Amazon of failing to make certain mandatory disclosures on supplement product pages.

While the plaintiffs' attorneys have **already acknowledged** using AI during the drafting process and apologized to the court, Judge Chun specifically asked the consumers' legal team to explain the role of each lawyer who signed the brief with respect to the fake language and accompanying false citation, exactly how generative AI was used and what verification methods were employed.

In a Wednesday **declaration**, Maia Kats of Just Food Law told the court she used "an open-source generative AI tool to help merge and harmonize" co-counsel's approach to the brief with her own. The brief was filed Jan. 21 in opposition to a bid by Amazon to stay the case pending a labeling regulation change.

Kats said the errant citation first appeared in an updated draft she circulated on Jan. 12, which "continued to carry bold notifications that AI had been used and that citations and propositions required verification." Co-counsel at Boies Schiller later represented to her that the final draft of the brief had been fully reviewed and cite-checked, according to her declaration.

"In this instance, I trusted the representations that a fifth-year associate at Boies Schiller — who formerly served as the Bluebook editor of an eminent law review — would perform the task carefully and competently," Kats said. "The verification process in this case failed for reasons that I cannot personally articulate."

Kats noted that as a solo practitioner, she has limited time and resources to juggle writing, researching, reviewing and other tasks within the allotted time window for collaborating with co-counsel, but acknowledged her role in the slipup.

"I recognize my responsibility for having introduced AI-generated hallucinations into the briefing process and ultimately the opposition itself, and that this incident would not have occurred absent my use of generative AI," Kats said. "I deeply regret my role in these events, and that a hallucinated statutory citation and inaccurate language reached the court."

In a separate **response** filed Wednesday, Boies Schiller said one of its attorneys "did a complete manual cite check" of the brief, "although obviously an inadequate one because we failed to catch and correct the false citation and quotation."

"BSF tasked an experienced associate with the responsibility of performing a comprehensive cite-check to verify the accuracy of the final brief," the firm said in its response. "Over the course of several days, the associate performed a manual cite-check by pulling the cases cited in the opposition, as well as statutory and regulatory references and secondary sources."

The brief that contained the error, as well as the Wednesday response, are signed by Boies Schiller partners George F. Carpinello and Adam R. Shaw and associate Patrick Marris. The filings do not specify who conducted the review by name, but court records show Marris is the only Boies Schiller associate who's representing the plaintiffs. Marris was previously an editor of the Columbia Law Review, according to his biography on the firm's website.

Boies Schiller said in its response that it has policies in place to safeguard against the misuse of AI, and recently mandated a firmwide training on best practices for cite-checking given the risks posed by AI tools.

"The errant citation and quotation in the opposition should have been caught and they were not; we have no excuses," the firm said. "To state the obvious, the fault was entirely the lawyers', and not in any way our clients'. We sincerely apologize to the Court for our failure. We will do better."

The botched brief was also signed by Todd Maybrown of Allen Hansen Maybrown & Offenbecher PS. Maybrown told the court in a Wednesday **declaration** that he had a "limited role as local counsel," was not included in most of the communications regarding the drafting of the brief and did not learn that generative AI had been used until after Amazon flagged the nonexistent citation in January.

Counsel for the plaintiffs and a representative of Amazon did not respond to requests for comment.

The 2023 lawsuit by Anita Medal and other online shoppers alleges that Amazon touted the purported health benefits of various brands of dietary supplements that haven't been approved by the U.S. Food and Drug Association, without making mandatory disclaimers that are required for unapproved disease- or heart-related claims.

Products at issue include Nutrition Turmeric Curcumin, Doctor's Best, Puritan's Pride, Safrel, Nature's Bounty fish oil, Nutrafol, Centrum, Orthomol, Airborne, Skinny Fit and NeuroIGNITE.

In the brief at issue, the plaintiffs objected to Amazon's **motion** to pause the case based on the FDA's purported plan to revoke related labeling regulations. Judge Chun has **denied** Amazon's bid to stay the case, ruling in late February that the court or a jury can still address whether the e-commerce platform complied with existing requirements.

The customers are represented by Maia Kats of Just Food Law PLLC, George Carpinello, Adam Shaw and Patrick Marris of Boies Schiller Flexner LLP, and Todd Maybrown of Allen Hansen Maybrown & Offenbecher PS.

Amazon is represented by Joshua Hill, Ariane Rockoff-Kirk, Roberto J. Gonzalez and Walter Brown of Paul Weiss Rifkind Wharton & Garrison LLP and Charles C. Sipos and Lauren J. Tsuji of Perkins Coie LLP.

The case is Anita Medal et al. v. Amazon.com Services LLC, case number 2:23-cv-01975, in the U.S. District Court for the Western District of Washington.

