

To give a change of pace, as any good mix should, I would add George Clinton's "Atomic Dog."

They Said It: Tulane Law Conference Day 2



A session at the Tulane Corporate Law Institute on March 19, 2026.

Courtesy of Tulane Law School

Heard by **Mike Leonard** at the Tulane Corporate Law Institute on Friday:

"There's a little bit of good riddance for those who have left."

—**Randall Baron**, a partner at the shareholder law firm **Robbins Geller** Rudman & Dowd, on "DExits" by companies that have recently left for Texas and Nevada. Baron, speaking at the Tulane Corporate Law Institute in New Orleans on Friday, suggested Delaware will retain a dominant share of businesses interested in good "corporate hygiene" even if founder-led firms like Tesla flee to states with lower accountability standards.

"Please don't put hallucinated cites in your briefs. I'm seeing them all the time, and my recurring nightmare is that I lift one of them into one of my opinions, and the law just becomes this recurring loop of fake caselaw."

—**Vice Chancellor Lori W. Will** of Delaware's Chancery Court, also speaking at Tulane on Friday.

Elon Musk liable for securities fraud over Twitter posts

DJ [dailyjournal.com/articles/390361-elon-musk-liable-for-securities-fraud-over-twitter-posts](https://www.dailyjournal.com/articles/390361-elon-musk-liable-for-securities-fraud-over-twitter-posts)

A San Francisco jury found Elon Musk liable for securities fraud for two social media posts he made during his 2022 acquisition of Twitter, including one that said the deal was "temporarily on hold" due to the prevalence of fake accounts on the platform. Twitter's stock fell by nearly 10% on the day of the post.

The jury rejected the claim that Musk's posts were part of a scheme to lower Twitter's stock price before he bought the company.

Damages were calculated on a share-by-share basis, depending on the day of the class period, but plaintiffs' attorney Mark C. Molumphy of Cotchett, Pitre & McCarthy LLP said plaintiffs expect the total payout to be around \$2.6 billion, depending on the number of claims that are filed. Of the total, \$2.1 billion could go to people who sold Twitter stock, while the remaining \$500 million could go to option holders.

"It's an important victory not just for investors of Twitter but for the public markets," Molumphy said outside of the courtroom Friday. "Having a market that's free from manipulation -- I think the jury's verdict sends a strong message that just because you're a rich and powerful person, you still have to obey the law."

Musk plans to appeal, according to a statement from his attorneys, Quinn Emanuel Urquhart & Sullivan LLP.

"We view today's verdict, where the jury found both for and against the plaintiffs and found no fraud scheme, as a bump in the road. And we look forward to vindication on appeal," the firm's statement said.

The plaintiffs alleged Musk made three false statements -- all related to the fake account issue -- as part of a broader scheme to tank the stock price and renegotiate the deal after getting buyer's remorse. Musk sent a letter to Twitter purporting to terminate the \$44 billion deal in July 2022, despite signing a binding agreement that April. Twitter, which Musk later renamed X, sued to enforce the deal, which went through that October.

The jury found the scheme claim had not been proven. The jury also declined to find Musk liable for one of the three statements the plaintiffs alleged were false.

Musk's team argued that the deal went south after Twitter officials refused to provide information backing their estimate that less than 5% of accounts were fake, leading the Tesla CEO to doubt the accuracy of the company's SEC filings. The attorneys argued Musk thought that was grounds to terminate the deal and each of the statements in question reflected his belief at the time.

The tense two-week trial featured testimony from Musk, members of his deal team and several former Twitter executives. Musk's attorney Alexander B. Spiro took the stand, as did Twitter's deal lawyer, Wilson Sonsini Goodrich & Rosati's Martin W. Korman, and its former general counsel, Vijaya Gadde.

The plaintiffs presented testimony that Musk hadn't directed anyone on his team to stop working on the acquisition, and that he'd waived his right to conduct due diligence before signing the binding merger agreement, rendering it misleading to claim the deal was on hold. His statements that the share of fake accounts on Twitter was much higher than 5% were based on a single blog post at best, plaintiffs said, but more likely just a gut feeling.

"Juries are exceptional at parsing out credible and non-credible evidence and testimony," plaintiffs' attorney Aaron P. Arnzen of Bottini & Bottini Inc. said after the verdict. "It was really clear in this case that the credible testimony, the real evidence, what really happened, strongly supported the plaintiffs' case."

The defense pointed to a May 6 meeting at Twitter's San Francisco headquarters where Musk's questions about the company's methodology for determining the number of fake accounts were met with vague responses. When the company finally provided a more detailed response, it was filled with corporate buzzwords, Musk said, so he requested the underlying data to make his own calculation. When Twitter didn't provide the data, his lawyers argued, Musk came to believe that Twitter was worth far less than he'd initially thought and that the company had lied on its SEC filings, which gave him a way out of the deal.

Musk's team featured some of the same Quinn Emanuel lawyers that secured a verdict in his favor three years ago in a securities fraud lawsuit over social media posts regarding his stake in Tesla. According to Molumphy, Friday's verdict shows that a jury can hold Musk accountable for what he posts on social media when it affects the market.

"From our knowledge, this is the first time a jury has held Elon Musk liable for what he's tweeting out there," Molumphy said. "He's done this, obviously, in the past. I think the verdict here was different because the evidence was

overwhelming."

#390361

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Securities

Musk Misled Twitter Investors Before 2022 Buyout, Jury Says (3)

March 20, 2026, 5:04 PM PDT

Elon Musk defrauded Twitter Inc. investors when he disparaged the company in 2022 in an effort to buy the social media platform for a lower price than his original \$44 billion bid, a jury concluded.

Jurors in federal court in San Francisco found Friday that Musk intentionally misled Twitter shareholders when he tweeted that the social network — now called X — had too many fake accounts and tried to back out of the deal. The jury rejected two of the four fraud claims. Musk's lawyers vowed an appeal.

The eight-member panel calculated how much Musk's statements drove down the company's stock price for each trading day over a period of about five months. The amount of damages he must pay to individual investors — which could total hundreds of millions or even billions of dollars — will be determined at a later date when shareholders submit claims.

The verdict, following about three days of deliberations, marks a rare defeat in court for the world's richest person, who has been dubbed "Teflon Elon" for his track record of winning high-stakes legal battles that many expected him to lose.

He prevailed in a 2023 trial over Tesla Inc. investors' allegations that he misled them in a tweet five years earlier saying he had "funding secured" to take the electric car-maker private. Musk is a co-founder of Tesla and its chief executive officer.

Mark Molumphy, a lawyer for the investors, said after the verdict he thinks the damages will amount to \$2.6 billion. But even an award that high wouldn't dent Musk's net worth, which was \$661.1 billion on Friday, according to the Bloomberg Billionaires Index.

"This case is much bigger than Twitter, this case goes right to the heart of Wall Street and what's been going on in recent years," said Joseph Cotchett, Molumphy's partner at Cotchett, Pitre & McCarthy LLP. "It's a great example of what you cannot do to the average investor."

Musk's lawyers noted he has won other cases on appeal.

"We view today's verdict, where the jury found both for and against the plaintiffs and found no fraud scheme, as a bump in the road," Musk's legal team at Quinn Emanuel Urquhart & Sullivan LLP said in a statement. "And we look forward to vindication on appeal."

The jurors heard about two weeks of live testimony from Musk and top Twitter executives at the time, who recalled the turbulent six-month period in 2022 when the serial entrepreneur flip-flopped over whether he would buy the platform, resulting in hard-fought litigation with Twitter's board of directors to force him to follow through.

The investors claimed that Musk's social media posts and public statements — including a May 13, 2022, tweet stating the deal was "temporarily on hold" pending a review of the number of bots counted as Twitter users — was actually part of a deliberate plan to drive down the company's stock price so he could renegotiate at a better price.

Molumphy told the jury in his closing argument Tuesday that Musk's tweets "were not some innocent mistakes, some stupid tweet that he didn't consider."

"They were intentional, deliberate, and devised to convey to investors that Twitter was overrun with spam," Molumphy said.

Musk took the stand for a whole day, and part of a second, and largely stayed on script in telling the jury he believed that the ex-Twitter executives, including Chief Executive Officer **Parag Agrawal** and Chief Financial Officer **Ned Segal**, lied to him and in public financial statements about the prevalence on the platform of spam and fake accounts, known as bots.

"Of course people were talking about a renegotiation once this bot issue came up," Musk's attorney, Michael Lifrak, told the jury in his closing argument. "There was no secret about that."

The stock remained volatile for several months while Musk waffled on following through with the deal, wiping away billions of dollars in Twitter's market value. When Twitter sued Musk in Delaware for reneging on the purchase in July 2022, the shares reached a low of \$32.52, 40% less than Musk's buyout price.

Musk testified that he only agreed to do the deal at the original price of \$54.20 per share because he believed the Delaware judge overseeing Twitter's lawsuit was biased against him.

The billionaire argued that his tweet at the center of the lawsuit was very different from walking away from the deal entirely. "I'm not saying I'm not going to do the deal," he told the jury. "At no point did I say the deal was canceled."

But Musk acknowledged under questioning from a lawyer for investors that the "temporarily on hold" post was a mistake. "It may not be my wisest tweet," he said. "I don't know if I would call it my stupidest. But if it led to this trial it probably qualifies as such."

The case is *Pampena v. Musk*, 22-cv-05937, US District Court, Northern District of California (San Francisco).

Opinion Lex**Elon Musk verdict suggests US shareholders are stepping into the regulatory void**

The ruling against him may suggest the judicial system is leaning into its expanded role in securities law enforcement



Elon Musk was found liable for tweeting in separate posts that the Twitter deal in 2022 was 'temporarily on hold' and that 'this deal cannot move forward' © Reuters

Published 49 MINUTES AGO



The Trump administration has seemingly taken a more lax approach in pursuing the enforcement of securities law. While not typically easy, shareholders can themselves find direct redress through the judicial system.

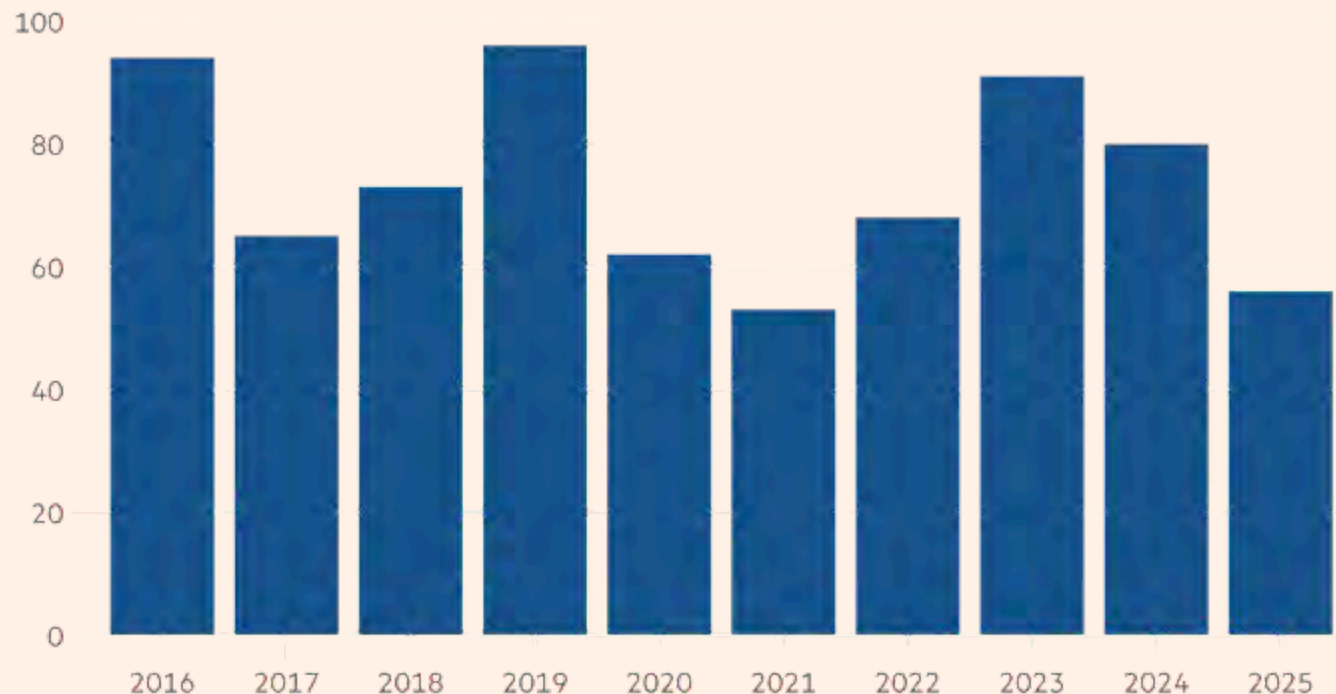
That, at least, is what a recent and stunning verdict suggests. On Friday, a San Francisco jury said that Elon Musk had [committed securities fraud](#) when he tweeted that he was getting cold feet about the 2022 buyout of Twitter, now known as X, for an agreed \$44bn. Specifically, Musk was found liable for tweeting in separate posts that the Twitter deal was “temporarily on hold” and that “this deal cannot move forward”, after he had already signed to purchase Twitter and either knew or should have known that he was bound to complete the deal.

The suing shareholders said that they had lost money when Musk’s tweets implied the price tag would be whittled down or the deal cancelled altogether. They are expected to ask for \$2bn in damages for shares they sold too cheaply because of his tweets.

[Musk](#) is separately facing another shareholder lawsuit, with plaintiffs alleging that he failed to promptly disclose his open-market purchases of Twitter shares — indicating his interest in a buyout — in 2022, as US law required. In an action brought by the Biden administration, the Securities and Exchange Commission had estimated that Musk underpaid by \$150mn for the shares he cheaply purchased before correctly filing his Twitter ownership interest.

On the beat

SEC enforcement actions at public companies (number filed)



Source: Cornerstone Research

The jeopardy from these suits is in stark contrast to the Trump administration's posture towards Musk. The FT reported last week that Musk's lawyers had been negotiating a settlement over the SEC's delayed disclosures case, but implied that the talks may not have involved SEC staff.

A robust regulator should have a deterrent effect on corporate misconduct. At the moment, however, individual shareholders may be forced to take on more of this oversight function in the US. At least the US maintains a so-called private right of action where shareholders can pursue civil damages through class-action lawsuits even if the government is uninterested.

Musk has in the past defeated a shareholder action over his infamous "funding secured" tweet, which alluded to a possible take-private deal for Tesla that was not as allegedly likely as the tweet indicated. That a San Francisco court has now ruled against him may suggest the judicial system is leaning into its expanded role in securities law enforcement, as well as perhaps revealing Musk's declining personal popularity.

The richest man in the world may be relieved that the US government is apparently unwilling to give him a tough time. Private investors may not be so forgiving.

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San Francisco jury finds Elon Musk defrauded Twitter investors during \$44 billion takeover

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Margaret Attridge

March 20, 2026

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

Investors, including lead plaintiffs Steve Garrett, Nancy Price, John Garrett and Brian Belgrave, sued Musk in October 2022 over [claims](#) they suffered major losses when Musk deliberately made misleading statements about the presence of spam bot accounts on Twitter to drive down the company's stock, in hopes of backing out of the acquisition deal or renegotiating more favorably for himself.

The statements at issue include a tweet from May 13, 2022, where Musk said the Twitter deal was on hold "pending details supporting calculation that spam/fake accounts do indeed represent less than 5% of users." A couple hours later, Musk followed up with another tweet saying he was "still committed to acquisition."

In addition to the tweets, Musk said in a May 16 comment at a conference that fake and spam accounts made up at least 20% of Twitter users at the time, and tweeting a poop emoji when then-Twitter CEO Parag Agrawal commented there was no way for external parties to calculate this information.

Musk reiterated his beliefs in a tweet the next day, writing that the deal was "based on Twitter's SEC filings being accurate" and would not be moving forward until Agrawal provided evidence of bot numbers under 5%.

After deliberating for four days, the jury unanimously found Musk's May 13 and May 17 tweets were materially false or misleading but did not hold him liable for his May 16 comments. They also rejected the plaintiffs' scheme claims against Musk.

Still, the jury opted to award damages per share of Twitter stock for each day of the class period, from May 13, 2022, to Oct. 3, 2022. They additionally awarded damages per Twitter stock option for each day of the class period.

In total, attorneys for the plaintiffs estimate damages could top \$2.6 billion.

"The jury's verdict sends a strong message that just because you're a rich and powerful person, you still have to obey the law and no man is above it," Mark Molumphy of Cotchett, Pitre & McCarthy, an attorney for the investors, told Courthouse News after the verdict was read.

He continued: "It's important, at this moment, we're just a few blocks away from where Twitter operated, to recognize that Twitter was an important institution in San Francisco, and it was not a sham. It was a real company, and the way [Musk] dragged it through the mud in order to basically get a better deal was atrocious."

Musk's legal team said in a statement he intends to appeal the decision.

"We view today's verdict, where the jury found both for and against the plaintiffs and found no fraud scheme, as a bump in the road. And we look forward to vindication on appeal," they said.

The investors claim Musk knew about the prevalence of spam accounts on Twitter before he purchased the platform and deliberately rushed through the dealmaking process to make his offer more attractive, skipping traditional steps intended to give buyers more information on a company.

They claim the billionaire only began to second-guess the deal because of issues he ran into selling shares of Tesla stock to pay for the acquisition, and deliberately made a series of false or misleading comments about Twitter's bot counts to hurt the company's stock price.

During the two-week trial, the eight-person jury heard testimony from former senior leaders at Twitter, bankers from Morgan Stanley and Goldman Sachs involved in the transaction, and lawyers who represented both [Musk](#) and [Twitter](#) during the acquisition.

Musk himself took the stand on March 4, telling the jury that he had real concerns over the presence of bots on Twitter and did not intentionally drive down Twitter's stock price.

In [closing arguments](#), Molumphy compared Musk's commitment to the case to his conduct during the acquisition.

"In 2022, after signing a binding agreement, Mr. Musk proposed and promised to use his best efforts to get the deal done. Musk decided just weeks later that he didn't want to pay investors what he promised to pay. The deal in his mind had gotten too expensive," he said.

"So, he did here what he did on the stand, he trashed the executives, he trashed the company, he trashed the stock, then he fled the scene, never to be seen again."

In contrast, Musk's attorney, Michael T. Lifrak of Quinn Emanuel, argued Musk couldn't have defrauded investors because the issue of spam and bot accounts on Twitter was a genuine concern of his for years before the acquisition deal took place.

"At the end of the day, look at all the evidence that this was a legitimate concern, that this was not fraud. What did they show you that this bot thing was made up? This was real, this was right," he told the jury.

