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Citigroup, PwC Snagged in Clarivate Investor Suit Over Metrics

March 31, 2026, 2:06 PM PDT

Summary by Bloomberg AI

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- A federal court ruled that investors can proceed with a proposed class action against Clarivate Plc, Citigroup Global Markets Inc., and PricewaterhouseCoopers LLP.
- The investors adequately alleged a material misstatement in a pair of 2021 public offerings, given the changes in key metrics when Clarivate later restated the financial figures.
- Some aspects of the investors' securities fraud claims under the Securities Exchange Act can also proceed against Clarivate and three individual defendants, according to Judge Eric Komitee.

Clarivate Plc investors can proceed with a proposed class action against the data analytics company, its stock offering underwriter Citigroup Global Markets Inc., and its auditor PricewaterhouseCoopers LLP, a federal court ruled.

The investors adequately alleged a material misstatement in a pair of 2021 public offerings, given “the sheer magnitude by which certain key metrics changed” when Clarivate later restated the financial figures presented in the related documents, Judge Eric Komitee said. His opinion, issued Monday in the US District Court for the Eastern District of New York, green-lit the Securities Act claim over the restatement against the three companies and several current and former officers and directors of Clarivate.

But investment funds that sold stock in the offerings aren’t subject to suit as “underwriters,” Komitee said.

Some aspects of the investors’ securities fraud claims under the Securities Exchange Act can also proceed against Clarivate and three individual defendants, the judge said.

In December 2021, after the offerings, Clarivate said in a Securities and Exchange Commission filing that it had understated expenses by up to \$185 million and would issue a restatement, which it did in February 2022, according to the lawsuit. Clarivate’s stock declined 16% to close at \$14.81 per share on Feb. 3, 2022, the day of the restatement and accompanying lowered estimates.

The investors also alleged the company concealed "operational struggles," including its ability to grow without relying on acquisitions.

The investors can't replead the rejected aspects of the complaint, including about Clarivate's growth projections, because they already had a chance to amend the document after briefing on the dismissal requests, Komitee said.

Robbins Geller Rudman & Dowd LLP is lead counsel for the investors. Davis Polk & Wardwell LLP represents Clarivate and the individual defendants. Sidley Austin LLP represents PwC. A&O Shearman represents Citigroup. Counsel for the funds includes Latham & Watkins LLP.

The case is Pension Tr. Fund for Operating Eng'rs v. Clarivate PLC , 2026 BL 110074, E.D.N.Y., No. 22-CV-394, 3/30/26 .

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News from Bloomberg Terminal

Amazon Narrows Alexa 'False Wake' Class Suit to Wiretap Claims

April 1, 2026, 10:21 AM PDT

Summary by Bloomberg AI

AI Generated



- Amazon succeeded in convincing a federal court to terminate certain class action claims under the Washington Consumer Protection Act related to accidental Alexa recordings.
- The court found that Amazon disclosed the possibility of Alexa activating based on an unintended "wake word" and that none of the false wake recordings associated with plaintiffs' accounts were subjected to human review.
- Three plaintiffs can proceed with wiretap claims, including Lorlie Tesoriero, whose state wiretap claim depends on a recording-by-recording analysis of what Amazon captured and whether the audio is intelligible.

By Ufonobong Umanah

(Bloomberg Law) --

Amazon.com Inc. succeeded in convincing a federal court that no reasonable fact finder could support Washington Consumer Protection Act class action claims stemming from accidental Alexa recordings Amazon may have retained.

"Amazon sold recording devices for deployment in people's homes while knowing that the devices were subject to false wakes at a rate of approximately" 1% of recordings, the US District Court for the Western District of Washington said. It's up to a reasonable fact finder to determine for the sake of federal wiretap claims whether the resultant interceptions were intentional and if the plaintiffs should've known of the risk.

But Judge Robert S. Lasnik's summary judgment order terminated the plaintiffs' unfair and deceptive practices claims under the CPA, as well as wiretap claims from certain named plaintiffs, including in one case where a plaintiff's wife acted as his authorized agent in registering an Alexa device.

Many of the claims that Amazon's conduct was deceptive failed to convince Lasnik. Amazon disclosed the possibility that Alexa may activate based on an unintended "wake word," like if someone in the household shares the virtual assistant technology's name or drives a Lexus.

Assuming that Amazon was misleading when it came to the retention and review of audio from false wakes, the tech company “has produced undisputed evidence that none of the false wake recordings associated with plaintiffs’ accounts were subjected to human review,” Lasnik said. None of the plaintiffs said they attempted to delete their recordings either, the judge said.

The plaintiffs also failed to say that they viewed or read Amazon’s misleading disclosures, so Lasnik said they can’t trace a causal link from the alleged omissions or misrepresentations and any loss they may have suffered purchasing an Alexa device.

Three plaintiffs can proceed with wiretap claims. While Michael McNealy is bound by the agreement that his wife signed, Amazon failed to show as a matter of law that Lorlie Tesoriero’s husband acted as her agent, the court said.

Whether Tesoriero’s state wiretap claim would work depends on a recording by recording analysis of what Amazon captured and whether the audio is intelligible, the court said. She can only proceed as to false wake recordings made before the lawsuit was filed.

Fenwick & West LLP represented Amazon.

Labaton Keller Sucharow LLP and Robbins Geller Rudman & Dowd LLP are co-lead counsel for the class. Byrnes Keller Cromwell LLP is liaison counsel.