--Additional reporting by Rae Ann Varona. Editing by Alanna Weissman.

LAW360®

Portfolio Media. Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Depo Stay Kept As Trump Media Settles Merger Docs Dispute

By **David Minsky**

Law360 (March 19, 2026, 11:16 PM EDT) -- A Florida state judge on Thursday kept a roughly one-month pause on the deposition of certain individuals in Trump Media's lawsuit alleging an investor botched the platform's initial public offering, allowing an arbitrator to resolve a dispute over who controls documents related to the merger with a special purpose acquisition company.

Twelfth Judicial Circuit Judge Diana Moreland kept a 32-day stay on depositions of executives and lawyers involved in the merger between Trump Media & Technology Group Corp. and the Digital World Acquisition Corp. SPAC as an arbitrator determines who controls the privilege of key documents surrounding the social media company's public offering. On March 3, Judge Moreland granted the stay after ruling the parties previously agreed resolve the privileged documents issue through arbitration.

"The stay will not be vacated," Judge Moreland said. "It will stay exactly as previously announced and signed on the order today."

Trump Media brought its complaint in February 2024, claiming Patrick Orlando, the former CEO of DWAC, and other investors engaged in a "pre-targeting conspiracy to merge" the companies and included misrepresentations in corporate filings and triggered an investigation by the U.S. Securities and Exchange Commission before the merger transaction. As a result of the investigation, Trump Media alleged the SEC imposed millions of dollars in penalties and incurred legal fees in the process making the Truth Social platform a public company.

Nearly two years later, Orlando sought to have TMTG provide the merger documents at issue, arguing that they're critical to his defense against the lawsuit. Orlando said the documents include advice from Ellenoff Grossman & Schole LLP attorneys that he relied on when filing the financial disclosures with the SEC.

In October 2025, Orlando filed a motion to compel TMTG to provide a privilege log after accusing the plaintiff of dragging its feet in producing the merger documents. Orland claimed the plaintiff asserted privilege over the documents, which are needed to prepare for depositions of the key figures involved with the merger.

On Dec. 1, Orlando and his company, ARC Global Investments II LLC, initiated arbitration to resolve the documents dispute. In February, Orlando filed a motion to stay the depositions, citing the arbitration provision in the merger agreement between the parties. Orlando said in his motion that TMTG is withholding approximately 1,700 "crown jewel" documents needed for his defense.

During the March 3 hearing, Judge Moreland issued a "surgical" 32-day stay for the depositions of former DWAC CEO Eric Swider and former board member Justin Shaner, Lee Jacobson, the original managing member of ARC, Alex Monje, former DWAC general counsel and firm Wilmer Hale, which served as DWAC counsel during the SEC's investigation into the merger.

On March 6, TMTG filed its motion to vacate the stay after accusing the defendants or reneging on the parties' agreement with how arbitration should proceed. TMTG said the defendants wanted to "leverage unnecessarily lengthy arbitration proceedings to try to obtain a longer stay of all proceedings in this court."

Christopher G. Oprison of DLA Piper (US) told Judge Moreland during Thursday's hearing that his client produced 5,100 documents in an attempt to manage the document scope during arbitration. Oprison said the defendants wanted the arbitrator to review the additional 1,700 documents, which he added couldn't be completed by the end of the stay.

"Instead of fighting over things that are not in dispute anymore," Oprison said, "we said focus on the things that are at issue and let's get these documents out and determined by the arbitrator. That's not what they've done. They've effectively tried to take [the arbitration] on a frolicking detour and they basically said that they need to wait until every last one of those documents are produced in order to set those depositions."

The defendants' counsel argued that the arbitration should be "longer and broader," saying all they want are the document needed to form their defense.

Trump Media is represented by Christopher G. Oprison, Caryn G. Schectman, Tal Aburos, Steven M. Rosato, Clee A. Malfitano, Charles J. Hamilton, Emma C. Peplow, Ronald N. Brown III, Eric Forni, Jason Strojny, Whitney C. Cloud and Brittany Bruner of DLA Piper (US) and by Tyler B. Stall and Steven D. Hutton of Hutton & Stall PLLC.

ARC and Orlando are represented by Christopher King, Andrew Vitali III and Kevin P. Jacobs of Homer Bonner Jacobs Ortiz, by Adam L. Schwartz, Jeanah Park, Andrew T. Figueroa and Keeley Hanchon of Vedder Price PC, by Kimberly A. Bald of Harllee & Bald PA and by Matthew D. Perri, Daniel E. Kaprow and Andrew L. Milam of Richards Layton & Finger PA.

The case is Trump Media & Technology Group Corp. et al. v. Arc Global Investments II LLC et al., case number 2024-CA-001061, in the Twelfth Judicial Circuit Court of the State of Florida.