Both parties additionally asked the jurors to consider all the evidence before making their ruling, regardless of their [opinions of Musk](#).

"In this case, you shouldn't allow any person, no matter how powerful, how rich, how influential, to say whatever he wants, whenever he wants, and not be held accountable," Molumphy said.

"When someone is standing trial that does things like stupid tweets, does things you may not like, does things you may hate, that is when the justice system matters most," Lifrak said.

U.S. District Judge Charles R. Breyer, a Bill Clinton appointee, presided over the trial.

Jury in Rare Securities Suit Trial Finds Musk Misled Twitter Investors

K [dandodiary.com/2026/03/articles/securities-litigation/jury-in-rare-securities-suit-trial-finds-musk-misled-twitter-investors](https://www.dandodiary.com/2026/03/articles/securities-litigation/jury-in-rare-securities-suit-trial-finds-musk-misled-twitter-investors)

Kevin LaCroix

March 22, 2026



Following a rare trial in a federal securities class action lawsuit, a civil jury late last week found that statements Elon Musk made on social media in 2022 about his proposed \$44 billion acquisition of Twitter misled investors. However, the jury also found that the plaintiff had not made the case that certain other statements by Musk were misleading. The jury's verdict has a number of interesting implications, as discussed below. A copy of the jury's March 20, 2026 verdict form can be found [here](#).

The Twitter Acquisition

As detailed [here](#), on April 14, 2022, Musk made an unsolicited offer to purchase Twitter. Twitter's board's initial moved to resist the deal, but on April 25, 2022, the company's board voted unanimously to accept Musk's buyout offer of \$44 billion. However, shortly after the company agreed to the purchase, Musk began backing away from the deal.

In July 2022, Musk announced his intention to terminate the agreement, among other things claiming that the company had not upheld its agreement to crack down on spambot accounts. The company filed a [lawsuit](#) in Delaware Chancery Court against Musk seeking to enforce the deal. Trial in the company's lawsuit against Musk was set for October 2022. Shortly before trial in that case was set to take place, Musk announced he was prepared to go forward with the deal. Musk's acquisition of Twitter closed on October 28, 2022.

The Securities Class Action Lawsuit

On October 10, 2022, Giuseppe Pampena, a Twitter shareholder, filed [a securities class action lawsuit](#) in the Northern District of California against Musk, alleging that in May 2022, during the turbulent period when Musk was starting to back

away from the Twitter deal, Musk made a series of statements on Twitter and elsewhere, with the intent of depressing Twitter's share price, in order to allow Musk to gain negotiating leverage or escape the deal.

The plaintiff's amended complaint, which can be found [here](#), refers to a series of four tweets Musk posted on Twitter, including in particular a May 13, 2022 tweet, in which Musk said that the deal was "temporarily on hold" because of disagreements with the company over the amount of bot traffic on Twitter's platform; and a May 17, 2022 tweet, in which, among other things, Musk claimed that more than 20% of Twitter's traffic came from fake accounts, and therefore that the deal "cannot move forward." The amended complaint alleged that other statements Musk made, on Twitter and elsewhere, were also misleading.

The plaintiff essentially alleges that Musk made the allegedly misleading statements in order to drive down Twitter's share price. The plaintiff alleges that Musk sought to depress Twitter's price or to get out of the deal because he had agreed to sell some of his shares of Tesla to finance the Twitter deal, and after the Twitter deal was announced Tesla's share price had dropped, meaning that the deal could require Musk to sell more shares of Tesla than he had planned.

The plaintiff represented a class of investors who sold Twitter's stock or call options or sold put options between May 13, 2022, and October 4, 2022. The plaintiff basically alleged that they would not have sold their securities if they had been aware that Musk's statements had manipulated the market price for the securities.

Musk moved to dismiss the plaintiff's amended complaint. In December 2023, Northern District of California Judge Charles R. Breyer denied the motion to dismiss in part as to certain of the allegedly misleading statements. In September 2024, Judge Breyer granted the plaintiff's motion for class certification.

The Trial

Trial in the case commenced on March 2, 2026. During the trial Musk took the stand for two days, among other things acknowledging that the May 13 Tweet ("Twitter deal temporarily on hold...") "may not be my wisest tweet." According to *Law360* ([here](#)), Musk testified that "the company had lied about the amount of spam and fake accounts on the platform but that he eventually paid the full \$44 billion offer because a Delaware Chancery Court judge overseeing litigation about the sale was 'extremely biased' against him."

During the trial, the lawyers involving on both sides of the Twitter deal testified. There were also, according to *Law360*, “moments of heated exchange” during the trial, including a March 6 dispute with “raised voices” and that ended with the Judge urging the lawyers to cool down and “gain composure.” The next day, Musk’s lawyers sought to have the Judge declare a mistrial, citing alleged “improper conduct” by the plaintiff’s lawyers, among other things. The court denied the motion.

The jury deliberated for over 20 hours over the course of four days before reaching its unanimous verdict.

The Verdict

The jurors returned a split verdict. The jury did find that plaintiff had sufficiently established that two of Musk’s tweets – the May 13 tweet (“deal temporarily on hold”) and May 17 tweet (deal “cannot move forward” because more than 20% of traffic is fake) – misled investors. However, the jury also found that the plaintiff had not sufficiently established his claims of an overall “scheme to defraud” Twitter investors, and that the plaintiff had not established that other statements by Musk were misleading.

The jury determined the value of shareholders’ losses, but it did not determine an aggregate or total amount of damages. Rather, the jurors were asked to determine the amount of damages incurred on each of the 98 trading days during the class period. The jury determined that the per-share, per-day damages across the period ranged between \$3 and \$8 dollars a day. In the *Law360* article, one of the plaintiff’s lawyers is quoted as saying that the aggregate damages could total \$2.6 billion.

The *Law360* article quotes one of Musk’s counsel as saying that “we look forward to vindication on appeal.”

Discussion

As readers undoubtedly are aware, it is extremely rare for securities class action lawsuits to go to trial. Out of the more than 7,000 securities class action lawsuits that have been filed since 1995, fewer than 30 have gone to trial. The adverse jury verdict here and the potentially massive size of the total damages underscores why so many defendants decide not to risk a trial.

The outcome of this case arguably represents something of a rare court setback for Musk. Musk has in the past been [dubbed in the press](#) as “Teflon Elon.” Indeed, among the few securities class action lawsuits that have gone to trial in recent years was a one that involved Musk and his electric vehicle company, Tesla. (That case also involved an allegedly misleading tweet by Musk, involving his statement about an alleged plan to take Tesla private, with “funding secured.”) As discussed at length [here](#), the jury trial in that earlier case resulted in a defense verdict.

This case and the earlier Tesla case do show how statements on social media can lead to securities class action litigation – and the verdict in this case shows how social media statements can lead to substantial liability under the securities laws. It certainly is no defense that “it was just a social media post.” This case outcome underscores the fact that if someone makes market moving statements, it can be the potential basis for liability, even if “only” made on social media. Musk tried to downplay the significance of his statements on social media, but the fact is that, even if on social media, statements can have consequences, and potentially legal implications.

The outcome of this case has obvious implications for corporate-communications policies; companies, particularly those with CEOs with substantial online followings, will want to consider executives’ use of social media, especially concerning sensitive or important company activities. In this case, Musk’s social media activities had consequences only for himself, not for any of his companies, but corporate executives’ social media activities could have significant ramifications for their companies.

Defense counsel, quoted in the *Law360* article, refers to the trial outcome as a “bump in the road,” which arguably reflects a certain amount of bravado in the face of a largely adverse development. But there is some truth to the statement; as noteworthy as the verdict is, the trial itself was just another procedural stage in a case that may have a long way to go yet. The case will now go up on appeal (or will do so after all post-trial motions are addressed). The story of this case may have much more to be told.

There is a final element here, and arguably the thing that makes the trial verdict particularly interesting, and that is that it involves Elon Musk – a successful businessman, a widely recognized and even powerful individual, and supposedly the richest man in the world. No one, this outcome of this case seems to say, is above the law.

News from Bloomberg Terminal
Elon Did Some Securities Fraud
March 23, 2026, 10:59 AM PDT

By Matt Levine

(Bloomberg Opinion) --

Elon is securities fraud

In April 2022, Elon Musk signed an agreement to buy Twitter Inc. for \$54.20 per share in cash, about \$44 billion total, but he quickly changed his mind. In May, he tweeted that the deal was “temporarily on hold,” and in July he formally terminated the deal. The reason that he gave for terminating the deal was that there were too many bots on Twitter and that Twitter’s management had deceived him about the scale of the bot problem.

This was all, as we discussed extensively at the time, absolute nonsense. “Temporarily on hold,” I wrote, “is not a thing”; signed public-company mergers cannot be put “on hold.” Musk knew all about the bots before signing the deal, Twitter did not lie about them, and the deal was not conditioned on anything at all about bots. Presumably Musk knew all this, though who knows really, and he went ahead and said all the stuff about the bots anyway. What was he up to? I don’t know, but the stock of Tesla Inc. (Musk’s main source of money) went down after the deal was announced, the stocks of social media companies like Twitter also went down, Musk mused publicly that he was overpaying, and he was apparently using the bot nonsense as a lever to renegotiate the price.

It didn’t work: Twitter sued to make him close, he had no real chance of winning that lawsuit, so he gave up and closed the deal in October 2022, paying the original \$54.20-per-share deal price. This was a great result for Twitter’s shareholders, and also for Musk: He has done some stuff with Twitter, and its successor company is now worth, by some estimates, \$1.25 trillion, a 2,700% return on the \$44 billion he paid for it. That’s a joke, but only barely.

But for a while – between say May and October 2022 – nobody knew all that. I mean. *I* knew the bot stuff was nonsense, but Musk has gotten away with a lot of nonsense, and to the casual observer it looked like Musk might find some way out of the deal. Some casual observers owned Twitter’s stock. That stock was trading in the high \$40s – near the deal price – the week before he tweeted that it was “temporarily on hold”; it fell to \$40.72 after that tweet, and to \$32.65 after he officially canceled the deal. Eventually it worked out fine and Twitter’s shareholders got their \$54.20, but they were nervous for a while. And of course not *all* of them got their \$54.20: If you panicked in July and sold for \$32.65, you missed out. Arguably that was your fault, but arguably it was Musk’s fault, too.

And so of course the question is: Was this securities fraud? Everything is securities fraud, and this does have a lot of the hallmarks:

1. Musk publicly said stuff, about the bots and the deal, that wasn't true.
2. It is hard to see into his mind, but he *probably* knew it wasn't true, or at least didn't care to find out.
3. His intention, in saying stuff that wasn't true, was *probably* to save himself a few billion dollars on a securities transaction by cutting the price he would have to pay for Twitter.
4. His false statements caused people to transact in securities (selling Twitter stock) and lose money: Had they not been deceived by Musk, presumably Twitter's shareholders would have waited for the \$54.20 they were due rather than selling early for \$32.65.¹

It is an odd form of securities fraud. Elon Musk is not the first person to sign a merger agreement, get cold feet when market conditions change, and try to renegotiate the price. When this happens, the buyer will make any half-plausible argument available to it – the target misrepresented its business, it violated its obligations under the merger agreement, there has been a “material adverse effect” on its business, etc. – and see what sticks, much as Musk did. Sometimes this works, sometimes it doesn't. It is not especially *sportsmanlike*; if you do this sort of thing you will not get a reputation as a good partner to deal with.

But is it *securities fraud*? If a private equity buyer signs a merger agreement and then tries to get out of it, the target's stock will probably drop; can the target's shareholders sue? Even if the buyer is not being entirely honest in its excuses for getting out of the deal, the target's shareholders are in an important sense not the *audience* for those excuses. The buyer is pitching those excuses to the target's board of directors (to try to get them to renegotiate), or to a court (to try to get out of the deal legally), or both. If the target's shareholders read the buyer's excuses and sell their stock, that's their problem; the buyer wasn't *trying* to deceive them. The buyer doesn't care, at this point, whether the target's stock goes up or down.

Anyway Twitter's shareholders did sue Musk for securities fraud, and on Friday they won:

Elon Musk defrauded Twitter Inc. investors when he disparaged the company in 2022 in an effort to buy the social media platform for a lower price than his original \$44 billion bid, a jury concluded.

Jurors in federal court in San Francisco found Friday that Musk intentionally misled Twitter shareholders when he tweeted that the social network – now called X – had too many fake accounts and tried to back out of the deal. The jury rejected two of the four fraud claims. Musk's lawyers vowed an appeal.

The eight-member panel calculated how much Musk's statements drove down the company's stock price for each trading day over a period of about five months. The amount of damages he must pay to individual investors – which could total hundreds of millions or even billions of dollars – will be determined at a later date when shareholders submit claims. ...

Mark Molumphy, a lawyer for the investors, said after the verdict he thinks the damages will amount to \$2.6 billion. But even an award that high wouldn't dent Musk's net worth, which was \$661.1 billion on Friday, according to the Bloomberg Billionaires Index.

We talked about this case in 2023, when a judge let it go forward. The judge threw out some shareholder claims that Musk was lying in his letters to Twitter, and I wrote:

It would be odd to find that it's *fraud* to fight Twitter in court. Musk fought Twitter in court, and the stakes were that if he won he wouldn't have to buy Twitter and if he lost he would. He lost. Along the way, Twitter stockholders made bets on whether he'd win or lose: They sold stock thinking he'd win, or bought it thinking he'd lose. If they were wrong – if they overestimated his chances of winning, because of the arguments that he made, which sounded good but were not – then they lost money. But it seems odd for them to *sue* him for making those arguments. He was doing the best he could to win in court; it's not his problem if people believed him.

But doing his best to win in court, and tweeting nonsense, are two different projects with different audiences. Musk's lawyered-up letters to Twitter were not fraud, but his tweets, apparently, were. Also:

But Musk acknowledged under questioning from a lawyer for investors that the "temporarily on hold" post was a mistake. "It may not be my wisest tweet," he said. "I don't know if I would call it my stupidest. But if it led to this trial it probably qualifies as such."

Yeah "temporarily on hold" really is not a thing.

Universal basic index funds

The very high-level story is this:

1. Currently, companies employ people to produce goods and services. People pay the companies for the goods and services. The companies, collectively, use some of the money to pay their employees. There is some money left over, profit, which goes to the owners of the companies.
2. In the future, companies will employ artificial intelligence instead of people. The companies will still produce goods and services, and people will still pay for them, but the companies will not use any of that money to pay employees. Therefore, all of the money will accrue as profit to the owners of the companies. I don't know which companies. Maybe the companies that produce the AI models will make huge profits. Or maybe the companies that employ AI – accounting firms and film studios and restaurant chains and consumer packaged goods companies – will capture the profits. Or maybe the suppliers – computer chip manufacturers and electric power generators – will get the profits. Or the profits will be split in some way. But, collectively, the companies will collect money from people (customers) and not pay any of it out to people (employees).
3. How will the people get money to pay for the goods and services as customers, if they are not getting paid to produce the goods and services as employees?
4. An answer you sometimes hear is “universal basic income”: The government will tax the companies' profits and use the money to pay people, *not* for producing goods and services, but just for existing. (For *consuming* goods and services?) This is a rather neat theoretical solution but would require a certain amount of political organizing to get done.
5. A simpler, more ready-made answer is “index funds.” The profits will accrue to some companies, though I don't know which ones. Traditionally most of the biggest and best companies are publicly listed US companies, so you could reasonably assume that the profits will accrue to some set of US public companies. You can buy index funds that include all of the big US public companies; probably some of them will capture the profits from AI. And then those profits will flow to the owners of the companies, meaning you: If you buy index funds, you will own the companies. If, in the future, 100% of the economy flows to corporate profits, you'll get your share of them.

There are, I think, some obvious flaws in this story. You might be an AI skeptic, and think it's silly to claim that AI will replace all human labor. Or you might be an AI worrier, and think it's silly to claim that companies will own the AIs: What if the superintelligent robots take over the world instead of cheerfully producing profits for S&P 500 companies? (“It may be difficult to know what role money will play in a post-[artificial general intelligence] world,” threatens OpenAI.) Or you might notice that a lot of the AI companies with 12-digit valuations are *private*, and that so far the benefits of AI do not especially seem to accrue to index funds. Or you might say, “hey look I get a paycheck for producing goods and services, and I spend like 95% of it on purchasing goods and services, so I don't have a ton of money left over to buy index funds to replace my paycheck in this future world of AI dominance.”

Still, as a thought experiment, it's a good story. Especially if you're in the business of selling index funds:

BlackRock Inc. Chief Executive Officer Larry Fink warned that the artificial intelligence boom threatens to make wealthy companies and investors even richer while exacerbating inequality, unless more individuals can share in the market gains.

"The massive wealth created over the past several generations flowed mostly to people who already owned financial assets," Fink said Monday in his annual letter to investors. "Now AI threatens to repeat that pattern at an even larger scale."

The head of the world's largest money manager wrote that while AI will disrupt the labor market – creating new jobs while displacing many other workers – the technology "will create significant economic value." Encouraging individuals to invest for the long-term alongside that probable growth "is both the challenge and the opportunity," he said.

Here is the letter, which spends some time on that last problem I mentioned, that "just buy tons of index funds" is not actionable advice for everyone:

Many people don't have the money to invest in the first place—households living paycheck-to-paycheck. You can't invest if you're not sure you can afford next month's rent, next week's groceries, or an unexpected bill. So the starting point has to be helping people build basic financial security.

And that's starting to happen. Emergency savings accounts where employers can match contributions and workers can withdraw penalty-free are gaining traction. And a growing number of countries are experimenting with investment accounts seeded at birth, giving kids a stake in their country's growth from the time they leave the hospital.

Even where savings exist, participation remains limited. The U.S. likely has the highest rate of market participation in the world. Still, roughly 40% of the population has no exposure to the capital markets. Around the world, participation is far lower. Billions watch their economies grow from the outside, as renters rather than owners—putting their savings in bank accounts that earn little, rather than investing to share in the growth around them.

In a sense "universal basic income" and "universal basic index fund ownership" are isomorphic. In UBI, there are companies, they produce profits, and the government takes a set percentage of the profits (as taxes) and redistributes them to people. In, uh, UBIFO, there are companies, they produce profits, and the government makes sure that people own some set percentage of the claims on the companies' profits (as "participation in the capital markets"). Presumably BlackRock would prefer that people own their claims through BlackRock.

Oh, by the way, I mentioned that one objection to my neat story is that a lot of the big AI companies are private and so not available to index fund investors. Obviously there is a fix to that too:

Over time, ... technological advances could also help bring greater transparency and potentially broader access to parts of the private markets—areas like infrastructure and private credit that have traditionally been out of reach for most individual investors.