The case is *Garner v. Amazon.com Inc.*, W.D. Wash., No. 2:21-cv-00750, 3/31/26.

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Securities

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Fluence Energy, AES Bat Away Securities Fraud Claims Over Ties

March 31, 2026, 2:49 PM PDT

Fluence Energy Inc. investors can't proceed with a proposed class action alleging the battery maker and AES Corp. concealed Fluence's deteriorating customer relationships, including with AES, a federal court ruled Tuesday.

The investors failed to establish an actionable misrepresentation or omission, Judge Patricia Tolliver Giles said for the US District Court for the Eastern District of Virginia. They also didn't establish the necessary level of intent for securities fraud, but will have a chance to re-plead, she said.

The complaint alleged Fluence's relationships with founders and top customers Siemens AG and AES were deteriorating on accusations of fraud and battery engineering failures, only to be revealed in a short-seller report

The investors sued over stock drops of 13% and 46% in 2024 and 2025, which they respectively linked to that report and subsequent disappointing financial results

Giles' order doesn't include her reasoning, which will be set forth "in a more fulsome, forthcoming memorandum opinion," she said

Motley Rice LLC and Robbins Geller Rudman & Dowd LLP are lead counsel for the investors. Latham & Watkins LLP represents Fluence. Davis Polk & Wardwell LLP represents AES.

The case is In re Fluence Energy, Inc. Sec. Litig. , E.D. Va., No. 1:25-cv-00444, 3/31/26 .

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David A. Knotts

DJ [dailyjournal.com/articles/390516](https://www.dailyjournal.com/articles/390516)



San Diego

Securities & Corporate Takeover Litigation

David Knotts has spent 20 years doing what his father did as an engineer -- the difference is the tools.

"When I was growing up, my dad was an engineer and would always say that he got paid to show up to work every day and just solve problems," Knotts said. "I eventually realized that the same general concept applies to a law degree -- we just solve different kinds of problems."

Knotts, a partner at Robbins Geller Rudman & Dowd LLP, focuses on securities class action litigation, where the problems tend to arrive in the form of corporate mergers gone wrong and investments that collapse. His clients are often investors who walked away from a transaction with nothing.

"Now, I'm part of a team that goes into work every day and figure out how to find a solution to a client's problem, usually in the form of hard-earned money erased from a retirement account," he said.

Two recent cases illustrate the scope of his practice.

In one case, Knotts and his team secured an \$85 million recovery for a nationwide class of former EarthLink stockholders -- one of the largest securities class action recoveries in the Eighth Circuit in several years. *Murray v. EarthLink Holdings Corp.*, 4:18-cv-00202 (E.D. Ark., filed March 19, 2018).

Approved in 2025 by the Eastern District of Arkansas, the case challenged the merger of EarthLink with Windstream and survived Windstream's bankruptcy during litigation. EarthLink stockholders received nothing from that bankruptcy.

The litigation spanned three multi-billion-dollar corporate transactions across nearly a decade. Both companies filed for Chapter 11 during the case and each attempted to obtain a release of the securities claims through bankruptcy proceedings. Knotts' team hired bankruptcy counsel, appeared in Windstream's proceeding and blocked those efforts on behalf of the class.

"The challenge we faced was to develop a discovery plan that would obtain the previously hidden corporate evidence regarding all three transactions, but in a targeted manner that would not swamp our team with a flood of irrelevant material," Knotts said.

Knotts' team also produced a result with no precedent in securities litigation. The \$192.5 million settlement -- with initial distributions made to Rite Aid investors in August 2025 -- was paid not by Rite Aid, which had filed for bankruptcy, but by Walgreens and some of its executives. *Chabot v. Walgreens Boots Alliance, Inc.*, 1:18-cv-02118 (M.D. Pa., filed Nov. 2, 2018).

It is the largest securities recovery ever paid by one company to the shareholders of a different company over misrepresentations regarding an antitrust merger review. ISS Securities Class Action Services ranked it the third-largest class action disbursement nationwide in 2025.

Getting there required breaking through a privilege wall. Defendants withheld more than 17,000 documents -- roughly 20% of their combined production -- on privilege grounds, Knotts said. A motion to compel resulted in a court order that Walgreens had waived attorney-client privilege, requiring production of all documents related to the FTC antitrust review. The case survived summary judgment and was headed to trial before settling.

"It's tough to prove a case to a jury only with a series of blacked-out emails," Knotts said. "But one of our motions to compel resulted in the court's ruling that Walgreens waived its attorney-client privilege."

#390516

Securities

Warner Bros. Sheds Investor Lawsuit Over Lost NBA Deal Squabble

March 31, 2026, 8:57 AM PDT

Warner Bros. Discovery Inc. and top executives defeated investor allegations the global entertainment company overhyped its ability to retain its decades-old National Basketball Association rights to air games before their renewal bid failed.

People don't violate federal securities laws by calling negotiations "constructive" even if those dealings later fail, Judge Katherine Polk Failla said, dismissing the proposed class action with finality. Warner Bros. and media reports repeatedly stated the importance of the NBA media rights to the company.

Statements about a matching clause that allowed Warner Bros. to provide a counter offer against competitors weren't misleading either, the US District Court for the Southern District of New York judge said Monday. Those statements conveyed Warner Bros. had the opportunity to fight for its NBA rights, not that those rights were guaranteed. Regardless, statements about the clause were made in April and May—months before the NBA revealed to Warner the exact terms of NBCUniversal and Amazon's competing offers.