--Editing by Nick Petruncio.

LAW360

Portfolio Media. Inc. | 230 Park Avenue, 7th Floor | New York, NY 10169 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Judge Quashes Subpoena Of 5 Firms That Repped Twitter

By **Rae Ann Varona**

Law360 (March 19, 2026, 7:31 PM EDT) -- A Delaware federal court ruled Thursday that six former Twitter employees cannot subpoena five law firms that represented the social media company in connection with its acquisition by Elon Musk, rejecting the employees' "conclusory allegations" that the company and Musk used the firms to make false promises of severance benefits.

Federal Circuit Judge Todd M. Hughes, sitting in the District of Delaware by designation, granted a motion by X Corp., formerly known as Twitter, and Musk to quash subpoenas served on Quinn Emanuel Urquhart & Sullivan LLP, Simpson Thacher & Bartlett LLP, Skadden Arps Slate Meagher & Flom LLP, Wachtell Lipton Rosen & Katz and Wilson Sonsini Goodrich & Rosati PC.

Judge Hughes said in an opinion that the former employees failed to provide any evidence suggesting X and Musk sought to induce Twitter employees to remain at the company through the merger by making promises about severance benefits they knew were not true.

Nor did the former employees provide evidence suggesting that "any of the sought-after documents were used in furtherance of a crime or fraud," he said.

"The present record, which has not enjoyed the benefit of fulsome discovery, is insufficient to support finding that the subpoenaed law firms' advice or work product was being used in furtherance of the alleged fraud," Judge Hughes stated.

Judge Hughes granted the motion to quash without prejudice.

The former employees sued Musk and his companies in 2023 after the $44 billion take-private deal in 2022 that later turned Twitter into X Corp., claiming they were promised **severance benefits** that were never paid. They accuse Musk of loading the company with debt, commingling assets and letting executives renege on pre-merger employment commitments.

Judge Hughes dismissed the former employees' fraud claims, among others, **late last September** for failure to plead fraud with sufficient specificity.

But before Judge Hughes' dismissal, the employees served subpoenas on the five law firms, generally seeking documents and communications concerning specific terms of the merger agreement that effectuated the 2022 acquisition. The firms had represented Twitter and X Holdings Corp. in connection with the negotiation and execution of the merger agreement.

X and Musk moved to quash the subpoenas. In a letter to the court filed in late September 2023, Jody C. Barillare of Morgan Lewis & Bockius LLP, who represents Musk, argue that the subpoenas were seeking discovery of documents that were subject to the attorney-client privilege and work product.

There were also no applicable exceptions to the asserted privilege and work product doctrine, Barillare says.

Meanwhile, Joseph L. Christensen of Christensen Law LLC, who represents the plaintiffs, argues in a letter that the crime-fraud exception applied.

According to the former employees, Twitter represented that the merger agreement provided severance that was "no less favorable" than Twitter's prior severance policy despite knowing that the agreement made no enforceable promise regarding severance benefits.

On Thursday, Judge Hughes said the former employees failed to meet their burden for the crime-fraud exception.

The employees' fraud allegations "rest on plaintiffs' own conclusory statements and the allegations in the second amended complaint, which this court has since dismissed," Judge Hughes stated.

He said that the employees also "provided no evidence of how the disputed documents furthered the crime or fraud."

"That defendants consulted attorneys regarding the terms of the merger agreement and official communications related to the merger agreement falls far short of demonstrating that defendants used that legal advice to perpetuate a crime or fraud," Judge Hughes said. "On the present, relatively undeveloped record, plaintiffs are not entitled to invoke the crime-fraud exception regarding the subpoenaed law firms."

The employees had also, alternatively, sought an in camera review of the subpoenaed documents to determine if the crime-fraud exception applies.

Judge Hughes also denied that request.

"Plaintiffs have offered nothing to this end beyond conclusory allegations of fraud, which this court dismissed, and have offered no evidence to suggest any of the subpoenaed documents were made or created in furtherance of the alleged fraud," he said. "Plaintiffs' conclusory and attenuated assertions at this early stage of litigation do not warrant in camera review."

Counsel for the X, Musk and the former Twitter employees did not immediately respond to requests for comment Thursday.

The former employees are represented by Akiva Cohen, Dylan M. Schmeyer, Michael D. Dunford and Lane A. Haygood of Kamerman Uncyk Soniker & Klein PC, and Joseph L. Christensen of Christensen Law LLC.

X and Musk are represented by Jody Barillare, Eric Meckley and T. Cullen Wallace of Morgan Lewis & Bockius LLP.

The case is Wolfram Arnold et al. v. X Corp. et al., case number 1:23-cv-00528, in the U.S. District Court for the District of Delaware.

--Additional reporting by Jeff Montgomery and David Minsky.