See we need private credit funds in retirement accounts to fix inequality.

Tesla/SpaceX/xAI/Twitter merger

Not really, not yet, but we're getting there:

Elon Musk said his Terafab project – a grand plan to eventually manufacture his own chips for robotics, artificial intelligence and space data centers – will be built in Austin and jointly run by Tesla and SpaceX.

Musk, the chief executive officer of both companies, said he will start off with an “advanced technology fab” in Austin that will have all of the equipment necessary to make chips of any kind, and test them. Musk, who has no background in semiconductor production and a history of over-promising on goals and timelines, had said before that the company will start with a smaller scale fab before moving to a bigger one.

The nice thing about combining SpaceX, xAI and X/Twitter into one company is that its chief executive officer, Elon Musk, can make informed decisions about what to prioritize. In a world of limited resources, SpaceXXxAI needs to allocate capital and chips and employees to whatever projects are in the best long-term interests of the company, whether that is space rockets or chatbot training or something else. If Musk decides to prioritize training AI models, some shareholders and employees who prefer space exploration might be sad, but that’s life as an employee or shareholder of a big company: You have to rely on the managers and board of directors of the company to make strategic decisions, and hope that they take seriously their fiduciary duty to make those decisions in the best interests of shareholders.

But of course Tesla and SpaceX are *not* combined, yet; they just share a CEO and, now, a hypothetical chip fab. Who will decide whose chips to prioritize? Obviously Musk. How will he make those prioritization decisions? I mean, presumably the answer is “he will do whatever projects have the highest long-term expected value.” But some of those projects will benefit Tesla shareholders and some of them will benefit SpaceX shareholders and all of them will benefit Musk, and if you are a shareholder of the *disfavored* company – if Tesla’s chips get backed up so that SpaceX can get more chips, or vice versa – then you will have a legitimate complaint. But that’s life as a shareholder of an Elon Musk company I guess.

Mouse de-jigglers

Investment banks have a culture of making junior bankers work extremely long hours, and most of them also have official policies discouraging that culture. We have talked a few times about banks monitoring their employees’ computer use to make sure that they are working enough hours, and about employees who thwart that monitoring using “mouse jigglers.” What is the equilibrium here?

JPMorgan Chase has started to scrutinise whether the hours junior investment bankers claim to work match up against activity electronically logged by the bank’s IT systems, as it seeks to guard against overwork.

The bank will now issue reports to junior bankers that compare computer-generated estimates of junior bankers’ work week against their self-reported time sheets as part of a pilot scheme, according to people familiar with the matter.

JPMorgan plans to roll out the programme more widely across its investment bank, the people added. The estimate is based on employees’ weekly digital footprint, including video calls, desktop keystrokes and scheduled meetings.

"Much like the weekly screen time summaries on a smartphone, this tool is about awareness – not enforcement," JPMorgan said in a statement. "It's designed to support transparency, wellbeing, and encourage open conversations about workload."

If you are capped at, say, 80 hours a week, enforced by electronic monitoring, then you'd better not be working 75 hours a week. The cap is also a floor.

AI parties

I just feel like, if you have the right pedigree – a good Ph.D. in artificial intelligence, good experience at a top AI lab – you could have some very fun conversations with investors right now:

You: I would like \$1 billion to start a new AI lab with a few of my friends. We are all super-good at AI and have worked at fancy places.

Investor: Here is a bag with \$1 billion in it.

You: Thank you. See you around.

Investor: Before you go, if you don't mind, could I ask you a few questions about your new AI lab? No pressure, only if it's convenient for you, you've got my money either way.

You: Fine I've got five minutes keep it snappy.

Investor: Thank you so much. Okay, so, what sort of AI products are you looking to build?

You: Dunno, we're gonna figure that out.

Investor: Ah. So what is your process for figuring that out?

You: We're gonna get some sweet offices and hang out with each other, talk about stuff, see what comes up, try to have fun.

Investor: Sounds perfect.

You: I'm not gonna lie, we might have some love affairs with each other. Can't talk about AI all the time!

Investor: Of course.

You: Also there will be some really good parties.

Investor: Sounds fun! Am I invited?

You: Oh absolutely not but you can follow on Insta if you want.

Investor: I will ha ha ha!

You: Gonna buy out hot new restaurants and just fill kiddie pools with caviar. A billion dollars buys a lot of caviar.

Investor: I mean presumably you'll also be spending some of it on inference?

You: What is inference?

Just, like, the expected value of a happy AI researcher is so high that, if you are a top AI researcher, and you want an unlimited amount of money to just hang out with your boys and do caviar bumps, people will compete to give it to you. They are betting that a world-changing trillion-dollar AI model will come out of this process. You are taking the other side of that bet! The Information reports:

Flush with venture capital and eager to woo clients and investors amid the AI rush, tech startups have been binging on private dining and entertainment lately, filling the Bay Area's finest restaurants, bars and cocktail lounges most weeknights—and sometimes weekends, too. In some cases, they buy out the entire venue; other times, a room within the bar or restaurant. The boom has come to underscore the you-have-to-be-here atmosphere in San Francisco right now and how the region's fortunes are so deeply intertwined with tech and its most recent obsession: AI. ...

The scene is driven by small and midsize AI startups hoping to grow their profile in an era of uncommonly fierce competition. They use the dinners to court clients and boost sales, woo investors and lure new talent in a frenzied recruiting environment, according to conversations with 20 people I spoke with for this story, a group of tech and restaurant insiders who've hosted, attended and planned events.

"I could eat at a Michelin-starred restaurant just about every night of the week," said Brian Kotlyar, head of marketing at AI data company Hightouch, which recently bought out Saison, which has two Michelin stars, near Oracle Park. The evening offered a tasting menu, a Napa cabernet that typically goes for \$68 a glass and door-to-door transportation.

I feel like the stereotype of the AI industry is that it mostly draws true believers, people who are driven by genuine fervor for AI and commitment to building it the right way, and that they work hard with monastic intensity to build the future, undistracted by their \$50 million pay packages and \$68 glasses of cab. But that stereotype exists on a lag. Three years ago, they were all in grad school eating ramen, and there were not daily headlines about AI researchers getting \$50 million; people were drawn to the mission, not to the Michelin-starred restaurants.

I once wrote about Jane Street Capital:

These niches are fragile. If solving the puzzles produces *too much* money, other people will notice, people who are not intrinsically interested in the puzzles but who *really* like money. Those people might be a bit less creative, a bit less whimsical, than the original puzzle-solvers, but they might be more practical and intense and careerist. ... Over time the business will shift from "whimsical puzzle-solvers who make hundreds of millions of dollars and stuff it in shoeboxes so they have more time for puzzles" to "ruthless businesspeople with firm handshakes and yachts."

How can you be sure everyone cares about the mission when the wine is so good?

Things happen

UBS Curbs Sale of Some FX Products to Retail Clients After Losses. (Earlier.) Blackstone Private Credit Fund Has First Monthly Loss Since 2022. EA Touts \$700 Million Buyout Cost Savings to Coax Debt Investors. Senegal tapped €650mn of undisclosed borrowing in bid to avoid default. A Vegas Gambler, a Hollywood Power Player and the Legal Fight Roiling Paramount. Nasdaq Seeks to Build Crypto Into Wall Street's Market Plumbing. Private Capital Turns to Old Economy as Software Trade Dims. The Threats and Bare-Knuckle Tactics of MAGA's Top Antitrust Fixer. "They're choosing different times of the day to drink." Americans Are Spending More Than Ever on Manicures and Doggy Daycare.

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. More properly, some of them might have sold early for liquidity reasons or whatever, but the market would have properly discounted the \$54.20 deal price and paid them, like, \$49 instead of \$32.65.

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Musk found liable to Twitter shareholders in fraud lawsuit over \$44 billion takeover

 [reuters.com/sustainability/boards-policy-regulation/musk-found-liable-twitter-shareholders-fraud-lawsuit-over-44-billion-takeover-2026-03-20](https://www.reuters.com/sustainability/boards-policy-regulation/musk-found-liable-twitter-shareholders-fraud-lawsuit-over-44-billion-takeover-2026-03-20)

Abhirup Roy, Jonathan Stempel

March 20, 2026

Twitter logo and a photo of Elon Musk are displayed through magnifier in this illustration taken October 27, 2022. REUTERS/Dado Ruvic/Illustration [Purchase Licensing Rights, opens new tab](#)

- Jury finds Musk liable for two statements over Twitter bots
- Shareholders' lawyer says damages could reach billions of dollars
- Musk plans appeal, lawyers call verdict a bump in the road

SAN FRANCISCO, March 20 (Reuters) - A U.S. federal jury found Elon Musk liable on Friday for claims he defrauded Twitter shareholders by trying to drive down the social media company's stock price so he could renegotiate or back out of a \$44 billion takeover in 2022.

The verdict from a jury in San Francisco federal court came in a closely watched civil trial where Musk, the world's richest person, was accused of falsely claiming on social media that Twitter underreported how many fake and spam accounts, known as bots, were on its platform.

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Damages have yet to be calculated but Francis Bottini, a lawyer for the shareholders, estimated they could total about \$2.5 billion.

"Musk's status as the world's richest man is not a free pass," Bottini said in a statement. "If you're able to move markets with your tweets you're responsible for the harm you cause to investors."

In a joint statement, Musk's lawyers at Quinn Emanuel Urquhart & Sullivan called the verdict "a bump in the road. And we look forward to vindication on appeal."

The civil trial began on March 2, and jurors began deliberating on Tuesday.

Musk has often chosen to battle shareholders in court rather than settle.

This included a 2023 [trial](#) in San Francisco over whether he defrauded Tesla [\(TSLA.O\)](#)  [, opens new tab](#) shareholders who claimed to suffer losses after he

falsely claimed in 2018 to have "funding secured" to take the electric car company private, and [litigation](#) in Delaware over his \$139 billion Tesla pay package. Musk won both cases.

Musk ultimately completed his purchase of Twitter in October 2022 and renamed it X.

MUSK LIABLE FOR TWO STATEMENTS

Twitter shareholders challenged three statements Musk made not long after agreeing in April 2022 to buy Twitter, where he questioned whether the company was overrun with bots.

Jurors found Musk liable for two of the statements.

One said the purchase was "temporarily on hold" pending confirmation that bots represented less than 5% of users. The other said the percentage of bots could be "much" higher than 20%, and the takeover could not go forward unless Twitter's chief executive proved the percentage was less than 5%.

Jurors also said the shareholders didn't prove a separate claim that Musk engaged in a scheme to defraud them.

Michael Lifrak, a lawyer for Musk, countered that the billionaire's concern about bots was real, and that speaking out about the problem did not show Musk committed or intended to commit fraud.

Musk is separately in [talks to settle](#) a U.S. Securities and Exchange Commission civil lawsuit accusing him of waiting too long in 2022 to disclose his initial purchases of Twitter so he could buy more at low prices before investors saw what he was doing.

In February, Musk's rocket and space exploration company SpaceX [bought](#) his artificial intelligence company xAI, which housed X. The purchase created the world's most valuable private company, worth about \$1.25 trillion at the time. Reporting by Abhirup Roy in San Francisco and Jonathan Stempel in New York; Editing by Daniel Wallis and Rosalba O'Brien

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[Abhirup Roy](#)

Thomson Reuters

Judge rejects lawyers' preemptive fee bid in Google ad tech class action

 [reuters.com/legal/government/judge-rejects-lawyers-preemptive-fee-bid-google-ad-tech-class-action-2026-03-20](https://www.reuters.com/legal/government/judge-rejects-lawyers-preemptive-fee-bid-google-ad-tech-class-action-2026-03-20)

Mike Scarcella

March 20, 2026

The Google logo is displayed during a press conference in Berlin, Germany, November 11, 2025. REUTERS/Lisi Niesner [Purchase Licensing Rights, opens new tab](#)

- [Google Inc](#)
- [Alphabet Inc](#)
- [Berger Montague PC](#)

WASHINGTON, March 20 (Reuters) - A judge in New York has denied a bid by lawyers in a class action against Alphabet's [\(GOOGL.O\)](#)  [, opens new tab](#)

Google to force rival attorneys to pay them a portion of fees from future settlements with the tech giant in individual lawsuits over its advertising practices. U.S. District Judge P. Kevin Castel said in an [order](#)  [, opens new tab](#) on Thursday that the class attorneys from Boies Schiller Flexner and other firms made "greatly exaggerated" claims that lawyers bringing individual lawsuits were free-riding on their efforts in the litigation.

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Both groups of lawyers represent publishers that accuse Google of abusing its market power for online advertising technology and overcharging them in violation of federal antitrust law. It has denied any wrongdoing.

Castel in December certified the publishers' lawsuit as a class action and appointed law firms Boies Schiller, Korein Tillery, and Berger Montague to represent the class on behalf of The Nation, Genius Media Group, and other publications. Competing law firm Kellogg Hansen represents Daily Mail, Gannett, and other publishers in individual lawsuits.

In response to the mounting individual cases, Boies and the other lawyers appointed to represent the class [last month sought](#)  [, opens new tab](#) a "set-aside order" of 10% of any settlements or judgments, arguing they deserved

compensation for work that benefited all publishers, including those pursuing individual actions.

Google and lawyers for the publisher class did not immediately respond to requests for comment. Lawyers for the individual publishers declined to comment.

Settlements or judgments in the case could mean tens of millions of dollars in legal fees for the publishers' lawyers. Kellogg Hansen told the court that its publisher clients incurred billions of dollars in damages due to Google's alleged monopoly over online display advertising.

Kellogg Hansen [said](#)  [opens new tab](#) in a court filing last month that the proposed 10% set-aside was an "exorbitant fee" that served only as a deterrent from publishers deciding whether to opt out of the class action. Google had urged Castel to reject issuing any set-aside order, saying it would hinder reaching settlements and "encourage squabbling among plaintiffs' counsel, miring both the court and Google in unnecessary disputes."

Castel, in his decision on Thursday, said, "it is logical that a plaintiff with a large claim may prefer to pursue that claim individually." He said Daily Mail and Gannett had contributed substantially to the litigation.

The judge noted that the class attorneys let the competing plaintiffs' attorneys use their offices for witness questioning. He said learning "months after the fact that the unspoken price of hospitality is a freeze and potential forfeiture of 10 percent of the client's gross recovery is more than a bit rich."

The case is In re Google Digital Advertising Antitrust Litigation, U.S. District Court, Southern District of New York, No. 1:21-md-03010-PKC.

For publishers class: David Boies and Philip Korologos of Boies Schiller Flexner; George Zelcs and Stephen Tillery of Korein Tillery; Eric Cramer and Robert Litan of Berger Montague

For Daily Mail and other publishers: John Thorne and Daniel Bird of Kellogg, Hansen, Todd, Figel & Frederick

For Google: Justina Sessions and Eric Mahr of Freshfields, and Craig Reiser of Axinn, Veltrop & Harkrider

Read more:

[Google must face consumer antitrust lawsuit over search dominance, US judge rules](#)

[US appeals court rejects RNC lawsuit claiming Google email spam filters harmed fundraising](#)

[Google defends AI search summaries in Rolling Stone publisher's lawsuit](#)

[Google fights Rumble's bid to disqualify US judge over lawyer friendship](#)

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Lawyers behind \$1.5 billion Anthropic settlement slash fee bid after pushback from judge

 [reuters.com/legal/government/lawyers-behind-15-billion-anthropic-settlement-slash-fee-bid-after-pushback-2026-03-20](https://www.reuters.com/legal/government/lawyers-behind-15-billion-anthropic-settlement-slash-fee-bid-after-pushback-2026-03-20)

David Thomas

March 20, 2026

Anthropic logo is seen in this illustration taken May 20, 2024. REUTERS/Dado Ruvic/Illustration [Purchase Licensing Rights, opens new tab](#)

- [Anthropic PBC](#)
- [Anthropics Technology Ltd](#)

March 20 (Reuters) - Lawyers representing authors and publishers in a landmark \$1.5 billion copyright settlement with artificial intelligence company Anthropic have lowered their bid for attorney fees in the case by hundreds of millions of dollars.

Law firms Susman Godfrey and Lieff Cabraser [asked the federal court in San Francisco](#)  [, opens new tab](#) on Thursday to award them 12.5% of the settlement fund, or \$187.5 million, after Anthropic and two judges overseeing the case objected that they were seeking oversized fees to split with three other law firms that were not appointed to represent the entire class.

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Susman and Lieff Cabraser [initially sought \\$300 million](#), with \$75 million of the amount going to the three other firms – Cowan DeBaets Abrahams & Sheppard, Edelson, and Oppenheim + Zebak.

In their new request, submitted as part of a motion seeking final approval of the settlement, Susman and Lieff Cabraser said the \$187 million they are seeking is "based only on the work of class counsel." They said they are not disputing the court's opposition to awarding fees to attorneys that are not formally representing the class.

Attorneys at Susman and Lieff Cabraser did not immediately respond to requests for comment, including how the other firms would be paid.

Anthropic agreed to the settlement in August to resolve claims that it trained its AI models on hundreds of thousands of pirated books. The company also agreed to destroy pirated datasets and certify that those works were not used in its commercial AI models like Claude.

The lead attorneys have called the accord, which requires Anthropic to pay class members more than \$3,000 per copyrighted work, the largest reported copyright class action settlement in history.

U.S. District Judge Araceli Martinez-Olguin in San Francisco is set to consider final approval of the settlement at an April 23 hearing.

Martinez-Olguin took over the case from U.S. District Judge William Alsup, who gave [preliminary approval](#)  [,opens new tab](#) to the settlement before going on inactive status at the end of December. Alsup opposed Susman and Lieff's proposed fee split with the three other firms, writing in a [Dec. 23 memorandum](#)  [,opens new tab](#) that they cannot "appoint someone else" to share responsibility for the class.

Susman and Lieff Cabraser in their filing Thursday said the Cowan, Edelson and Oppenheim firms "made significant contributions that have been of material benefit to the class." Jay Edelson, of Edelson, said in an email to Reuters he was "incredibly proud to have led the negotiations" and of the work his firm and Oppenheim + Zebrak did preparing for trial.

Cowan DeBaets appeared as one of the firms on the original lawsuit. Attorneys at that firm did not immediately respond to a request for comment.

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

- X

Judge blocks Eaton Fire plaintiffs' bid to depose Edison executives

DJ [dailyjournal.com/articles/390363-judge-blocks-eaton-fire-plaintiffs-bid-to-depose-edison-executives](https://www.dailyjournal.com/articles/390363-judge-blocks-eaton-fire-plaintiffs-bid-to-depose-edison-executives)

Douglas J. Dixon of Hueston Hennigan

A Los Angeles County judge on Friday denied Eaton Fire victims' bid to depose Edison International's top executives, finding plaintiffs failed to show the officials had "unique or superior personal knowledge" about the company's role in the 2025 wildfire.