"Quite obviously, therefore, Defendants could not have known in May that WBD would not reach a deal with the NBA or match competing offers in July," Failla said. "The law does not require Defendants to predict the future."

The court order comes while Warner Bros. is working to sell itself to Paramount Skydance Corp. Shareholders are scheduled to vote on the \$110 billion merger April 23.

The investors leading the case also fell short of pleading CEO David Zaslav and Chief Financial Officer Gunnar Wiedenfels' intent or recklessness to defraud. Stock sales by Wiedenfels cited in the suit as evidence of foreknowledge Warner wouldn't retain the basketball league's rights weren't unusual or suspicious because of the percentage of holdings sold weren't so high and the timing was too early as most occurred before the negotiation period and all of it happened before the match bidding, Failla said.

And Warner's swift settlement of its lawsuit with the NBA over its right to try matching a rival bid didn't support a pleading of reckless disregard to deceive, she said.

“Engaging in competitive business negotiations by submitting an offer that attempts to replicate a rival bid does not show an intent to deceive, manipulate, or defraud investors,” the judge said.

Jump Ball

Warner Bros. and the NBA ended their dispute with an agreement that lets the studio continue to promote basketball content and produce its popular “Inside the NBA” show.

The investors alleged Warner downplayed the importance of its 40-year-old NBA media rights and overstated its ability to match rival bids in 2024. Under its agreement with the NBA, these rights came up for renewal or third-party bidding in 2024. The NBA inked broadcast agreements with Disney’s ESPN, Comcast Corp.’s NBC, and Amazon, rejecting Warner’s matching bid.

News about the studio’s faltering NBA deal and a \$9.1 billion non-cash goodwill impairment charge from its TV networks segment allegedly hurt its stock price.

Pomerantz LLP and The Rosen Law Firm PA are co-lead counsel for the proposed class, which aimed to cover investors who acquired Warner Bros. stock from Feb. 23, 2024, through Aug. 7, 2024. White & Case LLP represents Warner Bros. and the executives. None of this law firms nor Warner Bros. immediately responded to emails seeking comment.

The case is *Yuson v. Warner Bros. Discovery, Inc.*, S.D.N.Y., No. 1:24-cv-09027, 3/30/26 .

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Securities

Capri Investors Fail to Advance Suit Over Dumped Tapestry Merger

March 31, 2026, 5:08 PM PDT

Handbag giants Capri Holdings Ltd. and Tapestry Inc. defeated allegations they misled investors over the viability of their proposed \$8.5 billion combination that fell under federal antitrust scrutiny.

Most alleged misstatements weren't actionable, and the investors mostly failed to plead scienter, or the level of intent or recklessness necessary to defraud, Judge Stephanos Bibas said, dismissing the suit with the ability to replead Tuesday. The investors adequately alleged scienter for downplaying competition concerns, but the related statements were forward-looking, said the circuit judge sitting by designation in the US District Court for the District of Delaware.

"Making predictions about antitrust law is treacherous. But the securities laws immunize all of defendants' statements since some are opinions, some are forward-looking, some were probably not made with scienter, and others are all three," Bibas said.

When a federal judge froze Tapestry's acquisition of the Capri in 2024, Capri's stock price fell nearly 49%—then a record one-day plummet for the luxury handbag maker, according to Bloomberg data. Michael Kors-seller Capri and Coach-owner Tapestry subsequently scrapped their deal.

Entwistle & Cappucci LLP, lead counsel for the proposed class, said it doesn't comment on pending litigation.

Wachtell, Lipton, Rosen & Katz and Morris, Nichols, Arsht & Tunnell LLP represent Capri. Wilmer Cutler Pickering Hale & Dorr LLP and McCollom D'Emilio Smith Uebler LLC represent Tapestry.

None of the four firms nor the handbag companies immediately responded to emails seeking comment.

The case is In re Capri Holdings Ltd. Sec. Litig. , D. Del., No. 1:24-cv-01410, 3/31/26 .

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Securities

B. Riley Board Beats Investor Suit Over Alleged PE Fraud Tie (1)

March 31, 2026, 1:05 PM PDT; Updated: March 31, 2026, 3:33 PM PDT

Bryant Riley and other leaders of his investment bank prevailed Tuesday against litigation blaming them for losses tied to the bankruptcy of Franchise Group Inc., founded by a friend of Riley's with links to a fraud scandal.

A Delaware Chancery Court judge rejected claims that the former B. Riley Financial Inc. board turned a blind eye to red flags about Brian Kahn, a Prophecy Asset Management LP founder later described in court filings and news reports as a co-conspirator involved in securities fraud there. The idea that B. Riley's directors had a duty "to monitor the internal compliance of a separate company" would stretch corporate oversight liability beyond its limits, the judge said.

The lawsuit "essentially complains that the board did not uncover fraud at an outside company before the federal government," Vice Chancellor Lori W. Will wrote in a 44-page ruling. "Imperfect diligence on an investment that later sours is a matter of business risk, not bad faith."

Will's ruling came the same day another shareholder sued Riley and other corporate leaders of his firm—since rebranded as BRG Group Holdings Inc.—in a California federal court, swelling the amount of stockholder litigation over its alleged ties to Kahn.

The court fights reflect continuing fallout from Franchise Group's collapse in late 2024, about 18 months after its \$2.6 billion sale to investors led by B. Riley, which took a nearly \$500 million write-down. The holding company served as the corporate parent of several well-known consumer chains, including Sylvan Learning, the Vitamin Shoppe, and Pet Supplies Plus.

Other disputes spawned by the collapse include a federal securities case moving forward against Riley and his firm along with their own lawsuit against Kahn and his attorneys over the 2023 take-private deal. The criminal trial against a different Prophecy co-owner, meanwhile, is on hold while a judge weighs how to handle classified documents that may contain relevant evidence.

Oversight Liability

The suit in Delaware's main business tribunal asserted a lack-of-oversight theory long considered the most daunting argument for a shareholder to pursue in court. Although corporate insiders have voiced alarm in recent years over fears that the path to liability is widening, the claims have never won out at trial—or even gone all the way to trial until a case involving a Blue Bell listeria outbreak earlier this year. That litigation is still pending.

Tuesday's ruling—originally signed Monday—stressed the demanding legal standard. Corporate leaders who adopt adequate systems don't face "liability by hindsight" for routine misjudgments or subpar risk monitoring, Will said.

"The complaint acknowledges the existence of functioning oversight mechanisms," the judge wrote. "The board's hiring of financial and legal advisers is the sort of industry-specific compliance approach Delaware law expects."

Will also rejected the allegation that B. Riley's board members "would intentionally violate their own fiduciary duties to help Riley protect his friend" over ordinary social and business ties she characterized as "thin."

Riley, the company, and one other director are represented by Richards, Layton & Finger PA and Sullivan & Cromwell LLP. The rest of the board is represented by Ross Aronstam & Moritz LLP and Gibson, Dunn & Crutcher LLP. The shareholder, Michael Marchner Jr., is represented by Cooch & Taylor PA and Wolf Popper LLC.

California Case

The shareholder who filed a complaint in the US District Court for the Central District of California Tuesday seeks corporate governance reforms and damages on behalf of B. Riley for the board's alleged breaches of fiduciary duty, release of a misleading proxy statement, unjust enrichment, and waste of corporate assets.

The shareholder, Naresh Kumar Mohana Krishnan, also alleged the board caused the company to overpay by \$74 million for stock repurchases made while its price was artificially jacked up. Wolf Haldenstein Adler Freeman & Herz LLP and Kuehn Law PLLC represent Krishnan.

The cases are Marchner v. Riley , Del. Ch., No. 2025-0164, 3/31/26 and Krishnan v. Riley , C.D. Cal., No. 2:26-cv-03419, complaint filed 3/31/26 .

(Updates with information on the newly-filed complaint starting in the fourth paragraph)

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Class Action

Manage Newsletters

MINISO Overcomes Investor Claims Against Retail Partner Model

April 1, 2026, 9:57 AM PDT

MINISO Group Holding Ltd. and its initial public offering underwriters beat investor allegations that they failed to disclose the Chinese retailer directly owned and operated stores portrayed as franchises.

Investors didn't sufficiently bolster their pleadings of alleged misstatements, intent or recklessness to defraud, or related shareholder losses after a prior dismissal order, Judge Edgardo Ramos said. Neither non-fraud claims under the 1933 Securities Act tied to MINISO's 2020 New York Stock Exchange IPO nor securities fraud claims were adequately pleaded, the US District Court for the Southern District of New York judge said, tossing the proposed class action with finality Tuesday.

None of the alleged misstatements in its IPO paperwork or post-IPO statements concerning its franchise structure referred to as its "Retail Partner model," joint venture to build a new headquarters, and other topics were sufficiently pleaded as false or misleading, Ramos said.

The investors failed to establish "beyond a speculative level" that a pertinent percentage of MINISO's stores weren't "retail partners" at the time, he said. And MINISO didn't have a duty to disclose every detail of its joint venture transaction, nor did it have to alert investors in IPO paperwork of the venture since the allegations only showed MINISO was contemplating it at the time.

The investors also didn't establish a sufficient inference of conscious misbehavior by MINISO executives for securities fraud claims against them or the company, Ramos said, finding allegations of actual knowledge or recklessness speculative.

A 2022 short seller report prompting a stock drop didn't disclose misstatements or omissions, and analyst reports about business performance on increased costs, Covid-19 disruptions, and season shipping weaknesses weren't related to the alleged fraud to establish loss causation, he said.

Investors sued after Blue Orca Capital in 2022 accused MINISO of having a higher percentage of stores directly owned by the company or alleged insiders connected to its chairman rather than franchisees, allegedly contradicting representations that it relied heavily on a retail partner model.

Pomerantz LLP, lead counsel for the investors, declined to comment. Skadden, Arps, Slate, Meagher & Flom LLP represents MINISO, executives, and its US representative during its NYSE IPO. Latham & Watkins LLP represents underwriters Goldman Sachs (Asia) LLC and BofA Securities Inc. Neither of these law firms nor MINISO immediately responded to emails seeking comment.

The case is In re MINISO Grp. Holding Ltd. Sec. Litig. , S.D.N.Y., No. 1:22-cv-09864, 3/31/26 .