Represented by Hueston Hennigan LLP, Edison International argues it cannot be held liable for the fire because it does not own or operate the equipment alleged to have sparked the blaze and does not control its Southern California subsidiary's day-to-day operations - positions the parent company raised in a pending summary judgment motion.

Last month, the plaintiffs filed a motion to depose seven Edison International executives, arguing the testimony is needed to oppose the utility's summary judgment motion and support their theory of parent-company control over wildfire mitigation policies and their implementation.

According to court filings, the plaintiffs have already deposed 14 Southern California Edison-affiliated witnesses, including four corporate representatives designated on specific topics, but contend that testimony exposed knowledge gaps that only board-level executives can fill.

Edison argued the request improperly targeted corporate "apex" officials who lack unique, case-specific knowledge and claimed the requested testimony would be unnecessary.

Superior Court Judge Laura A. Seigle agreed with the utility's position and rejected the plaintiffs' request.

"There are a lot of people involved in implementing those policies. Why does it matter what the discussion was?" Seigle asked at Friday's hearing. "What matters is there's a policy that is agreed to, and then it's implemented and that shows the ... control and the direct involvement plaintiffs are contending establish liability."

Representing the fire victims at the hearing was Cotchett Pitre & McCarthy LLP partner Donald J. Magilligan, who argued the depositions were necessary to probe what Edison International's board members discussed, considered and approved in overseeing wildfire risk and operations before policies were adopted.

"It's the defense who says that these committees only set policies. The allegations in the complaint are that they exercise control over SCE and they participated in the wildfire mitigation work," Magilligan said.

The judge then questioned why the executives' internal deliberations mattered if lower-level employees were responsible for implementing any policies, suggesting the relevant evidence of control would lie in how decisions were carried out.

"I understand your point, your honor," Magilligan responded. "I have no further comments."

Hueston Hennigan partner Douglas J. Dixon, for Edison, acknowledged the judge's tentative order, later adopted, and provided no additional argument for the defense.

The litigation stems from the Jan. 7, 2025, Eaton Fire, which erupted in Eaton Canyon near Altadena amid a series of wildfires across Los Angeles County that day. Plaintiffs including individual fire victims, businesses and public entities allege Southern California Edison's equipment sparked the blaze, a claim the utility denies. *Gursey v. Southern California Edison et al.*, 25STCV00731 (L.A. Super. Ct., filed Jan. 13, 2025).

The deposition dispute centered on California's apex doctrine, which generally protects high ranking corporate officials from depositions unless the party seeking the testimony can show the executive has unique, firsthand knowledge that cannot be obtained from other sources.

The executives the plaintiffs sought to depose included Edison International CEO Pedro Pizarro.

In her adopted tentative ruling, the judge found the plaintiffs have not yet met the standard that warranted apex depositions.

"While those people likely have personal knowledge about the issues described, Plaintiffs did not show they have unique or superior personal knowledge," the order stated, adding that lower-level employees who carried out or received direction on those decisions would possess the same knowledge.

As for Pizarro, the judge found "it is not believable" that he would have more knowledge than operational employees about issues such as weather monitoring or transmission line conditions.

The ruling suggests that lower-level employees and other witnesses, for now, remain the appropriate sources for the information plaintiffs seek.

#390363

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Beasley Allen loses effort to stay DQ from talc cases | Newsletter



legalnewsline.com/newsletter/beasley-allen-loses-effort-to-stay-dq-from-talc-cases/article_714df1ba-64ff-46e8-94be-95872b6dbcbd.html

John O'Brien, John O'Brien

March 23, 2026

Johnson & Johnson Baby Powder no longer contains talc powder.

Austin Kirk, Public domain, via Wikimedia Commons

TRENTON, N.J. – The law firm disqualified from thousands of lawsuits alleging talcum powder causes cancer must stay on the sidelines, a New Jersey appeals court has decided.

“To have Beasley Allen litigate cases in our trial courts when they have been disqualified would not be in the interest of justice,” the state Appellate Division recently said in rejecting the firm’s request for a stay of its disqualification order.

Earlier this year, that court found Beasley Allen violated professionalism rules when it strategized with James Conlan, who had represented Johnson & Johnson in court, on a mass settlement of talc claims. The ruling disqualifies Beasley Allen from 3,600 cases in New Jersey state court that claim talc in cosmetic products like Baby Powder contains asbestos and causes ovarian and other cancers.

There is also a push to oust the firm from tens of thousands of federal court lawsuits. A [disgruntled former client of the firm](#), Aletha Wilson, says Beasley Allen tried to trick her into signing a retroactive power of attorney giving the firm the power to vote against a \$9 billion bankruptcy plan Johnson & Johnson once floated to settle talc litigation against it.

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

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

He worked with Beasley Allen's Andy Birchfield to craft a settlement outside of the bankruptcy process, which was J&J's preferred avenue. Conlan and the firm wanted the talc liabilities bundled to an offshoot company that would be sold to him.

Conlan even wrote an [op-ed in Bloomberg](#) touting that strategy.

"Realistically, Beasley Allen's goals in reaching a settlement of the talc claims are clearly adverse to J&J, as Beasley Allen wanted to settle at the greatest amount possible for its clients, as does Conlan on behalf of Legacy for its own financial gain, while J&J wants the opposite," Judge Mark Chase wrote.

"Therefore, Conlan worked together with Beasley Allen, whose interests in the talc litigation are materially adverse to those of Conlan's former client, J&J."

J&J has vowed to fight talc cases in court after its plan to fund [a \\$9 billion settlement was defeated](#) – by Beasley Allen. A Houston bankruptcy judge last year found a poll of those with injury claims tied to Baby Powder use unreliable.

J&J has won plenty of defense verdicts in trials that hinge on expert testimony regarding whether there is asbestos in the talcum powder, but when it loses, jurors aren't shy about delivering massive verdicts. In December, one woman won [\\$1.5 billion in Baltimore](#), and two women in Los Angeles [won \\$40 million](#).

Beasley Allen unsuccessfully asked the federal court to stay the issue of disqualification there while it appeals the New Jersey ruling to the state Supreme Court.

News | **Artificial Intelligence**

The 7 Perils of AI: Michelle Lee Says Pause First

In one example, fraudsters initiated a video call to execute a multimillion-dollar scam after using AI to capture a CFO's voice and image.

March 19, 2026 at 05:35 PM By **Laura Lorek**



Michelle K. Lee, former Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (USPTO). Credit: USPTO

Tricked by a video call from someone who he thought was the company's chief financial officer, a finance employee wired \$26 million to fraudsters. He later learned the CFO's voice and image were a deepfake criminals created using artificial intelligence to simulate a trusted leader.

The incident was one of several that speaker [Michelle Lee](#) cited at the South by Southwest conference in Austin—emphasizing the growing liability exposure, evidentiary challenges, and compliance issues attorneys and their clients must address as AI adoption accelerates.

Lee was once director of the U.S. Patent and Trademark Office; a Stanford law professor who lectured on disruptive technology; in-house counsel; law firm partner in Silicon Valley; an

intellectual property litigator; and law clerk to two federal judges. She was also Google's deputy general counsel and its first head of patents and patent strategy; and vice president of AI at Amazon.

But the woman once at the forefront of the AI and tech revolution is calling for caution, highlighting what she calls the seven perils of artificial intelligence.

To frame the discussion, Lee, who is now CEO of Obsidian Technology, began by outlining AI's benefit: increased productivity, greater efficiency, scalable personalization, and creative content generation. She also highlighted its applications in quality control, operations and scientific innovation.

Major corporations, like Moderna for instance, use AI to predict new enzymes to improve manufacturing yields and reduce waste. The company also uses AI to draft regulatory responses in minutes instead of weeks.

However, Lee emphasized the primary and most pressing risk of AI is hallucination, when large language models generate plausible but incorrect answers—an issue that can affect legal professionals and their clients.

"We've all seen examples where these models confidently provide completely wrong answers," Lee said.

For litigators, this is not just technical.

Using AI-generated legal research without review risks sanctions, malpractice claims, and reputational damage. Courts have already punished lawyers for fake case citations. Professional rules apply no matter the technology.

Building on this, Lee identified deepfakes and disinformation as the second major risk.

A deepfake is an image, video or audio that has been altered to replace the original content.

"With generative AI, anyone can quickly create convincing deepfakes, potentially spreading harmful or defamatory information," Lee said.

Notable examples include the Pope in a white puffer jacket he never wore, Taylor Swift seemingly singing another artist's song, and President Barack Obama delivering a fabricated public service announcement.

"The consequences are not just theoretical or harmless," Lee said.

“AI’s ability to mimic images, voices, and likenesses of individuals creates risks of unauthorized commercial use, reputational damage, and brand harm.”

This risk has sparked calls for a federal right-of-publicity law in Congress. The bill may require consent and permit lawsuits over unauthorized digital replicas of someone’s likeness or voice.

Turning to the third risk, Lee discussed bias. For example, she cited a health care AI that unintentionally prioritized white patients over Black patients due to reliance on historical spending data, which correlated with race.

“When this issue surfaced, the company quickly took the system offline and fixed it, but the reputational implications remained,” Lee said.

For clients in employment, housing, lending, and health care, legal exposure extends beyond reputation to potential violations of Title VII, the Fair Housing Act, the Equal Credit Opportunity Act, and similar state laws. Attorneys should scrutinize training data, audit for bias, and maintain documentation, as these will be critical in any defense.

The fourth risk Lee highlighted is legal uncertainty, particularly around intellectual property ownership of AI-generated content. For instance, copyright law currently requires meaningful human creative input, not just a prompt.

“As the former head of the U.S. Patent and Trademark Office, I immediately considered the intellectual property risks when the first chatbot launched,” Lee said. She explained that early language models used over 45 terabytes of data from Wikipedia, books, and much of the internet.

This training data has raised significant intellectual property and infringement issues, resulting in lawsuits from The New York Times, Getty Images and others.

A key question: Can AI be named as a copyright author or patent inventor?

There are many unresolved legal questions in this area, Lee said.

A U.S. court ruled that computer-generated inventions cannot get patents because inventors must be people. The Patent Office confirmed there is no protection for inventions made only by AI.

Lawyers drafting IP agreements for AI-generated work must consider the possibility of no protectable rights and third-party claims from training data.

Beyond legal uncertainty, Lee addressed confidentiality as the fifth key risk. Even enterprise AI tools cannot fully prevent internal data leaks without robust governance, she warned.

“Good data governance is essential when using these tools, even in private enterprise,” Lee said.

Law firms and legal departments that lack formal AI policies and data classification protocols take on unknown risks.

The sixth risk Lee discussed involves regulatory complexity. For example, the European Union's AI Act is the first comprehensive AI law, and high-risk sectors like health care, employment, and law enforcement now face significant compliance requirements.

"There are nearly as many AI regulatory proposals as there are countries," Lee said.

Counsel for multinational clients must navigate varying regulatory requirements, penalties, audits, and documentation across jurisdictions.

Finally, Lee raised cybersecurity as the seventh risk. She noted that increased reliance on AI and data expands the potential attack surface for organizations.

Lee concluded with a framework for responsible AI adoption, highlighting how attorneys should guide clients and manage their practices.

"Not all problems are best solved by AI," Lee said.

Generally, generative AI is good when you are required to summarize or synthesize large volumes of information, allowing the human to focus on review, higher-level strategy, or quality control of the output, Lee said.

Generative AI is also generally helpful where a degree of hallucination is tolerable, maybe even beneficial in creative work, she said.

Traditional machine learning is well-suited to complex problems that require consideration of myriad fluctuating factors and can be performed at scale and quickly. Lee said. For example, Zillow ingests data on home sales and provides real estate values for millions of properties, Lee said.

"Also, problems good for machine learning are those where accuracy improves with feedback and additional data," Lee said.

Data should be democratized, Lee said. It must be accessible to those who can benefit from it, while remaining secure and compliant with policies and regulations, she said. Organizations should assess their current data for machine learning and consider what additional data could be made available with reasonable effort.

"Proprietary data is key to powerful AI applications present and future," Lee said.

It is also critical for AI and domain experts to collaborate closely, Lee said.

“This is critical to help ensure successful adoption in your business,” Lee said.

“A common mistake is hiring AI experts and placing them in a center of excellence where they work in silos, developing innovative proofs of concept that are never implemented in the business,” Lee said. “Don’t let this happen to you.”

Focus on people to help with technology adoption, Lee said.

Some employees may resist adopting AI due to concerns about job security, trustworthiness, intellectual property, or ethical issues, she said.

A 2023 study conducted by the University of Pennsylvania and OpenAI predicted that 80% of the workforce would have at least 10% of their tasks affected by the introduction of GPTs, while 19% would have at least 50% of their tasks affected, Lee said.

“Companies that have adopted successfully oftentimes have a human-centered approach,” Lee said. “They treat AI as a tool to augment the employee’s productivity, creativity and decision-making ability rather than replacing it.”

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California Brief

Insight

AI's Due Diligence Applications Need Rigorous Human Oversight

March 23, 2026, 1:30 AM PDT

Artificial intelligence is becoming a value-enhancing tool in private equity transactions. Mergers and acquisitions require meticulous due diligence to assess opportunities, risk, and compliance. The deployment of AI has revolutionized this landscape and improved speed, accuracy, and cost efficiency.

Yet wholesale reliance on AI diligence or failure to thoroughly investigate AI-generated output could give rise to common post-closing claims, including fraud, breach of representations, and diminished value of the business.

AI tools can review thousands of documents, provide concise summaries of material, analyze complex financial metrics, and operate in virtual data rooms. These positive attributes contribute to AI's growing use in due diligence summarizing company financials, pending litigation, and M&A information extraction.

AI isn't new to legal practice or due diligence-like exercises. Predictive coding and technology-assisted review are instructive precedent. Using technology-assisted review increases efficiency and identification of relevant documents in the discovery process.

But while AI can meaningfully assist with these tasks, it can't replace attorney judgment in assessing risk, data bias, or pending litigation—or identify potential legal landmines.

Courts over the last few years have sanctioned lawyers for employing AI in legal research resulting in fake citations and inaccurate case law to support their position. Overreliance on AI tools creates risk when they generate "hallucinated" data leading to inaccurate assessments of the target company, increasing the likelihood of post-closing litigation.

For example, if the buyer discovers after closing that the seller materially overstated the company's financial performance because AI didn't assess the numbers accurately, it could lead to a material misrepresentation claim. It's critical that attorneys understand the AI platform used and its operational scope and limitations before relying on any output to avoid inaccuracies.

Companies and law firms should vet AI vendor selection, conduct training, increase scrutiny of AI-generated results, and establish AI protocols to reduce the potential for hallucinations.

The Securities and Exchange Commission has ramped up enforcement against claims of “AI-washing” by scrutinizing companies’ public marketing materials, regulatory filings, and social media posts regarding AI. AI-washing occurs when companies seek to attract investment by mischaracterizing their AI capabilities and making false claims about the use of AI tools. AI-washing increases the risk of securities class actions brought against the company making such misstatements.

Enforcement against AI-washing must coexist with the Trump administration’s focus on championing AI development. The administration has set aside previous consent orders against AI companies regarding their products and even issued an executive order in January 2025 calling on federal agencies to avoid stymieing AI innovation, which became part of the subsequent July 2025 AI Action Plan directing reduced enforcement.

Attorneys must identify and confirm a company’s claimed AI capabilities using data-backed evidence and materials regarding their technology. A component of any due diligence should focus on the seller’s use of AI in their operations to ensure accurate reporting.

The heightened scrutiny of AI usage will continue extending to due diligence in the transactional space. For example, evaluating and assessing litigation risk is a critical part of due diligence and requires knowledge and context of pending lawsuits and the potential financial impact on business.

Any review of a proposed transaction’s underlying litigation risk must include understanding the nature of the company’s business, potential avenues for litigation, cost of defense, and verdict risk. It also must contemplate the impact of any sociopolitical issues that affect the client’s case evaluation, risk management, or posture.

AI can’t mirror the core functions performed by an attorney. The American Bar Association’s Formal Opinion 512 points out that generative AI tools “lack the ability to understand the meaning of the text they generate or evaluate its context.” Its contextual understanding is limited, as only an attorney can pick up on nuanced risks and subtle ambiguities.

AI may not recognize the impact of serial litigation, jurisdictional nuances, reputation of counsel, impact on change in product formulation, placement of warnings, competitive significance of a non-compete clause, or underreporting of disclosed litigation.

Claims for fraud, misrepresentations, breach of warranties, and issues with intellectual property can result from AI-powered tools absent sufficient oversight and verification.

Certain AI platforms are intentionally general or focused on early-stage contract platforms and trained using standard commercial contracts (non-disclosure agreements, service and vendor agreements), which only help in identifying missing standard clauses and reviewing a high volume of contracts and amendments. Such platforms will fail to detect nuances or subtle legal risks in highly specialized or niche contract provisions.

Confirming data reliability is a critical requirement, as it ensures accuracy, consistency and trustworthiness for decision-making in deals.

Post-closing claims typically arise from pre-closing issues rather than unforeseen events. Claims arise from deal structures that failed to anticipate the possible points of liability. Buyers, sellers, and counsel must reframe their views and use of AI in due diligence and avoid mistaking fluency for accuracy.

AI-enabled analytics can enhance and support the diligence process as an insightful amplifier for critical analysis—but it's not a decision-maker.

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Write for Us: Author Guidelines

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Jury ends week without verdict in FirstEnergy bribery trial

 [cleveland.com/court-justice/2026/03/jury-ends-week-without-verdict-in-firstenergy-bribery-trial.html](https://www.cleveland.com/court-justice/2026/03/jury-ends-week-without-verdict-in-firstenergy-bribery-trial.html)

By Adam Ferrise, cleveland.com

March 20, 2026



By

- [Adam Ferrise, cleveland.com](https://www.cleveland.com/court-justice/2026/03/jury-ends-week-without-verdict-in-firstenergy-bribery-trial.html)

AKRON, Ohio — A jury ended deliberations on Friday without reaching a verdict in the trial of two former FirstEnergy executives accused of bribing a state regulator.

The seven-woman, five-man jury will return Monday to resume deliberating in the trial of ex-CEO Chuck Jones and former top lobbyist Michael Dowling. They began deliberations on [Wednesday](#).

Jones and Dowling are [accused](#) of bribing Sam Randazzo with \$4.3 million shortly before he became the Public Utilities Commission of Ohio chairman.

Prosecutors say he then worked on FirstEnergy's behalf. He helped draft House Bill 6, the 2019 legislation that gave a \$1.3 billion ratepayer bailout to two aging nuclear plants. He also ensured FirstEnergy would continue making profits at inflated rates and killed a PUCO review of the utility's finances.