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Peloton wins dismissal of lawsuit claiming it concealed bike rust that heralded big recall

 [reuters.com/sustainability/boards-policy-regulation/peloton-wins-dismissal-lawsuit-claiming-it-concealed-bike-rust-that-heralded-big-2026-04-01](https://www.reuters.com/sustainability/boards-policy-regulation/peloton-wins-dismissal-lawsuit-claiming-it-concealed-bike-rust-that-heralded-big-2026-04-01)

Jonathan Stempel

April 1, 2026

A Peloton logo is seen after the ringing of the opening bell for the company's IPO at the Nasdaq Market site in New York City, New York, U.S., September 26, 2019.

REUTERS/Shannon Stapleton [Purchase Licensing Rights, opens new tab](#)

NEW YORK, April 1 (Reuters) - A federal judge dismissed a lawsuit accusing Peloton Interactive ([PTON.O](#))  [, opens new tab](#) of intentionally concealing quality control and safety problems with its exercise bikes, including allegations it told factory workers to cover up rust on seat frames prior to shipping, leading to a costly recall and a declining share price.

In a 54-page decision issued late Tuesday night, U.S. District Judge Margo Brodie in Brooklyn, New York said shareholders didn't show Peloton defrauded them with several assurances it was focused on safety, putting "members first" and making the "best equipment" despite knowing prospects for a recall were increasing.

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Brodie also said the New York-based at-home fitness company cannot be liable for initially underestimating the cost to recall all 2.2 million original model bikes sold in the United States, or allegedly concealing 35 reports of broken seat posts prior to the voluntary [May 2023 recall](#).

"Even assuming plaintiffs are correct that defendants knew about those complaints, they do not support plaintiffs' argument that those reports would lead to a recall of every [original] bike Peloton sold" between January 2018 and May 2023, Brodie wrote.

Lawyers for the shareholders did not immediately respond to requests for comment on Wednesday. Peloton and its lawyers did not immediately respond to similar requests.

The alleged coverup of bike corrosion was known internally at Peloton as "Project Tinman," according to court papers and a media report.

Peloton's products include bikes, treadmills, and live and on-demand classes. The company has tried to restore demand after a surge during the pandemic subsided. Its shares have fallen approximately 97% from their January 2021 peak.

Reporting by Jonathan Stempel in New York; Editing by Kirsten Donovan

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

Securities

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Peloton Bats Away Investors' Lawsuit Over Bike Safety Recall

April 1, 2026, 8:49 AM PDT

Peloton Interactive Inc. defeated investor allegations that the fitness giant covered up safety issues with a bike seat that would lead to an expensive 2023 recall.

Peloton's risk disclosures explicitly warned products may be impacted by defects and that could harm its business, Judge Margo K. Brodie said, dismissing the investors' proposed class complaint Tuesday. They would only have been materially misleading if there was an adverse business impact or executives knew of one when those risk warnings were made in 2021 and 2022. But the first alleged adverse effect was in May 2023 when Peloton's stock price began declining, the US District Court for the Eastern District of New York judge said.

The investors failed to sufficiently alleged Peloton's risk disclosures or statements about product safety, quality, or subscriptions, and more were false or misleading, Brodie said

Statements about corporate values were nonactionable puffery, and investors inadequately alleged the level of intent or recklessness for securities fraud claims by leadership or Peloton, Brodie said, echoing a prior order

Investors sued in 2023 following a May recall of Peloton's flagship bikes sold since 2018; it's one of multiple stockholder cases brought against Peloton in recent years

Levi & Korsinsky LLP and Pomerantz LLP are lead counsel for the investors. Covington & Burling LLP represents Peloton. None of the firms nor Peloton immediately responded to emails seeking comment.

The case is Tian v. Peloton Interactive, Inc. , E.D.N.Y., No. 1:23-cv-04279, 3/31/26 .

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Securities

Stem Leaders Defeat SPAC Misrepresentation Suit Over Prospects

March 31, 2026, 3:54 PM PDT

Stem Inc. officers and directors are free of a lawsuit on behalf of the energy storage company over how they described its profit margin and competitive strength, a federal court ruled Tuesday.

The suit over the proxy statement issued in connection with Stem's merger with a special purpose acquisition company lacks a key component, Judge Maryellen Noreika of the US District Court for the District of Delaware said. The investors didn't demand that company directors take action themselves, and they didn't adequately show that such a demand would be futile, she said in tossing the case with finality.

Noreika previously dismissed a version of the complaint on grounds that it failed to plead securities claims with sufficient specificity

Here, Noreika didn't reach an unsettled legal question of whether Section 14(a) of the Securities Exchange Act provides for a derivative cause of action

The investors' claim that a majority of the directors were conflicted is undermined by their lack of allegations against one of the directors, the judge said

The Brown Law Firm PC; Bronstein, Gewirtz & Grossman LLC; and Farnan LLP represented the investors. Young Conaway Stargatt & Taylor LLP represented the defendants, along with Freshfields US LLP and Kirkland & Ellis LLP.

The case is *In re Stem, Inc. Deriv. Litig.*, D. Del., No. 1:23-cv-01011, 3/31/26.

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Securities

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Nike, Ex-CEO Must Litigate Innovation Pipeline Investor Row (2)

April 1, 2026, 6:08 AM PDT; Updated: April 1, 2026, 7:39 AM PDT

Summary by Bloomberg AI

AI Generated



- Nike Inc. and former CEO John Joseph Donahoe II must defend against an investor allegation tied to a September 2023 statement that the athletic apparel giant's "innovation pipeline" was strong.
- Judge Adrienne Nelson said Donahoe's later statements bolstered the investors' pleading that he knew the September 2023 statement was false when he made it, but the investors' other pleadings weren't sufficient.
- The investors can file an amended complaint within 30 days after Nelson dismissed the rest of their proposed class allegations and other current and former NIKE executives from the suit.

Nike Inc. and former CEO John Joseph Donahoe II must defend against an investor allegation tied to a September 2023 statement that the athletic apparel giant's "innovation pipeline" was strong.

Donahoe's April 2024 statement that Nike had been focusing on rebuilding its pipeline over the last year bolstered the investors' pleading that Donahoe knew the September 2023 strong pipeline statement was false when he made it, helping them adequately allege the level intent or recklessness for securities fraud claims, Judge Adrienne Nelson said Tuesday. In a July 2024 statement, Donahoe said Nike had been "kick-starting a multi-year innovation cycle" over the past year, boosting an inference of his knowledge by mid 2023.

But the investors' lengthy other pleadings of allegedly misleading statements and scienter, or intent or recklessness to defraud, weren't sufficient, the US District Court for the District of Oregon judge said. She dismissed the rest of their proposed class allegations and other current and former NIKE executives from the suit. The investors can file an amended complaint within 30 days.

It wasn't surprising that Donahoe, managing director of strategic business ventures Andrew Campion, and non-defendant tech executive Ratnakar Lavu left Nike after their pivot to push a digital direct-to-consumer strategy called "Consumer Direct Acceleration" fell short, Nelson said. Stock sales by executive chairman Mark G. Parker, chief financial officer Matthew Friend, and Donahoe weren't suspicious in context. And two other executives named as defendants, Campion and former consumer president Heidi L. O'Neill, weren't alleged to have sold shares.

The investors only adequately alleged falsity on six out of nearly 80 challenged statements concerning the pace of innovation, brand reputation, innovation pipeline, and marketplace strategy—but not that they were made with scienter, Nelson said.

"Revenue suggests that CDA worked for a time—key revenue measures increased for several years after the strategy was initiated. And then, like many strategies, its success faltered," Nelson said. "When it worked, defendants spoke positively about it. And when it stopped working, defendants told investors and NIKE pivoted strategies. While CDA may not have been an ultimate success, that does not mean the statements defendants made about it were fraudulent."

The only exception was Donahoe's 2023 statement, she said, "concerning the strength of NIKE's innovation pipeline, which was made after Donahoe was alleged to have begun working to address the innovation pipeline's faults."

Nelson's order came the day Nike posted a gloomy financial forecast for the year. CEO Elliott Hill reportedly aired his frustration to staff about Nike's turnaround in an all-staff meeting Tuesday, saying, "I'm so tired, and I know you are too, of talking about fixing this business."

The proposed class targeted those who bought Nike stock from March 19, 2021, through Oct. 1, 2024.

Labaton Keller Sucharow LLP, lead counsel for the proposed class of investors, declined to comment. Gibson, Dunn & Crutcher LLP and Stoel Rives LLP represent Nike. Neither of these law firms nor Nike immediately responded to emails seeking comment.

The case is *In re Nike Inc. Sec. Litig.*, D. Or., No. 3:24-cv-00974, 3/31/26.

(Updates to reflect investors' counsel declined to comment in the 10th paragraph.)

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Securities

Pfizer, Bain Must Litigate Cerevel Investors' AbbVie Deal Suit

March 31, 2026, 1:01 PM PDT

Pfizer Inc. and Bain Capital Investors LLC must defend against allegations they had power and influence over Cerevel Therapeutics Inc. while the biotech company misrepresented the timeline of AbbVie Inc.'s acquisition interest to investors.

Cerevel investors leading the case sufficiently alleged Bain bought millions of shares in an October 2023 offering knowing AbbVie had conducted due diligence into Cerevel, Cerevel was awaiting a term sheet, and Cerevel had begun preparing for an acquisition, Judge Gregory B. Williams said Monday.

Bain and Pfizer's combined 51.6% Cerevel stock ownership and board member appointments kept control-person liability claims against them afloat. But the investors failed to sufficiently plead control-person liability against Cerevel's former directors—shareholders needed to allege more than just their board membership, the US District Court for the District of Delaware judge said.

They failed to advance a claim on trading in the offering by Perceptive Advisors LLC, Williams said, dismissing it and the directors from the investors' proposed class action.

The investors adequately alleged securities fraud claims against Cerevel and CEO Ron Renaud. Renaud allegedly knew AbbVie was interested in making the deal happen while publicly discussing Cerevel's reasons for raising capital in November, Williams said.

Renaud and Cerevel had a duty to disclose AbbVie's advanced merger talks, Williams said. And the investors sufficiently alleged Cerevel's proxy statement for the deal was misleading over the timing of AbbVie's interest.

"While Cerevel may contend that the negotiations were only in their infancy, the allegations suggest that they progressed well beyond mere exploratory talks," Williams said.

An October 2023 equity offering was orchestrated to let Bain and Perceptive bolster their stock holdings before the anticipated AbbVie merger, investors alleged. By the end of that September, Cerevel allegedly knew AbbVie was interested in acquiring the company rather than merely pursue a Japanese partnership.

A similar case over the October offering is proceeding in Delaware's Court of Chancery against Bain, Perceptive, and others. Bain argued the private equity firms had their Cerevel holdings diluted in the offering.