Randazzo died by suicide in 2024 after being charged in the case.

Defense attorneys [argued](#) that Jones approved the payment to Randazzo not as a bribe, but for a legal settlement extension that FirstEnergy was required to pay.

The initial settlement was struck in 2015 between FirstEnergy and IEU-Ohio, a trade group of industrial business owners that use large amounts of energy. The group agreed to accept millions of dollars in settlement money in exchange for

stopping its opposition to a FirstEnergy surcharge. Randazzo was IEU-Ohio's attorney.

He negotiated a settlement extension later in 2015 that called for \$4.3 million more to be paid to the group from 2018-2024, defense attorneys argued. Instead of sending the money to IEU-Ohio, Randazzo stole the money, according to the defense.

FirstEnergy paid out the \$4.3 million in a lump sum after the company had a good financial year and officials were looking for ways to clear future expenses off its books, defense attorneys said.

The trial is the latest in a string of court cases and regulatory investigations into HB 6.

FirstEnergy pleaded guilty in federal court and paid a \$230 million penalty after admitting to bribing Randazzo and former Ohio House speaker Larry Householder.

Householder is serving a 20-year prison sentence for accepting some \$60 million in FirstEnergy money — keeping some for himself — to ensure HB 6's passage and beat back a challenge to the law. A Householder political aide and two lobbyists for a FirstEnergy subsidiary were convicted.

FirstEnergy also agreed to pay about \$600 million in lawsuit settlements and regulatory penalties.

Jones and Dowling face separate federal charges that accuse them of bribing Randazzo and Householder.

- [Lead investigator in FirstEnergy bribery trial didn't testify. Here's why.](#)
- [Jury in FirstEnergy trial just asked a key question. Here's why it matters](#)
- [Jury begins deliberations in FirstEnergy bribery trial](#)
- ['No smoking gun': Defense slams prosecution in FirstEnergy bribery trial](#)
- [FirstEnergy execs 'rigged' regulator, prosecutors say in closing arguments](#)

[Adam Ferrise](#)

Adam Ferrise covers federal courts for cleveland.com and The Plain Dealer, where he's worked since 2013. He previously covered Cleveland crime and policing, Akron and Summit County crime and courts and crime in...

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NewsRoom

3/20/26 Akron Beacon J. (Ohio) (No Page)
2026 WLNR 8329640

Akron Beacon Journal (Ohio)
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March 20, 2026

Jury pauses deliberations for weekend in FirstEnergy bribery trial
Trial will move into its 8th week on March 23 after three days of jury
deliberations without verdict in trial of Charles Jones and Michael Dowling.

Patrick Williams, Akron Beacon Journal

The jury in the bribery trial of former FirstEnergy executives Charles Jones and Michael Dowling is recessing from deliberations over the weekend and will resume Monday, March 23, Summit County Common Pleas Judge Susan Baker Ross said.

March 20 was the third full day that jurors mulled over the case after the conclusion of closing arguments in the case, which has now stretched out over seven weeks since its start in late January.

The state of Ohio, whose case was led by an assistant attorney general, accuses the two defendants of paying more than \$4.3 million to influence a utility regulator to act on the company's behalf.

Lawyers for Jones and Dowling argued that money paid to Sam Randazzo weeks before he was appointed Public Utilities Commission of Ohio chair was part of a settlement agreement with an industry group Randazzo had represented. The defense contends Randazzo, who died in 2024, stole that money.

This article originally appeared on Akron Beacon Journal: Jury pauses deliberations for weekend in FirstEnergy bribery trial

---- Index References ----

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NewsRoom

Prediction Markets and Emerging D&O Risk

K [dandodiary.com/2026/03/articles/securities-litigation/prediction-markets-and-emerging-do-risk](https://www.dandodiary.com/2026/03/articles/securities-litigation/prediction-markets-and-emerging-do-risk)

Sarah Abrams

March 23, 2026



Most readers have undoubtedly seen a recent and significant increase in attention paid to prediction markets, like [Kalshi](#) and [Polymarket](#). The rise of prediction markets has also [led to regulatory and other concerns](#). But amid all the scrutiny, questions remain about what prediction market companies may represent as D&O risks. A [newly filed securities complaint](#) against a now-defunct crypto platform company may create new disclosure, governance, and insider-trading-related D&O exposures.

The Gemini Complaint

The putative securities class action, filed on March 18, 2026, in the Southern District of New York, alleges that Gemini Space Station, Inc. (Gemini), the crypto exchange founded by Cameron and Tyler Winklevoss, conducted a September 2025 IPO premised on its identity as a crypto exchange, emphasizing projected growth through increased trading activity, expanding users, and international expansion (Gemini Complaint). According to Gemini's shareholder plaintiffs, the company's offering documents failed to disclose that its core crypto business was allegedly less viable than represented and that the company was at risk of a significant restructuring shortly after going public.

The Gemini Complaint further asserts that within months of the IPO, Gemini began moving toward a materially different business model. In [December 2025](#), the company announced the launch of a prediction market product offering event contracts. According to the plaintiffs, however, this was not simply a new product line. By early February 2026, Gemini disclosed a broader transformation to what it

called "Gemini 2.0," which would place prediction markets "front and center," reduce its workforce by approximately 25%, and exit key international markets it had previously described as central to its growth strategy.

At the same time, Gemini allegedly experienced a significant loss of senior leadership. The complaint alleges that Gemini's Chief Financial Officer, Chief Operating Officer, and Chief Legal Officer all departed near the strategic pivot, with Gemini later linking those departures to the "Gemini 2.0" transformation. The leadership exit was allegedly accompanied by disclosures of increased operating expenses and financial strain, which plaintiffs allege reflected the costs associated with restructuring and executive turnover.

The Gemini shareholder plaintiffs allege that the market reacted negatively. Following the February 2026 disclosures regarding the pivot to "Gemini 2.0" and the restructuring, Gemini's stock price declined sharply, and analysts reportedly downgraded the company's outlook, citing concerns about the abrupt change in strategy, leadership instability, and financial performance. The complaint further alleges that these disclosures revealed the "truth" about the company's business prospects, giving rise to claims under Sections 11 and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act.

Discussion

By way of brief background, prediction markets operate through the trading of event contracts, typically binary derivatives that pay out if a specified event occurs. Participants buy and sell "yes" or "no" contracts, and the contract price reflects the market's collective belief about the probability of the event occurring.

An acceleration in prediction market use occurred after the September 6, 2024, ruling by the [U.S. District Court for the District of Columbia which found in favor of KalshiEx LLC \("Kalshi"\)](#) and lifted a [September 2023, CFTC order](#) prohibiting Kalshi from allowing users of its platform to place bets on the outcome of upcoming U.S. congressional elections. Prior to the September 2023 order, Kalshi attempted to offer derivative event contracts that would allow participants to trade on the outcome of such elections.

While the Gemini Complaint may appear to be a relatively conventional post-IPO securities class action involving alleged misstatements and omissions in offering documents, what makes the case notable is its connection to prediction markets. The complaint effectively frames the company's pivot to a prediction-market-

centric model as part of the alleged undisclosed risks facing the company at the time of the IPO. Prediction markets function as “information aggregation vehicles,” where contract pricing reflects the collective expectations of participants.

However, as [Columbia Law professor John C. Coffee Jr.](#) recently noted, those expectations may not always be based solely on public information; they may instead reflect inputs from participants with superior, or even insider, knowledge. Thus, if prediction markets expand to include corporate-specific outcomes, such as executive departures, strategic pivots, or financial performance, they could create a form of external signaling that plaintiffs may attempt to use in securities litigation.

For example, if a prediction market begins to price in a high probability of a CEO’s departure while the company continues to emphasize leadership stability publicly, plaintiffs may argue that the company failed to disclose material information. If contracts tied to corporate leadership (such as whether a CEO will remain in position) become widely traded, they could create a new form of “shadow signaling” to investors. In the event of an unexpected executive departure or governance change, plaintiffs may attempt to use prediction market activity as circumstantial evidence that the company failed to disclose material information, reframing ordinary corporate developments as alleged Rule 10b-5 disclosure failures.

Potential claim scenarios could include a securities class action alleging that a company’s disclosure controls were deficient where prediction market pricing suggested a high likelihood of a CEO departure, yet the company continued to issue statements about leadership stability. Another possibility might be a derivative action asserting that the board failed to implement or monitor adequate controls around employee participation in prediction markets, particularly if insiders were later found to have traded contracts tied to corporate events.

While the Gemini Complaint does not allege use of prediction markets resulted in securities markets, the allegations of the lawsuit illustrate how a rapid and dramatic shift in business strategy, coupled with executive departures, can form the basis of securities claims that earlier disclosures were misleading. Notably, the complaint highlights how emerging technologies and business models may give rise to familiar categories of liability.

Still, the company's pivot from a crypto exchange to a prediction market platform adds a new dimension, particularly as [regulators continue to examine](#) whether these platforms raise concerns related to market integrity, insider trading, and consumer protection. While prediction markets are still developing, the Gemini Complaint provides an initial example of a securities case tied to an effort to capitalize on this newly popular and scrutinized.

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Corporate Social Responsibility Organizations Sue SEC For ‘Abandoning’ Shareholder Proposal Safeguards

The Interfaith Center on Corporate Responsibility and As You Sow argued that the SEC effectively gave companies a “rubber-stamp” to block investors from presenting and voting on proposals by adopting a new practice of no longer responding to corporate requests to exclude shareholder recommendations.

March 20, 2026 at 02:41 PM By **Alyssa Aquino**



U.S. Securities and Exchange Commission building. Photo: Diego M. Radzinski/ALM

Nonprofits in New York and California that promote corporate social responsibility sued the U.S. Securities and Exchange Commission for allegedly “abandoning” a rule requiring public companies to include shareholder proposals in their proxy materials.

The Interfaith Center on Corporate Responsibility and As You Sow argued that the SEC effectively gave companies a “rubber stamp” to block investors from presenting and voting on proposals by adopting a new practice of no longer responding to corporate requests to exclude shareholder recommendations.

“The SEC’s actions in undermining the shareholder proposal process are a short-sighted departure from decades of precedent in which shareholder proposals, a critical tool in a private ordering process, have led to important improvements in corporate governance,” Josh Zinner, the chief executive of ICCR, said in a statement.

The center, which is based in New York, has 300 institutional investor members that collectively hold or manage over \$4 trillion dollars in invested capital. It was joined in the case by As You Sow, an investor in “numerous publicly traded companies.” Both organizations frequently file shareholder proposals, according to the [complaint](#).

Democracy Forward, which is representing both organizations, declined a request for comment. An SEC spokesperson also declined to comment on the suit.

The complaint was filed in the U.S. District Court for the District of Columbia on Thursday, only a few weeks off from the April to June stretch in which most companies hold their annual shareholder meeting. There, investors may present or vote on corporate proposals.

Under the SEC’s Rule 14a-8, companies must include shareholder recommendations on proxy materials, unless they show the recommendation is exempt from that safeguard.

SEC staffers would ordinarily review an exclusion and issue a no-action letter if they determine the company justified the omission. But in November 2025, the agency announced that for the 2025-2026 proxy season, staffers would issue the no-action letters if companies submit “an unqualified representation” that they have a reasonable basis to exclude the proposal.

The organizations argued that the new practice amounts to a “rubber stamp process” for companies to exclude proposals.

The organizations alleged that the SEC needed to undergo notice-and-comment rulemaking to effect the change. They also questioned the SEC’s stated rationale for the shift.

The agency explained the change was warranted in light of resource constraints following the government shutdown. But the organizations argued the SEC could have just resumed the Rule 14a-8 reviews after the shutdown ended.

“Both companies and investors benefit from the give and take provided by the shareholder proposal process,” Danielle Fugere, the president of As You Sow, said in a statement. “Eroding shareholders’ right to bring issues of concern to a vote of shareholders weakens an important check on company action.”

The SEC’s shift on shareholder proposals has already [led to litigation](#).

AT&T Inc. and PepsiCo have attempted to omit diversity reporting and animal welfare proposals from their 2026 proxy materials under the change. The shareholders that championed the proposals sued the corporations and secured settlements putting their recommendations on proxy ballots. Although both of those lawsuits noted the SEC's policy shift, neither of them named the SEC as a defendant.

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FT PROFESSIONAL

Goldman Sachs**Goldman Sachs lawyer who resigned over Epstein links paid \$25mn in 2025**

Kathy Ruemmler to step down as the bank's general counsel at the end of June



© AP

Joshua Franklin in New York

Published 2 HOURS AGO



Outgoing Goldman Sachs general counsel Kathy Ruemmler was paid \$25mn in 2025, the bank disclosed on Friday, ahead of her departure later this year following revelations about her ties to sex offender Jeffrey Epstein.

Ruemmler's pay rose 11 per cent from \$22.5mn the prior year and comes after profits at [Goldman](#) grew 20 per cent to \$17.2bn. She earned \$1.5mn in base salary and a \$23.5mn bonus.

Goldman, in a filing ahead of its annual meeting, said Ruemmler "continued to serve as a key advisor to the bank's leadership during 2025, providing exceptional judgment and advice across a broad range of legal, risk management, regulatory and people matters".

Ruemmler said last month that she planned to leave Goldman at the end of June after the release of thousands of emails she exchanged with Epstein between 2014 and 2019 while she was a partner at law firm Latham & Watkins.

Ruemmler, who joined Goldman in 2020 and was previously White House counsel in the Obama administration, told the FT at the time that the issue had become a “[distraction](#)”. She has not been accused of any wrongdoing. Goldman chief David Solomon said afterwards that he had “[reluctantly accepted](#)” Ruemmler’s resignation.

Goldman had previously disclosed that Solomon’s pay for last year rose 21 per cent to \$47mn, the biggest pay packet among Wall Street bank chief executives.

Goldman president John Waldron, who is widely viewed as the favourite to succeed Solomon as CEO, earned \$45mn in 2025, more than [the \\$43mn](#) paid to longstanding JPMorgan Chase boss Jamie Dimon.

Chief financial officer Denis Coleman earned \$31mn last year, up from \$27mn. Goldman paid John Rogers, its veteran secretary to the board of directors, \$18.5mn, up from \$16mn.

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Epstein-Linked Goldman Legal Chief to Exit With \$25 Million (1)

March 20, 2026, 1:05 PM PDT; Updated: March 20, 2026, 1:37 PM PDT

Kathy Ruemmler, Goldman Sachs Group Inc.'s top lawyer, secured a \$25 million pay package and new security perks in 2025 before she announced her resignation this year amid scrutiny of her past association with Jeffrey Epstein.

Ruemmler, who will leave Goldman in June, saw her annual compensation increase 11% from the \$22.5 million she received in 2024, according to a company filing Friday.

She said in February she will step down as the chief legal officer and general counsel at Goldman, which she joined in 2020. Her name appeared thousands of times in records the Justice Department released about Epstein. He was facing federal sex-trafficking charges when he died by apparent suicide in jail in 2019.

Ruemmler accepted tens of thousands of dollars in gifts from Epstein, whom she called "Uncle Jeffrey" and "sweetie," the DOJ documents show. She interacted with the disgraced financier in a "professional capacity," according to a Goldman spokesperson.

She has said she regrets having known Epstein. She came to Goldman from Latham & Watkins, LLP, where she was a partner. She also served as White House counsel during the Obama administration.

Ruemmler received a base salary of \$1.5 million in 2025 and almost \$8.5 million in additional cash, according to the new corporate filing from Goldman. She was the only woman among the bank's five highest-paid executives.

Goldman also mentioned Ruemmler on a list of top executives who received personal security in 2025; she wasn't included on that list the previous year. The company spent \$10,569 on those services for the year, according to the filing.

The pay package Goldman reported for Ruemmler was \$2.7 million more than the \$22.3 million in annual compensation it disclosed for her elsewhere in its filing. That's because the Securities and Exchange Commission requires companies to include summary compensation tables with metrics that depart from Goldman's preferred calculations. Goldman's summary compensation table required by the SEC doesn't include equity awards the bank reports in its other pay package data.

Ruemmler was a "key advisor to firm leadership during 2025, providing exceptional judgment and advice across a broad range of legal, risk management, regulatory and people matters," according to the company's filing.

A Goldman representative could not immediately be reached for comment Friday.

(Updated with information about Ruemmler's security package in the first and seventh paragraphs.)

To contact the reporter on this story: Andrew Ramonas in Washington at aramonas@bloomberglaw.com

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Hims Says Failed Wegovy Collab Doesn't Merit Investor Suit

By **Sydney Price**

Law360 (March 20, 2026, 5:36 PM EDT) -- Telehealth company Hims & Hers Health Inc. urged a California federal court to release it from a shareholder suit accusing it of exploiting its partnership with Novo Nordisk, the distributor of weight loss drug Wegovy, to sell "knockoff" drugs, saying the suit does not allege the company's executives knew the partnership would fall through.

In its motion filed on Thursday, the company, which refers to itself as "Hims," said the **investors' claims** are based on "hindsight-based speculation." Novo Nordisk's decision to terminate what would have been a long-term partnership with Hims in April was a "surprise" to Hims, its CEO Andrew Dudum and Chief Financial Officer Oluyemi Okupe, the motion states.

"[T]he collaboration's dissolution resulted from Novo's sudden and unexpected change of position — the type of subsequent development that cannot render earlier optimistic statements actionable," the motion states.

At the time the collaboration was announced, Hims said it would provide its subscribers with all dose strengths of GLP-1 weight loss drug Wegovy. Hims described the partnership as an avenue for extending its commitment to providing personalized, direct-to-consumer medications, the suit claims.

Novo Nordisk accused Hims last June of continuing to compound GLP-1s despite the U.S. Food and Drug Administration's removal of Wegovy and other GLP-1s from its shortages list earlier in the year. Novo Nordisk claimed in a statement that Hims was using its online platform to distribute "illegitimate, knockoff versions of Wegovy that put patient safety at risk."

Following the announcement, shares of Hims declined \$22.24 each, or about 35%, to close at \$41.98 per share on June 23, according to the suit.

But Hims said on Thursday that the investors cannot use the June announcement to show that Hims knew it could not continue distributing personalized versions of the drug under the parties' agreement.

"Plaintiffs' sole support is Novo's later justification for terminating the relationship in June, but Novo's post-hoc characterization of events says nothing about what the parties actually agreed to earlier," Hims said.

The suits allege that during the class period, which begins the day the now-discontinued partnership was announced, Hims touted the importance of Wegovy and the company's other weight loss drug offerings to Hims' financial success. For example, on May 5, Hims disclosed that its GLP-1 offerings generated approximately \$230 million in online revenue during the first quarter of 2025, a significant majority of which came from "personalized doses," according to investor Michael Sookdeo's complaint.