Pfizer and Bain created Cerevel in 2018, later going public through a blank-check merger.

"Pfizer believes the claims against the Company are without merit," the company said in an emailed statement. "As a minority shareholder in Cerevel, Pfizer acted appropriately at all times."

Proposed Classes

The proposed classes include those who disposed of their Cerevel stock from Oct. 11, 2023, through Aug. 1, 2024; held shares as of Jan. 8, 2024, and could vote on the acquisition; or sold shares contemporaneously with Bain and Perceptive around Oct. 16, 2023.

Entwistle & Cappucci LLP and Farnan LLP represent the investors.

Ropes & Gray LLP and Abrams & Bayliss LLP represent Bain. Simpson Thacher & Bartlett LLP and Morris, Nichols, Arsht & Tunnell LLP represent Pfizer. Ross Aronstam & Moritz LLP represents Renaud.

Hueston Hennigan LLP and Richards, Layton & Finger PA represent Cerevel and former directors, which include former Massachusetts Gov. Deval Patrick. Skadden, Arps, Slate, Meagher & Flom LLP and Potter Anderson & Corroon LLP represent Perceptive.

Hueston Hennigan and Ropes & Gray declined to comment. The rest of the aforementioned law firms and Bain didn't immediately respond to emails seeking comment.

The case is *In re Cerevel Therapeutics Holdings, Inc. Sec. Litig.*, D. Del., No. 1:25-cv-00417, 3/30/26.

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Analysis | **Litigation**

Mixed Verdict, Alleged Jury Bias Expected to Be Focus of Musk Securities Appeals, Experts Say

Before Musk can appeal to the U.S. Court of Appeals for the Ninth Circuit, post-trial motion practice must be completed at the district court level.

March 31, 2026 at 02:49 PM By  **Ellen Bardash**



The old Twitter app. Shortly after Elon Musk completed his purchase of the microblogging app he renamed it "X." Photo: Shutterstock

Four years after Elon Musk started the process of acquiring Twitter Inc., a Northern District of California jury found two statements he made manipulated Twitter's stock price in violation of federal securities law. But with post-trial motion and appellate practice in that case and a separate Delaware action still lying ahead, the end of Twitter acquisition litigation could still be years away.

On March 20, the jury returned a [verdict](#) that concluded Musk was liable for two of the three statements the plaintiffs alleged constituted securities fraud and awarded damages valued at roughly \$2.1 billion. The jurors found the plaintiffs had not proven their claim that Musk participated in a scheme to defraud Twitter's investors.

Before Musk can appeal to the U.S. Court of Appeals for the Ninth Circuit, post-trial motion practice must be completed at the district court level. Counsel for Musk has told the court post-

trial motions will be filed on April 24. The plaintiffs' attorneys have said they will move for class notice approval by April 17. Both sides have submitted filings taking issue with the other's proposed schedule, but as of Tuesday afternoon, U.S. District Judge Charles R. Breyer had not issued a ruling on scheduling.

One fact that's likely to come up during post-trial briefing is that the jury found in favor of the plaintiff on two issues and in favor of Musk on the other two.

As the securities fraud action moved toward trial, Musk and his attorneys repeatedly argued a fair trial wouldn't be possible in the Northern District due to potential jurors having a more negative perception of him than they might in another part of the country. The defense now claims the jury verdict sheet, on which jurors wrote in a dollar amount representing the amount by which the plaintiffs had proven Musk's statements artificially deflated Twitter's stock price for dates between May 13 and Oct. 3, 2022, shows further bias.

"Plaintiffs' counsel is likely to look at that and say, because it's a mixed verdict, that tends to disprove this notion that they were out to get him," Ice Miller partner Tim Belevetz said.

Armstrong Teasdale partner Monte Mann said the defense will likely also cite the mixed nature of the verdict, but as a basis for saying the verdict as a whole shouldn't stand.

"They'll try to say that there's an inconsistency there, that the whole case should be thrown out," Mann said. "That's appellate law 101: you get a mixed verdict, you try to conflate the issues one on top of the other."

Alex Spiro of Quinn Emanuel Urquhart & Sullivan sent a [letter](#) to the court on March 24 arguing that the jurors' use of blue ink to write "\$4.20" as the deflation amount proven on Aug. 9, 2022, showed the jurors were mocking Musk, as the amounts next to all other dates were written in black ink.

"The purpose of a fair trial is for a jury to reach a verdict based on evidence without outside influence and noise," Spiro wrote. "This jury not only failed to avoid being influenced by the ongoing media environment and discourse about Mr. Musk, it sought to use its verdict to contribute to it. And as a result, we are left with more questions and the need for further inquiry."

Plaintiffs' counsel responded to the letter by asking the court to strike it from the record, claiming it wasn't solicited by the court and the bias-related concerns should have been brought up in post-trial briefing.

"Contrary to the letter's express and implied assertions, the court oversaw a scrupulous process to identify and dismiss jurors who might have been unfair to the parties; received hundreds of

exhibits into evidence; swore in well over a dozen trial witnesses; and handled a constant stream of procedural and evidentiary issues—some of which fell in plaintiffs’ favor, and others in Musk’s favor," the plaintiffs' motion to strike stated.

Belevetz said while the case has provided a look at the relatively new phenomenon of statements made on high-profile social media accounts such as Musk's X account being subject to securities fraud claims, the case doesn't raise any issues of first impression, and it's likely Musk's arguments on appeal will again center on his alleged inability to have gotten a fair trial in the Bay Area.