Hims called the challenged statements examples of "puffery," which it said are inactionable.

"Courts uniformly reject securities fraud claims premised on optimistic partnership rhetoric," Hims said.

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

The investors are represented by Daniel J. Pfefferbaum and Alex N. Jilizian of Robbins Geller Rudman & Dowd LLP and David R. Kaplan and Emily R. Bishop of Saxena White PA.

Hims, Dudum and Okupe are represented by Nathaniel P. Garrett and Marjorie P. Duffy of Jones Day.

The case is In re Hims & Hers Health Inc. Securities Litigation, case number 3:25-cv-05315, in the U.S. District Court for the Northern District of California.

--Editing by Emily Kokoll.

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Legal Sector Bracing For Impact Of Del. Corp. Law Changes

By **Rose Krebs**

Law360 (March 20, 2026, 4:39 PM EDT) -- Now that the Delaware Supreme Court has signed off on controversial corporate law amendments, the legal industry is anxiously awaiting the real-world impacts of those changes, panelists at Tulane University Law School's Corporate Law Institute said on Friday.

The issue was a hot topic on day two of the conference, where a panel discussed recent Delaware developments of note, including the state Supreme Court's decision last month **that concluded** the statutory amendments didn't violate the state's constitution.

Justice Gary F. Traynor, who penned the decision for the five-justice court, sat on Friday's panel and discussed the reasoning behind the ruling.

"It was an interesting case," Justice Traynor said. "I like the state constitutional law cases, although they are challenging because we don't have a vast body of law on some of our state constitutional provisions."

The justice added: "An important component of our analysis was the presumption of constitutionality, so the plaintiff had a steep hill to climb from the beginning."

The court "unanimously agreed that this was not a divestiture of jurisdiction," Justice Traynor said, adding that it was "a challenging opinion to write."

At issue in the constitutional challenge was whether changes to Delaware's General Corporation Law established by Senate Bill 21, which was signed into law last March by Gov. Matt Meyer, subverted the Chancery Court's equity powers.

"It was an excellent oral argument on both sides," the justice said, and now the issue "is largely of academic interest."

"We answered the questions, and it's for all of you to wrestle with how the statute is going to work in practice," the justice said.

And the panel did just that, discussing the impact the changes will have on plaintiffs who seek to bring claims regarding controller-involved transactions and the companies that will defend them.

The legislation emerged from at times contentious debate following Chancery Court rulings that were said by some to have created instability and uncertainty in the marketplace. That in turn led to what some have termed "DExit," a decision by major companies such as Tesla, The Trade Desk and Tripadvisor to move their legal domiciles out of Delaware.

Whether Delaware can continue to maintain its corporate law preeminence has been **a hot-button issue** in recent years, including **at the annual** Tulane event.

Meyer and other state leaders stressed the economic importance of the corporate franchise to the First State leading up to the passage of the DGCL changes. The DGCL governs the functioning of more than 2 million Delaware-incorporated business entities, including two-thirds of the Fortune 500, and its \$2.2 billion in annual corporate franchise taxes account for about one-third of Delaware's

budget, according to governor's office figures.

The changes were seen as a way to address some of the concerns about uncertainty and stabilize things amid "DExit," but some in the plaintiffs bar have been critical of the updates.

Updates to the DGCL include so-called safe harbors for conflicted transactions, as well as guidelines about who qualifies as a controlling stockholder, disinterested director and disinterested stockholder, according to materials distributed in connection with the Tulane event Friday.

Safe harbors are now in place for transactions involving interested directors or officers but with no interested controlling stockholder or control group; transactions involving a conflicted controlling stockholder or control group, other than going-private transactions; and going-private transactions that involve an interested controlling stockholder or control group, the materials said. The safe harbor provides liability protections for directors, officers and controllers against equitable relief and damages, the materials said.

A controlling stockholder is defined in the updated DGCL as someone who, along with affiliates or associates, "owns or controls a majority in voting power entitled to vote generally in the election of directors," or who owns or controls at least one-third of the voting power in the electing directors and exercises "managerial authority" over a corporation, according to the materials.

Justice Traynor told the panel that the state's high court had looked at other cases courts that previously considered regarding whether "statutory enactments have in fact divested the Court of Chancery of its equity jurisdiction." But those "looked a lot different than S.B. 21," he said.

"The Court of Chancery retains its jurisdiction over actions for breaches of fiduciary duty," the justice said. "It was largely remedial in its effect, its elimination of the availability of damages and equitable relief if the safe harbor provisions" are followed.

But for the other panelists, it was clear many questions remain about the real-world implications of the DGCL changes now that they were upheld.

"In a sense, we're standing at the starting gate," said Debevoise & Plimpton LLP partner Maeve O'Connor, who co-chairs the firm's commercial litigation group and securities litigation practice and chairs its insurance litigation practice.

O'Connor said she is curious how the changes will be interpreted by the courts in specific cases, including how director independence issues will play out moving forward.

Fried Frank Harris Shriver & Jacobson LLP partner and vice chairman Scott B. Luftglass said determining controller and director independence has always been a challenging issue for courts.

It will be interesting to see how plaintiffs will move forward with independence-related claims now, he added.

Robbins Geller Rudman & Dowd LLP partner Randall J. Baron, who frequently represents shareholders in high-stakes litigation, said "real-world relationships" are the key to establishing a board member's independence.

It's the norm in corporate America for executives to bring in people they know to sit on boards, and plaintiffs attorneys need to establish real-world circumstances to show that any director whose independence is questioned could be influenced to not bring litigation claims against the company because of those ties, Baron explained.

He raised concerns that the DGCL tweaks could actually weaken the Chancery Court's corporate law preeminence moving forward. O'Connor, however, chimed in that she thinks the changes add "clarity," and pointed out that "equitable analyses will still happen going forward."

"We're going to see exactly how this plays out under the bright lights of the Court of Chancery," said panel moderator William Savitt, a Wachtell Lipton Rosen & Katz partner who co-chairs the firm's executive committee and litigation department.

In closing, the panelists said they agree that Delaware, given the corporate law expertise of its bench and bar, will hash out any issues that arise from the DGCL changes moving forward. They also said they believe the state will maintain its place as the nation's preeminent corporate law venue, with Savitt asserting that it has "distinct attributes" that set it apart.

"All the members of our jurisdiction understand the great responsibility we have," Justice Traynor said, adding that "the level of advocacy" in Delaware makes their jobs a lot easier.

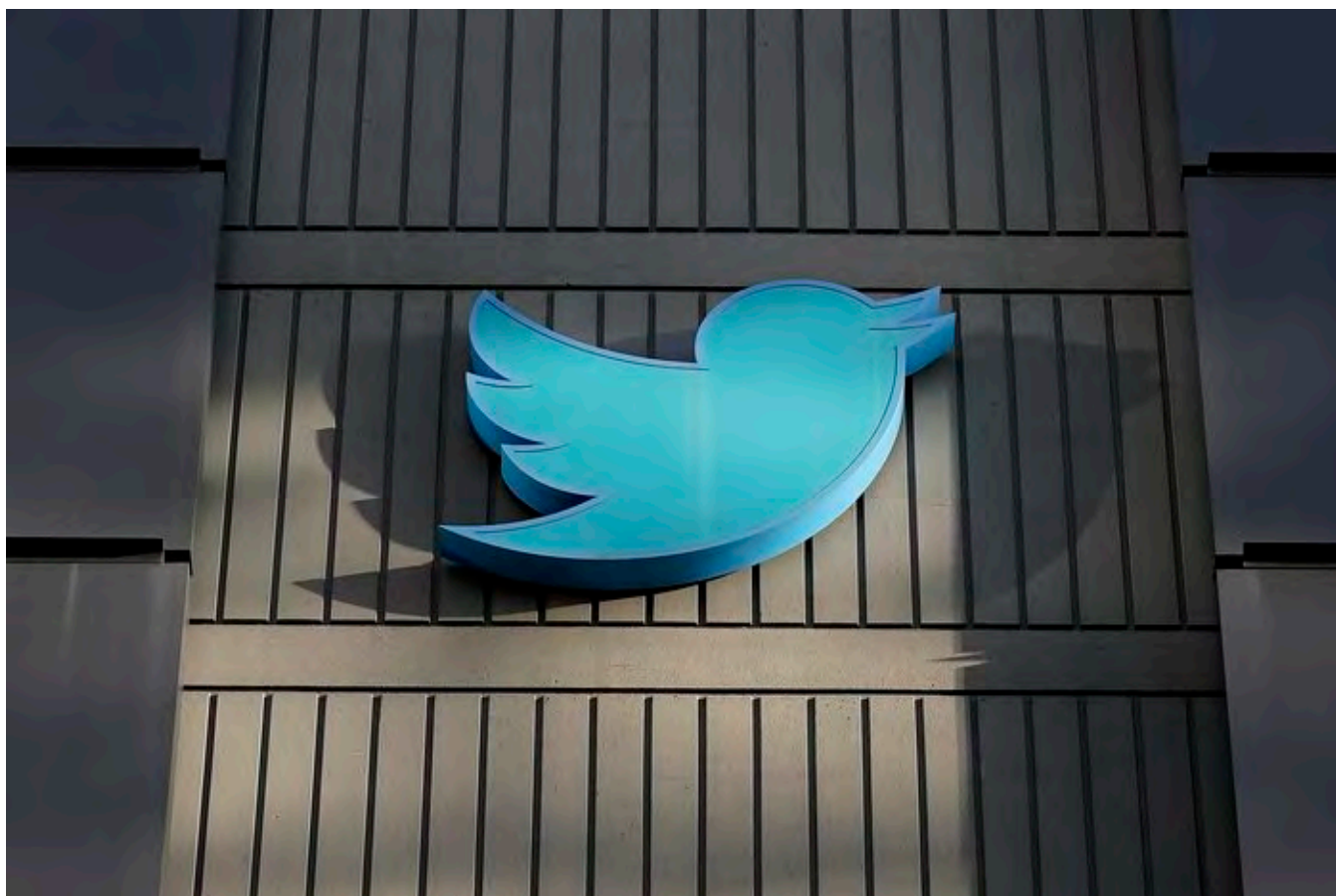
--Additional reporting by Jeff Montgomery. Editing by Alanna Weissman.

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Jury Says Musk Defrauded Twitter Investors In \$44B Buyout

By **Bonnie Eslinger**

Law360 (March 20, 2026, 6:11 PM EDT) -- A California federal jury found on Friday that Elon Musk committed securities fraud in a civil trial over claims the tech billionaire made false or misleading statements about Twitter's fake "bot" accounts problem in a bid to ditch or renegotiate his \$44 billion deal to acquire the social media platform.



Twitter investors alleged that two tweets by Elon Musk and one in-person statement constituted false or misleading statements. Jurors found on decision Friday that the investors had proved their securities fraud claim with respect to one tweet. (AP Photo/Jeff Chiu)

The eight member jury deliberated for approximately 20 hours over four days before reaching its unanimous verdict, finding that Musk duped investors with two tweets in May 2022, including his May 13 tweet that the \$44 billion deal was "temporarily on hold" while he awaited information on the volume of bots and spam on Twitter.

The jury, however, didn't find Musk liable based on the investors' claim of an overall "scheme to defraud Twitter investors."

A lawyer for the investors, Mark Molumphy of Cotchett Pitre & McCarthy LLP, estimated that the damages the jury awarded in the case would amount to about \$2.6 billion.

Twitter investors alleged at trial that two Musk tweets and one in-person statement constituted false or misleading statements. In their decision Friday, jurors found that the investors had proved their securities fraud claim under Rule 10b-5(b) with respect to the May 13 tweet.

The jury also found Musk liable for a May 17 tweet stating that fake and spam accounts make up at least 20% of Twitter's users, that it could be "much" higher, and that Musk's offer to buy the company was based on Twitter's SEC filings being accurate. In that post, Musk also said, "Yesterday, Twitter's CEO publicly refused to show proof of <5%. This deal cannot move forward until he does."

The jury, however, said the investors had not proved their securities fraud claim against Musk for statements he made in person at a tech conference on May 16, 2022. In those statements, Musk asserted that fake and spam accounts make up at least 20% of Twitter's users and that "a bunch of quite smart outside firms have done analysis of Twitter and looked at the — the sort of daily — daily users, and their conclusion is also about 5 — it's about 20 percent."

The certified class is made up of investors who sold the publicly traded stock or call options or purchased put options of Twitter between May 13, 2022, and Oct. 4, 2022. They say that if they had been aware that the market price was being manipulated by Musk's statements, they would not have sold their securities at the "artificially depressed prices," or they would not have sold them at all.

The jury was not asked to calculate a total damages amount. Rather, a 15-page verdict form asked jurors to determine the amount of damages incurred on each of the 98 days of trading at issue. Total damages will eventually be calculated based on when each class member traded their Twitter stock.

Molumphy heralded the verdict after it was read in court on Friday.

"It's an important victory, not just for investors of Twitter, but for the public markets ... It's having a market that's free from manipulation," Molumphy said. "I think the jury's verdict sends a strong message that just because you're a rich and powerful person, you still have to obey the law, and no man is above the law."

Musk's counsel at Quinn Emanuel called the verdict a "bump in the road" in an email to Law360 on Friday.

"We view today's verdict, where the jury found both for and against the plaintiffs and found no fraud scheme, as a bump in the road. And we look forward to vindication on appeal."

The jury was not asked to calculate a total damages amount. Rather, a 15-page verdict form asked jurors to determine the amount of damages incurred on each of the 98 days of trading at issue. Total damages will eventually be calculated based on when each class member traded their Twitter stock.

Another lawyer for the plaintiffs, Aaron Arnzen of Bottini & Bottini Inc., commended the jury for their work on the case.

"It was really clear in this case that the credible testimony, the real evidence, what really happened, strongly supported the plaintiff's case," Arnzen told reporters. "And we're grateful for the jury for their diligence and their hard work, they really paid attention. They got this one right."

During **closing arguments** on Monday, a lawyer for the investors told the jury that Musk made "deliberate and carefully devised" statements to drive down Twitter's stock price, while Musk's lawyer insisted that there was no evidence of securities fraud and that it's not a crime to "tweet stupid things."

The trial **kicked off** on March 2 and Musk took the stand over two days that first week, telling jurors that the company **had lied** about the amount of spam and fake accounts on the platform but that he eventually paid the full \$44 billion offer price because a Delaware Chancery Court judge overseeing litigation about the sale was **"extremely biased"** against him.

During the trial, jurors heard from former executives with Twitter as well as from attorneys and bankers from deal teams on both sides. On March 9, Martin Korman of Wilson Sonsini Goodrich & Rosati PC, the lead attorney who advised Twitter on the transaction, told jurors that members of Musk's legal team, including Alex Spiro of Quinn Emanuel Urquhart & Sullivan LLP, **first suggested** a settlement. The next day, Spiro took the stand and said Twitter offered the discounts and Korman was **"misremembering"** that the suggestion came from Musk's side.

Jurors were presented Friday with recorded deposition testimony from Twitter co-founder and former CEO Jack Dorsey, who stood by 2022 company statements that bots made up less than 5% of accounts on the platform.

There had been moments of heated exchange over the two-week trial, including a March 6 dispute with raised voices that ended with the judge urging the lawyers to cool down and "**gain composure.**"

The next day, Musk's lawyers asked the judge to declare a mistrial, asserting "repeated, improper conduct" from counsel for the investors, "that the court has refused to correct and to which, in some instances, the court has contributed." On Monday, Judge Breyer denied the motion.

The investors are represented by Joseph W. Cotchett, Mark C. Molumphy, Tyson C. Redenbarger, Gia Jung, Elle D. Lewis and Caroline A. Yuen of Cotchett Pitre & McCarthy LLP, and by Frank Bottini Jr. and Aaron P. Arnzen of Bottini & Bottini Inc.

Musk is represented by Alex Spiro, Ellyde R. Thompson, Jesse A. Bernstein, Stephen Broome, Matthew Alex Bergjans, Stephanie Kelemen, Michael T. Lifrak and Phillip Jobe of Quinn Emanuel Urquhart & Sullivan LLP.

The case is Giuseppe Pampena v. Elon Musk, case number 3:22-cv-05937, in the U.S. District Court for the Northern District of California.

--Editing by Emily Kokoll.

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KBR Investors Revise Suit Over DOD Relocation Contract

By **Sydney Price**

Law360 (March 20, 2026, 9:27 PM EDT) -- A proposed class of investors has launched revised claims in a suit alleging engineering solutions company KBR Inc. misled the market about its joint venture's now terminated partnership with the government to assist in relocating military personnel.

According to the amended complaint, filed by shareholder Johan Norrman on Thursday, KBR holds a controlling economic interest in a joint venture with Tier One Relocation. Called HomeSafe Alliance LLC, the venture operated a military member moving program called HomeSafe based on a contract it won in 2021 from the U.S. Department of Defense.

But contrary to KBR and CEO Stuart J.B. Bradie's representations, the suit alleges, the program had major shortcomings and was eventually discontinued by the government last year, leading to share price declines.

"The program was experiencing severe operational deficiencies — including lacking sufficient subcontractor capacity to handle the moves, persistent failures to meet required performance metrics, and escalating governmental scrutiny — that placed the contract at serious risk of termination," says the suit, which was initially filed in September.

HomeSafe's performance issues were documented formally by the Department of Defense, the suit says. For example, in January 2025, the Department of Defense in a show cause notice asked HomeSafe to explain several situations in which movers began moves and delivered belongings late.

But the complaint alleges that the operational issues continued into the proposed class period, whose starting date is May 6. On that day, KBR told investors on an earnings call that HomeSafe had overcome previous challenges, including rollout delays and staffing concerns.

The investors learned the truth, the suit alleges, on June 6, the day HomeSafe announced that the government had chosen to end the contract.

According to the suit, analysts said that the contract termination threatened KBR's 2027 financial targets, and shares of KBR declined \$3.85 each, or about 7%, to close at \$48.93 on June 20. By June 23, KBR's shares had fallen \$47.63, the complaint says.

The suit also alleges that Bradie knew but concealed from investors that the HomeSafe program was underperforming in several key areas measured by the government. Bradie's sale of 20,000 KBR shares on June 18 also demonstrates "a motive to commit fraud," the suit claims.

"Other than sales to cover taxes on vesting of options, this was Bradie's only sale of KBR stock during his tenure as CEO other than a single sale of 900 shares of stock on May 23, 2023," the suit says.

In addition to KBR and Bradie, KBR Chief Financial Officer Mark W. Sopp is also an individual defendant in the suit. The defendants are accused of violating the Securities Exchange Act.

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

Norrman is represented by Phillip Kim, Laurence M. Rosen and Jonathan Stern of The Rosen Law Firm PA.

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

The case is Norrman v. KBR Inc. et al., case number 4:25-cv-04464, in the U.S. District Court for the Southern District of Texas.

--Editing Nick Siwek.

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CytoDyn Settles Investor Suit With \$500K, 49M Shares

By **Rachel Riley**

Law360 (March 20, 2026, 10:20 PM EDT) -- Biotechnology firm CytoDyn has agreed to dole out 49 million shares of common stock and pay \$500,000 to end investors' proposed class action accusing the company of overstating the likelihood that the U.S. Food and Drug Administration would approve a drug it claimed could treat HIV and COVID-19.

Lead shareholder plaintiff Brian Joe Courter disclosed the terms of the **deal** with CytoDyn Inc. in a Wednesday court filing, urging a Washington federal judge to grant preliminary approval. The **motion** also seeks certification of an investor class, solely for settlement purposes, of any person or entity who acquired CytoDyn common stock between March 27, 2020, and March 30, 2022, and "were damaged thereby."

The value of the settlement shares will fluctuate. When the parties reached the deal in principle in November, CytoDyn's common stock closed at \$0.33 per share on the OTCQB Venture Market, making the settlement shares then worth nearly \$16.2 million, according to the motion. Over the past year, the value of CytoDyn's common stock has fluctuated between \$0.19 per share and \$0.45, the company's website says.

The settlement is poised to resolve four years of litigation over allegations that CytoDyn misrepresented the prospects of FDA approval for the use of its sole drug, leronlimab, to treat HIV and COVID-19.

In a suit launched in March 2021 and amended in 2022, shareholders claimed the Washington-based biotech firm and its leadership made misrepresentations regarding the drug's viability that artificially inflated stock prices.

The investors alleged CytoDyn knew by September 2021 that it was at risk of federal regulators halting both its HIV and COVID-19 leronlimab programs over missing and inaccessible data. After the company announced in March 2022 that the FDA had put the drug's clinical trials on hold, stock values allegedly plummeted 22%.

U.S. District Judge Benjamin H. Settle **declined** to toss the lawsuit in June, concluding plaintiff shareholders had adequately alleged CytoDyn knew it did not have the necessary data and would not be able to obtain the data without conducting additional clinical trials. In the same ruling, Judge Settle said some former directors and officers of CytoDyn — ex-Chief Financial Officer Michael Mulholland, ex-director Scott Kelly and ex-CEO Nader Pourhassan — could not escape the suit because they controlled the company at the time the statements in question were made.

The settlement also resolves the investors' claims against Mulholland, Kelly and Pourhassan, according to the motion filed on Wednesday.

The parties initially engaged in mediation in summer 2022 without success and began discussing a settlement again in the wake of Judge Settle's June ruling, the motion said. The parties reached a deal in principle in November and, after ironing out the details, inked a confidential term sheet. According to the motion, the parties have also signed a confidential supplemental agreement giving the company the right to terminate the settlement if valid exclusion requests from settlement class members exceed an agreed-upon amount.

"While lead plaintiff and lead counsel believe the settlement class's claims are meritorious, they also recognize that a decision adverse to lead plaintiff at class certification or summary judgment could

have eliminated any recovery for the settlement class," Courter said in the motion.

"Additionally, lead plaintiff and lead counsel considered CytoDyn's public disclosures concerning its financial condition and the effect this could potentially have on its ability to fund a future judgment or settlement greater than the settlement amount," the lead plaintiff added.

After a deduction of legal fees and administrative costs, the settlement proceeds will be distributed to class members who submit valid claims in line with a court-approved plan, according to the motion.

Shareholders Diane M. Hooper, Thomas McGee and Candra E. Evans are also named as plaintiffs in the lawsuit.

Pourhassan was **sentenced** to 30 months in prison in January by a Maryland federal judge after a jury **convicted him** in December 2024 of insider trading and securities fraud tied to his statements about leronlimab.

A representative of CytoDyn declined to comment on Friday. Counsel for the shareholders did not immediately respond to a request for comment.

The investors are represented by Bradley S. Keller of Byrnes Keller Cromwell LLP and Jennifer L. Joost and Joshua E. D'Ancona of Kessler Topaz Meltzer & Check LLP.

CytoDyn Inc., Mulholland and Kelly are represented by Fred B. Burnside of Davis Wright Tremaine LLP and Michael G. Bongiorno and Peter J. Kolovos of WilmerHale.

Pourhassan is represented by Daniel M. Weiskopf and Charles S. Wittmann-Todd of McNaul Ebel Nawrot & Helgren PLLC and Adam S. Lurie, Doug Davison and Nicole E. Jerry of Linklaters LLP.

The case is Courter et al. v. CytoDyn Inc. et al., case number 3:21-cv-05190, in the U.S. District Court for the Western District of Washington.

--Additional reporting by Mark Payne and Sydney Price. Editing by Nick Siwek.



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Chubb Moves To Toss Shareholder's Climate Proposal Suit

By **Jessica Corso**

Law360 (March 20, 2026, 8:00 PM EDT) -- Insurance company Chubb Ltd. is fighting an effort to place a climate-related question on its annual corporate ballot, telling a Washington, D.C., federal judge that the shareholder championing the proposal is attempting to micromanage its business.

Chubb moved Thursday to dismiss a lawsuit filed by shareholder As You Sow, which **sued earlier this month** seeking to force a vote on whether the company should produce a report about the benefits of seeking third-party compensation to offset climate-related losses.

The company said the proposal is an attempt to micromanage its business decisions, as subrogation — the process through which insurance companies seek third-party compensation — is decided on a case-by-case basis.

"Indeed, Chubb designed an entire proprietary model to analyze this question and relies on a team of in-house specialists, and outside legal counsel, to make subrogation decisions on a daily basis," the company said in the motion, calling the proposal "an axiomatic example of in-the-weeds interference with daily operations."

An As You Sow representative declined to comment. Chubb did not immediately respond to a request for comment Friday.

The nonprofit, which promotes corporate social and environmental responsibility through shareholder activism, said in its complaint that it was concerned as a shareholder with the growing risk that climate change presents to the company's business model.

Chubb provides many types of insurance, including homeowners insurance, and has had to either dramatically raise its prices or forgo insuring certain areas altogether because of potentially catastrophic climate-related disasters, according to the complaint.

The lawsuit was filed after Chubb informed the U.S. Securities and Exchange Commission in January that it planned to exclude As You Sow's proposal from its annual proxy statement.

In the past, SEC staff has reviewed those requests to determine whether it was proper to exclude a shareholder proposal, but the agency **stopped conducting those reviews** this proxy season in what it has said is an effort to save resources.

In November, the agency said that it will allow companies to exclude proposals based on the company's own representation that the proposal is improper.

Some shareholders have since sued corporations that have excluded their proposals, but most of those companies have decided to ultimately include the proposals in order to exit the litigation.

Chubb maintains that As You Sow's proposal is improper because it violates the SEC's rules against shareholders attempting to micromanage businesses they invest in, and it also argues that the lawsuit should be dismissed for improper service.

The insurer is based in Switzerland and says it should have been served there but was instead sent summons at the New York offices of an American subsidiary.

"Plaintiff knows that Chubb Ltd. is located in Switzerland, as it has engaged with Chubb Ltd.'s shareholder meeting activities there for several years," according to the company's motion to dismiss.

U.S. District Judge Sparkle Sooknanan told the parties Friday that she'd like more briefing on the alleged improper service to determine whether the issue poses an obstacle to her ruling on the preliminary injunction motion.

A hearing on the injunction is scheduled for March 30.

As You Sow says an injunction is needed so that it may place the proposal on the ballot before Chubb holds its annual meeting in May. Chubb says the tight timeline is an emergency of the shareholder's own making, as it could have filed the lawsuit when it received a rejection letter from the insurer in January.

As You Sow is represented by Nicolas Sansone and Nandan Joshi of Public Citizen Litigation Group.

Chubb is represented by Jonathan Youngwood and Laura Lin of Simpson Thacher & Bartlett LLP and Allen Burton, Alessandra Rose Johnson and Elizabeth Marley of O'Melveny & Myers LLP.

The case is As You Sow v. Chubb Ltd., case number 1:26-cv-00734, in the U.S. District Court for the District of Columbia.

--Additional reporting by Sarah Jarvis. Editing by Bruce Goldman.

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Authors' Attys Cut Fee Bid To \$187M In \$1.5B Anthropic IP Deal

By **Dorothy Atkins**

Law360 (March 20, 2026, 9:23 PM EDT) -- Authors who allege Anthropic pirated their work to train its Claude chatbot urged a California federal judge to grant final approval to Anthropic's \$1.5 billion settlement, along with an attorney fee request revised down from \$300 million to \$187.5 million, arguing the deal is fair despite multiple objections.

In a **motion** filed Thursday, class counsel asked U.S. District Judge Araceli Martinez-Olguin to sign off on the 10-figure deal, which the motion argued has received "overwhelming support" from class members and industry groups, given the relatively low opt-out rate and high claims rate so far.

As of Thursday, fewer than 0.4% of the class works opted out of the deal, under which members could receive more than \$3,000 per work, the motion said. Meanwhile, authors and publishers have submitted claims for more than 54% of the works at issue, with 11 days still left to file claims.

The claims administrator has received 41 objections, although only 32 of those were from valid class members, but class counsel argued in their motion that none of the objections has merit.

The objections take issue with multiple aspects of the deal, including the settlement amount and relief. Many of the objections argue that the value Anthropic gained from its piracy is greater than the settlement amount, and that the deal is insufficient to deter Anthropic and other artificial intelligence companies from future infringement given their massive financial valuations. Last month, Anthropic revealed its latest round of funding had raised its valuation to \$380 billion.

Some objectors also argue that the \$3,000 per-work recovery is inadequate to address the harm, particularly because their per-work statutory damages could be much higher, court documents show.

But class counsel defended the deal, arguing that the per-work recovery amount is fair and reasonable given that "this highly novel case was littered with risks at every step." They also noted that even U.S. District Judge William Alsup observed at the preliminary approval stage that "I don't see how you could get a better deal."

If approved, the settlement would resolve **litigation** launched in August 2024 accusing the Amazon-backed company of ripping off authors' copyrighted works to train its chatbot.

The case is one of a slew of lawsuits accusing large language model developers — including ChatGPT maker OpenAI Inc., Adobe, and Facebook owner Meta Platforms Inc. — of infringing copyright-protected materials to train the novel technology.

Judge Alsup, who presided over the litigation until he retired at the end of last year, **granted** Anthropic partial summary judgment in June, finding that Anthropic's use of books that it purchased legally counted as fair use to train its chatbot. However, he said the San Francisco-based company must face trial over the storage of millions of pirated books.

A month later, Judge Alsup **certified the class of authors** and suggested that it would not be hard for them to prove that Anthropic had engaged in widespread copyright infringement through the use of more than 7 million pirated books.

The parties later cut the \$1.5 billion settlement, which Judge Alsup **preliminarily approved** in late

September after **denying their initial request** for preliminary approval due to his concerns over the claims process.

The currently proposed settlement addresses the judge's concerns and includes a confidential "abort clause," which would nullify the settlement if a high percentage of class members decide to opt out.

Under the deal, Anthropic has additionally agreed to destroy the original files that included the pirated works it obtained from so-called Library Genesis and Pirate Library Mirror — referred to as LibGen and PiLiMi — databases, which have been the center of numerous ongoing IP cases against AI companies.

Anthropic also agreed to destroy any copies that originate from that pirated material, according to court documents. The settlement release notably only extends to past claims arising before Aug. 25, 2025, and does not extend to AI chatbot output-related claims of any kind.

In December, class counsel **asked the court** to award them \$300 million in fees, or 20% of the total settlement fund, but after the court expressed concerns, class counsel **filed a motion** on Thursday seeking to amend their request, reducing their request to 12.5% of the settlement, or \$187.5 million.

The motion for final approval noted that as of Thursday there have been 99,450 claims submitted for 264,809 works, representing 54% of the works list, and 350 opt-out requests, which represents less than 0.5% of the total works list.

The claims administrator received an additional untimely five opt-outs representing 45 works, which were otherwise valid, after the Feb. 9 opt-out deadline, the motion said.

But given the small fraction of the class that the opt-outs represent, the settlement should be approved, class counsel argued. They added that the deal has also recently received widespread support from multiple industry groups and their members, including the Publishers Association Ltd., the International Publishers Association, the Association of University Presses, the American Association of Publishers, the Authors Guild and the Science Fiction & Fantasy Writers of America, among others.

A hearing on the motion for final settlement approval and fee award is set for April 23 at 2 p.m. in San Francisco before Judge Martinez-Olguin.

Class counsel declined to comment on Friday, and representatives and counsel for Anthropic didn't immediately respond to requests for comment.

The authors are represented by Justin A. Nelson, Alejandra C. Salinas, Rohit D. Nath, Michael Adamson, J. Craig Smyser and Samir Doshi of Susman Godfrey LLP and Rachel Geman, Jacob S. Miller, Danna Z. Elmasry, Elizabeth J. Cabraser, Daniel M. Hutchinson, Jallé H. Dafa, Amelia Haselkorn and Betsy A. Sugar of Lieff Cabraser Heimann & Bernstein LLP.

Anthropic is represented by Kathleen R. Hartnett, Ephraim A. McDowell, Alexander J. Kasner, Elias S. Kim and Allison Wettstein O'Neill of Cooley LLP, Daralyn J. Durie, Ramsey Fisher, Jackson Lane, Whitney Rose O'Byrne, Mary Prendergast, Fitz Beckwith Collings and Aditya Vijay Kamdar of Morrison Foerster LLP, Douglas A. Winthrop, Joseph Farris, Jessica L. Gillotte, Estayvaine Bragg, Assad H. Rajani, Oscar Ramallo, Angel Tang Nakamura, Ryan M. Nishimoto and Allyson C. Myers of Arnold & Porter Kaye Scholer LLP and Mark Alan Lemley of Lex Lumina LLP.

The case is Andrea Bartz et al. v. Anthropic PBC, case number 3:24-cv-05417, in the U.S. District Court for the Northern District of California.

--Additional reporting by Elliot Weld and Bonnie Eslinger. Editing by Dave Trumbore.



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Social Media Jury Signals Potential Trouble For Meta, Google

By **Craig Clough**

Law360 (March 20, 2026, 10:36 PM EDT) -- After six full days deliberating in a California bellwether trial over allegations that Meta Platforms Inc. and Google LLC harm children's mental health through their social media platforms, the jury submitted a question to the judge potentially indicating it may be leaning in favor of finding one or both defendants liable.

Before Friday, jurors had already asked eight questions over nearly six days of deliberations following a **monthlong trial**, but none of those questions was particularly revealing about the jury's thinking. Then question number nine, presented to the judge just before lunchtime Friday, offered a potential warning sign for Meta and Google.

Only nine of the 12 jurors seated in the Los Angeles Superior Court trial need to vote for liability in order to reach a binding verdict. Friday's question to the judge appeared aimed at finding out whether jurors who don't vote for liability can still vote on the amount of damages — a question which seems to presuppose a finding of liability.

Mark Lanier of The Lanier Firm, who is the lead attorney for the plaintiff in the bellwether case known in court as Kaley G.M. or Kaley, addressed reporters outside the courthouse after the proceedings ended for the day and the jurors were dismissed with no verdict. He said the question does indicate the jury has found in favor of his client and is trying to decide damages, but added that he won't "start dancing in the street over what seems to be a good question."

Lanier did say his side is "appreciative of the fact that it looks like enough of the jurors ... have decided questions where they are on the questions of damages and punitive issues."

"You don't get there unless you've already decided that one or more defendants was negligent or failed to warn the way they should have warned, and that was a substantial contributing factor to the damage done to Kaley," Lanier continued.

However, jurors could still change their mind on any topic during deliberations, and it could also simply be a question out of "left field" that does not indicate how the deliberations are going, he added.

When asked if he would accept a settlement offer over the weekend from either defendant, Lanier joked he is with "the War Department, not the State Department, I don't discuss settlement at this point ... the resolution will come from the jury, not the bank account of Meta or Google."

Google's YouTube — one of the platforms at the center of the trial — declined to comment on the juror question and Meta did not immediately respond to a request for comment.

During his closing argument, Lanier did not offer any monetary suggestion to the jurors about what they should award his client in compensatory damages, only what they thought "a lost childhood" might be worth. The jury is also being asked to decide if the defendants should face punitive damages, which would trigger a second phase of the trial.

The juror question specifically asked whether the entire group should answer the damages verdict form regardless "of how individuals voted? Or do only individuals who answered 'Yes' on questions 2 or 7 on the verdict form for Meta or YouTube answer the question of damages?"

Questions 2 and 7 are key questions about liability for the defendants.

Los Angeles Superior Court Judge Carolyn B. Kuhl has handled some of the juror questions in open court and others via email with the attorneys. About two dozen members of the media who have been pacing the halls and working on their laptops on the courthouse floor all week waiting for a verdict piled into the courtroom Friday afternoon to hear the latest jury question, only to find out the judge decided to handle it in her chambers with the attorneys.

The question and the judge's answer posted to the docket later in the afternoon. Judge Kuhl told the jury that only nine jurors need to answer any particular question to keep proceeding on the verdict forms, but "the same 9 or more people do not have to agree on each answer."

"All 12 of you must deliberate on and answer each question regardless of how you voted on any earlier question," the judge continued. "Unless the verdict form tells all 12 jurors to stop and answer no further questions, every juror must deliberate and vote on all of the remaining questions."

The landmark trial is the first of thousands of suits filed in Los Angeles Superior Court targeting social media companies and has received significant attention from around the world, as its outcome could indicate if the big social media companies have a significant problem on their hands or can convince jurors their platforms are not addictive and dangerous for kids.

The trial focused on a single plaintiff, Kaley, who is 20 now but alleges she suffered significant mental health harm from an addiction to YouTube and Meta's Instagram as a child.

The jury heard from competing experts and differing views of **medical health professionals** and were told of some studies that found social media addiction is **real** and other studies that did not reach that conclusion. They also **heard from experts** who gave **differing views** of Kaley, some who concluded a social media addiction contributed to her mental health struggles and others who did not.

The jury also heard from **whistleblowers** at the companies who said they did not do enough to stop kids from becoming addicted to their platforms, but also heard from top company executives, including Meta CEO **Mark Zuckerberg**, Instagram CEO **Adam Mosseri** and a **vice president from YouTube**, who told jurors that children's safety is always a top concern and that the platforms are constantly being modified based on the latest data to make them safer.

Nine bellwether cases have been chosen to go to trial, with the idea being the outcome of one or more of them could motivate other parties to reach a global settlement.

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

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

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

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

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

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

Rosati PC.

The case is Social Media Cases, case number JCCP5255 and lead case number 22STCV21355, in the Superior Court of the State of California, County of Los Angeles.

--Editing by Michael Watanabe.

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Beasley Allen Can't Halt DQ Ruling In J&J Talc Litigation

By **George Woolston**

Law360 (March 20, 2026, 4:29 PM EDT) -- A New Jersey state appeals court has refused to pause its decision disqualifying the Beasley Allen Law Firm from representing plaintiffs in multicounty litigation over Johnson & Johnson's talc-based baby powder, according to a court order.

The New Jersey Appellate Division on Thursday denied the firm's motion to stay its Feb. 6 **decision** disqualifying Beasley Allen from the multicounty litigation and the trial court's Feb. 9 order implementing the decision, as well as its motion for leave to appeal the trial court's Feb. 20 order **denying** the stay of its Feb. 9 order.

"Having reviewed the record and applying these factors to Beasley Allen's motion, we conclude they failed to demonstrate entitlement to relief. To have Beasley Allen litigate cases in our trial courts when they have been disqualified would not be in the interest of justice," Appellate Judge Mark K. Chase said.

It's the second time the Appellate Division has denied Beasley Allen's attempt to pause its Feb. 6 decision: The firm previously sought approval to file an emergent motion to stay the trial court's Feb. 20 order, which the appeals court denied because it should not have sought relief from the trial judge regarding a decision issued by the appellate court.

Erik Hass, worldwide vice president of litigation for J&J, said in a statement Friday that the company appreciates the ruling.

"We appreciate the court's swift disposition of this matter yet again affirming that Beasley Allen's actions are disqualifying. The facts are as troubling as they are clear: Beasley Allen engaged in unethical conduct against the interests of all claimants for its own financial gain," Haas said.

Counsel for the firm said in a statement Friday that it believes the New Jersey Supreme Court will grant its petition for certification to review the decision.

"The Rules of Professional Conduct and their misapplication in the Appellate Division's opinion [raises] issues of public importance. We believe the Supreme Court of New Jersey will hear this matter, it will consider it earnestly, and it will reverse and reinstate the trial court's opinion. We look forward to being vindicated and having the trial court's thoughtful credibility based analysis reinstated," Jeffrey Pollock said.

J&J **argued** in opposition to the petition for certification earlier this month, asserting that granting the firm leave to appeal to the high court is unnecessary because the firm cannot show it will be irreparably harmed if such an appeal is not granted.

J&J has been fighting since 2023 to remove the firm from representing 435 clients who claim in the multicounty litigation that their ovarian cancer was linked to J&J talc-based baby powder, accusing firm attorney Andy Birchfield of having worked with former Faegre Drinker Biddle & Reath LLP lawyer James Conlan, a onetime J&J outside counsel, on the case.

Conlan had worked closely with Haas as outside counsel in the talc litigation, billing 1,600 hours on the sprawling case before departing Faegre Drinker to establish his own company, J&J argued.

Beasley Allen and Birchfield have argued that J&J is blaming them for the company twice failing to address thousands of talc injury claims through a Chapter 11 filing, and that Conlan has never shared any confidential or privileged information to them.

Atlantic County Superior Court Judge John Porto **sided** with Beasley Allen in July 2024, holding that, without evidence showing Conlan shared confidential information, he could not remove the firm from the case. While neither party disputed that Conlan was privy to privileged and confidential information, he "is not a so-called side-switching attorney; he does not represent any MCL plaintiff and was never hired as an attorney at Beasley Allen," the judge said.

J&J appealed, and in February, an appellate panel reversed Judge Porto's ruling, disqualifying Beasley Allen. The panel found that "Conlan's prolonged access to J&J's privileged information, followed by collaborative efforts with its most prominent adversary, leaves us with clear concern for the preservation of trust intrinsic to the attorney-client relationship."

A similar disqualification motion remains pending in the separate but concurrent federal multidistrict litigation. Earlier this month, a New Jersey federal judge ordered the parties to meet and confer before the special master about "whether alternative counsel to Beasley Allen should be made available" amid discovery while the motion is pending.

Birchfield and Beasley Allen are represented by Jeffrey M. Pollock of Pollock Law LLC.

The J&J parties are represented by Peter G. Verniero of Sills Cummis & Gross PC, Jessica L. Brennan of Barnes & Thornburg LLP and Stephen D. Brody of O'Melveny & Myers LLP.

The multicounty litigation appeal is In re: Talc-Based Powder Products Litigation, case number 091773, in the Supreme Court of the State of New Jersey.

--Additional reporting by Emily Sawicki and Jonathan Capriel. Editing by Linda Voorhis.

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Feds Don't Have To Reveal Probe Of BofA's Epstein Ties

By **Katryna Perera**

Law360 (March 20, 2026, 8:58 PM EDT) -- The federal government does not have to disclose a possible investigation into Bank of America's alleged role in enabling Jeffrey Epstein's sex trafficking scheme, a New York federal judge said Friday, explaining his order earlier this month denying the bank's bid to stay a civil suit that has since been settled.

U.S. District Judge Jed S. Rakoff rejected Bank of America's stay bid on March 11 and filed an accompanying **opinion** on Friday shedding further light on his ruling in a class action suit brought by a Jane Doe plaintiff — an Epstein survivor from Russia who is now living in Florida — claiming the bank enabled Epstein's sex trafficking enterprise.

The day after Judge Rakoff's March 11 denial, Bank of America told the court it had **struck a tentative deal** with Doe, and the court approved the parties' joint request to pause all pending deadlines in the case. Details of the settlement have not yet been released, but a hearing on the proposed agreement will be held on April 2.

According to Judge Rakoff's Friday opinion, Bank of America had asked that the court direct the government to disclose whether it was investigating the "occurrences" alleged in Doe's complaint, arguing that, if such a probe was taking place, it would trigger an automatic stay of Doe's class action under Section 1595(b) of the Trafficking Victims Protection Act.

However, Judge Rakoff disagreed, saying that the existence of a probe does not trigger an automatic stay because Section 1595(b) refers to "investigation and prosecution," both of which encompass an entire criminal case from an investigation through adjudication in a trial court.

"The court concludes that an automatic stay pursuant to Section 1595(b) is triggered by the commencement of a criminal case, rather than by the existence of a criminal investigation. And because no criminal case that falls within the meaning of Section 1595(b) has been filed, it follows that no stay is required here," the opinion states.

Judge Rakoff went on to say that, even if he agreed with the bank that the mere existence of a criminal investigation was enough to trigger an automatic stay, there still wasn't enough evidence of a pending criminal probe by the government related to allegations in Doe's suit.

According to the opinion, Bank of America pointed to public media reports, the "Epstein files" released by the U.S. Department of Justice, and statements from the government and Doe's counsel as evidence of an existing investigation, but Judge Rakoff said none of those sources support the inference the bank is asking the court to draw.

However, there are circumstances that give the court reason to doubt the existence of a probe, the judge said, including Doe's assertion that she has never been interviewed by a government agency, been subpoenaed to testify before a grand jury or received a notification from the DOJ identifying her as a victim in a pending criminal investigation.

Finally, Judge Rakoff rejected Bank of America's argument that the court should order the government to disclose if an investigation exists, saying there is no precedent for such a directive.

"The court rejects Bank of America's invitation to become the first such court [to order such a

disclosure by the government]," the opinion states.

Bank of America and counsel for Doe declined to comment on Friday.

Doe initially sued Bank of America and Bank of New York Mellon Corp. last year and filed expanded complaints against them in January, amid the banks' push for dismissal.

She initially accused North Carolina-based Bank of America of hosting accounts in her name that Epstein and his associates used for trafficking-related payments and other "alarming and erratic" transactions. Doe's amended complaint went into more detail, alleging the bank looked past red flags like her young age, foreign national status and lack of legal employment to make her a "preferred customer" and let Epstein wire tens of thousands of dollars to her.

In late January, Judge Rakoff **granted** BNY's motion to dismiss in its entirety and partially granted a similar request from Bank of America, specifically keeping alive claims that it was a knowing beneficiary in the sex trafficking venture and that it obstructed enforcement of the Trafficking Victims Protection Act.

Doe is represented by David Boies and Sigrid McCawley of Boies Schiller Flexner LLP, and Bradley Edwards and Brittany Henderson of Edwards Henderson LLC.

Bank of America is represented by Bethany Biesenthal, Charlotte Taylor and Paula Quist of Jones Day.

The case is Doe v. Bank of America NA, case number 1:25-cv-08520, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Sarah Jarvis. Editing by Melissa Treolo.

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PowerSchool, Bain Can't Skirt MDL Over Student Data Breach

By **Allison Grande**

Law360 (March 20, 2026, 11:45 PM EDT) -- A California federal judge has refused to toss multidistrict litigation seeking to hold PowerSchool and its majority stakeholder Bain Capital liable for a data breach that exposed roughly 50 million individuals' personal data, finding that Bain's involvement in the education technology provider's cybersecurity operations "went beyond what an ordinary investor would do."

In four separate orders issued Wednesday, U.S. District Judge Roger T. Benitez resolved bids filed by PowerSchool and Bain to dismiss negligence, contract, data privacy and several other claims being pressed by students, teachers, parents and school districts allegedly affected by a December 2024 data breach that compromised medical, academic and other personal information stored by the educational software provider.

While the defendants were able to shake several claims being asserted against them, including those for negligent delay of breach notification and invasion of privacy against PowerSchool and for and those for violations of the Computer Fraud and Abuse Act and the California Consumer Privacy Act against Bain, more than a dozen other negligence, breach of contract, statutory privacy, declaratory relief and other claims being asserted across two tracks of plaintiffs were allowed to move forward.

Judge Benitez' decision largely hinged on the relationship between PowerSchool, a California-based provider of cloud-based data management software for grades K-12 students and educators, and Bain Capital, a Massachusetts-based investment firm that acquired a 51% majority ownership stake in PowerSchool **in 2024**.

While Bain had argued that there was no precedent for the court to exercise jurisdiction over it or otherwise sustain claims against a private equity firm at the motion to dismiss stage over conduct tied to a portfolio company, the plaintiffs countered that Bain had exercised immense control over PowerSchool's "key strategic decisions — including cybersecurity operations, workforce decisions, and capital expenditures — both before and after the merger closed."

Through the acquisition process, which began when Bain initiated merger talks with PowerSchool in 2022, Bain "dismantled" the company's cybersecurity infrastructure through actions such as directing the layoffs of critical domestic information technology staff and offshoring cybersecurity, engineering and IT functions to contractors such as Movate, a fellow defendant in the MDL whose employee's stolen credentials allegedly led to the PowerSchool breach, according to the plaintiffs. Movate has also moved to escape the dispute, although Judge Benitez has yet to rule on that request.

In refusing to release Bain from the MDL for lack of personal jurisdiction, Judge Benitez concluded that the plaintiffs had adequately alleged an agency relationship between Bain and PowerSchool for the court to sustain authority over both individuals who originally filed their complaints in non-California venues and Bain itself.

"Bain's two-year course of merger negotiations with a California-headquartered company, culminating in the June 6, 2024, merger agreement, constitutes purposeful direction toward California irrespective of when formal ownership transferred," Judge Benitez said. "Moreover, while unauthorized data access may have first occurred in August 2024, the data breach continued through December 2024, after Bain's acquisition closed. Bain's post-acquisition conduct in California thus independently supports jurisdiction."

While Judge Benitez acknowledged that the mere existence of a parent-subsidiary relationship is insufficient on its own to justify imposing one entity's contacts with a forum state on another to establish jurisdiction, the judge noted that "Bain's interjection into California is extensive: it negotiated a multi-billion-dollar acquisition of a California-headquartered company over two years, obtained contractual control rights during the interim period, and directed that company's operations after closing."

The firm's purported involvement with PowerSchool's cybersecurity and other day-to-day operations also supported the individual plaintiffs' theories for agency liability, direct liability, and aiding and abetting, according to Judge Benitez, who found that Bain "directed specific activities beyond general supervision" and that its conduct "went beyond what an ordinary investor would do."

"Plaintiffs plausibly allege that Bain was not a distant equity holder but rather directed PowerSchool's day-to-day activities — including dismantling the company's cybersecurity protocols and staff — which allegedly led to the data breach," Judge Benitez held.

Turning to the claims alleged by the two tracks of plaintiffs — an "A" group composed of students, teachers and parents whose personal information was swept up by the data breach and a "B" group of school districts that had contracted with PowerSchool for technology services across the country — Judge Benitez largely upheld negligence claims against both Bain and PowerSchool.

While Bain had argued that it owed no duty to protect plaintiffs from the harm caused by third-party threat actors and that any such duty belonged solely to PowerSchool, Judge Benitez found that both companies "understood the importance of data security, data breaches are common, and both defendants could have taken steps to prevent this breach."

"Plaintiffs ... identify the standard of care — industry standards for cybersecurity," the judge wrote in his motion addressing the Track 1 individuals' claims against Bain. "They identify the source: industry standard safeguards, including multifactor authentication. And they allege facts showing breach: that Bain had 'responsibility, authority, and expertise to ensure that PowerSchool implemented basic, industry-standard safeguards — including requiring all their vendors and employees to use a multifactor authentication' and failed to do so."

Judge Benitez also rejected Bain's contention that the plaintiffs had failed to show Bain proximately caused the cybersecurity incident, finding the "causal chain" between Bain's alleged business directives and the harm individuals claim to have suffered to be "straightforward."

"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," the judge said. "The acts or omissions by defendant Movate and the threat actors do not sever Bain's potential liability because those acts and omissions were themselves foreseeable risks of data breaches and the importance of data security."

While Judge Benitez used this reasoning to sustain the individuals' negligence claims against Bain and PowerSchool and the school districts' similar allegations against Bain, the judge held that the Track 2 school districts' negligence tort claims against PowerSchool were "foreclosed by the contractual limitation of liability and the economic loss doctrine" and that PowerSchool had made the "compelling argument" that the individuals' negligence case based on its alleged failure to timely notify victims of the data breach couldn't move forward.

"Plaintiffs assert that PowerSchool breached its duties by waiting ten days after learning of the data breach before providing notice to the plaintiffs/victims, and that the delay exacerbated their injuries. The claim as stated is wholly conclusory and not plausibly pleaded," Judge Benitez concluded in dismissing that aspect of the negligence claim.

The judge also agreed to release Bain from the individuals' claims that it violated California's landmark consumer privacy law, which allows for private lawsuits to be brought by consumers "whose nonencrypted and nonredacted information ... is subject to an unauthorized access and exfiltration, theft, or disclosure as a result of the business' violation of the duty to implement and maintain reasonable security procedures appropriate to the nature of the information to protect the

personal information."

While the plaintiffs had adequately alleged that the Social Security numbers, health histories and other information exposed in the data breach constitutes "personal information" under the law, they had failed to plausibly assert that Bain was a covered "business" that collects and processes personal data, according to Judge Benitez.

"Bain is an investment firm," the judge found. "It does not collect or process student information at schools. The assertion that Bain — by virtue of its investment relationship with PowerSchool — collects or determines the purposes and means of processing consumers' personal information is not plausible on the facts alleged."

However, in another ruling, Judge Benitez allowed a similar California Consumer Privacy Act claim against PowerSchool to move forward, finding that at this early stage in the litigation, the individual plaintiffs had plausibly alleged that the technology provider was a covered "business" that gathers and directs the processing of personal information rather than, as PowerSchool argued, merely a "service provider" that only collects information and is therefore not liable under the CCPA.

PowerSchool also failed to escape the individual plaintiffs' claims under the California Confidentiality of Medical Information Act, which the tech provider contended it didn't fall under because it wasn't a provider of healthcare.

Pointing to a California appellate court's 2024 decision in *J.M. v. Illuminate Education*, Judge Benitez found that the CMIA allegation against PowerSchool could move forward because the state legislature "had intended to create a cause of action for 'negligent storage' that leads to unauthorized access to an individual's medical information."

"J.M. is persuasive and applied here leads to the conclusion that PowerSchool could be liable for negligently handling medical information under the CMIA," Judge Benitez held.

The Track 2 school districts were also allowed to continue with their primary breach of contract claims against PowerSchool, which centered on the contention that they had contracts with the tech provider that required PowerSchool to encrypt and safeguard the data entrusted to it by those within the school districts.

"A passing review of PowerSchool's 12-page, single-spaced, main services agreement and the associated state-specific data services agreements make clear that there were written contracts that imposed obligations on PowerSchool to take careful measures to protect the personal information data of school students and teachers," Judge Benitez found, adding that the determination of whether the parties intended for a cybersecurity incident "to constitute some violative 'disclosure' of customer data" would have to "wait for summary judgment or trial."

Both PowerSchool and Bain also fell short in their bids to dismiss the individual plaintiffs' claims for lack of Article III standing, with Judge Benitez finding that the operative pleadings had alleged that at least one named plaintiff had suffered a sufficiently concrete injury stemming from the data breach.

"The data breach allegedly exposed at least one plaintiff's sensitive data and names, Social Security numbers, phone numbers, emails, medical information, academic records, child custody status, bank and financial information, student and staff identification numbers, and individualized education program information," Judge Benitez wrote in his ruling on the Track 1 plaintiffs' claims against PowerSchool.

"Additionally, plaintiffs allege that their information has been sold on the dark web further establishing that future misuse is likely and imminent," the judge added. "The fact that other plaintiffs allege actual fraud following the data breach further supports the conclusion that an imminent risk of identity theft or fraud is impending."

Counsel for the plaintiffs declined to comment on the recent rulings. Representatives for Bain and PowerSchool couldn't be reached for comment Friday.

The plaintiffs are represented by Jennifer M. French and David S. Casey Jr. of Casey Gerry Francavilla

Blatt LLP, Carol C. Villegas of Labaton Keller Sucharow LLP, James J. Pizzirusso of Hausfeld LLP, James E. Cecchi of Carella Byrne Cecchi Brody & Agnello PC, and James P. Frantz and William B. Shinoff of Frantz Law Group APLC.

PowerSchool is represented by Anne Johnson Palmer, James R. Drabick and Monica Mleczko of Ropes & Gray LLP and Christopher M. Young of DLA Piper.

Bain Capital is represented by Jacobus Janus Schutte, Alex Langsam, John P. Carlin and R. Rosie Vail of Paul Weiss Rifkind Wharton & Garrison LLP.

The case is In re: PowerSchool Holdings Inc. and PowerSchool Group LLC Customer Data Security Breach Litigation, case number 3:25-md-03149, in the U.S. District Court for the Southern District of California.

--Editing by Jay Jackson Jr.

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