"I think it was probably meant as a joke, but the question is, does it rise to the level of prejudice in such a way that the verdict has to be set aside?" Belevetz said of the verdict form. "That issue, standing by itself, is going to be a tough one to convince the appellate court on."

Meanwhile, in the Delaware Court of Chancery, Musk's counsel [moved](#) for litigation involving the sale of Tesla stock as funding for the Twitter buyout to be assigned to another judge, claiming that Chancellor Kathaleen St. J. McCormick could be perceived as biased for allegedly reacting in support of a LinkedIn post critical of Musk and his counsel in the California action. McCormick has maintained that she did not click the reaction as claimed and denied Musk's motion for recusal, but on Monday [agreed to reassign](#) the Delaware litigation.

"In billion-dollar corporate litigation, the battlefield doesn't stop at the claims. It extends to the credibility of the court itself," Mann said. "What we're seeing in Delaware is a preview of how far litigants are willing to go when the stakes are high enough."

Page printed from: <https://www.law.com/therecorder/2026/03/31/mixed-verdict-alleged-jury-bias-expected-to-be-focus-of-musk-securities-appeals-experts-say/print/>

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Securities

Musk Faces New Setback in Lawsuits Over 2022 Twitter Buyout (1)

March 31, 2026, 12:10 PM PDT

Twitter shareholders gained traction in another lawsuit against Elon Musk over the run up to his 2022 buyout of the social media platform, with a judge granting class-action status to the investors.

The investors claim they were harmed when Musk secretly amassed more than 13 million in Twitter shares over 11 days starting on March 25, 2022. US District Judge Andrew Carter in New York ruled the investors can sue together in a single case, amplifying their leverage to force a settlement or go forward to trial.

The judge cited the investors' claims of his late filings to the US Securities and Exchange Commission, his alleged posting of "misleading tweets about Twitter's future" and "a coordinated trading strategy to silently build up" his position in the social media company. The case was filed in April 2022.

A spokesman for Musk's lawyers in the case declined to comment.

Earlier this month, in a separate investor lawsuit in San Francisco a jury found Musk misled the investors in 2022 when he tweeted that Twitter — now called X — had too many fake accounts and then tried to back out of his \$44 billion offer to buy the company. The investors who sued claimed Musk acted intentionally and they lost money when the shares fell. Musk's legal team has vowed to appeal the verdict.

Jurors in the San Francisco case found Musk liable to Twitter investors for misleading them with two tweets he posted in May 2022 stating concerns about the prevalence of fake accounts on the platform. Jurors rejected a claim in the class-action case that a third Musk statement violated federal securities law as well as an allegation that the billionaire waged a broader scheme to defraud investors.

(Updates with lawyers for Musk declining to comment in fourth paragraph.)

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Elon Musk must face class action over late disclosure of Twitter stake, judge rules

 [reuters.com/sustainability/boards-policy-regulation/elon-musk-must-face-class-action-over-late-disclosure-twitter-stake-judge-rules-2026-03-31](https://www.reuters.com/sustainability/boards-policy-regulation/elon-musk-must-face-class-action-over-late-disclosure-twitter-stake-judge-rules-2026-03-31)

Jonathan Stempel

March 31, 2026

Item 1 of 2 Twitter logo and a photo of Elon Musk are displayed through magnifier in this illustration taken October 27, 2022. REUTERS/Dado Ruvic/Illustration/File Photo/File Photo

[1/2] Twitter logo and a photo of Elon Musk are displayed through magnifier in this illustration taken October 27, 2022. REUTERS/Dado Ruvic/Illustration/File Photo/File Photo [Purchase Licensing Rights, opens new tab](#)

- Investors said Musk saved \$200 million, caused them losses
- Class action allows potentially greater damages
- Musk in talks to settle SEC lawsuit over Twitter disclosures
- Lawyers for Musk not available for comment

NEW YORK, March 31 (Reuters) - A federal judge on Tuesday said former Twitter investors who accused Elon Musk of defrauding them by waiting too long to disclose his initial investment in the social media company may pursue their case as a class action.

The decision by U.S. District Judge Andrew Carter in Manhattan exposes the world's richest person to potentially greater damages than if investors were forced to sue individually.

Sign up [here](#).

Lawyers for Musk did not immediately respond to requests for comment. Musk bought Twitter for \$44 billion in October 2022 and renamed it X.

Investors led by the Oklahoma Firefighters Pension and Retirement System said Musk [ignored](#) a March 24, 2022 deadline set by U.S. Securities and Exchange Commission rules to reveal he owned 5% of Twitter shares, and waited 11 more days before disclosing a 9.2% stake.

Investors said they relied on two March 26, 2022, tweets, where Musk said he was "giving serious thought" to creating a Twitter rival, and said "Haha that would be sickkk" after someone suggested he buy Twitter and change its bird logo to a doge image.

In opposing class certification, Musk said investors could not prove they relied on his alleged fraud.

Carter also said the inability to measure damages classwide did not mean a class could not be certified.

The case is separate from a lawsuit in San Francisco federal court, where a jury found Musk [liable](#) on March 20 for trying to drive the takeover price down by questioning whether Twitter was overrun by fake and spam accounts, or bots. Damages have yet to be determined. Musk is expected to appeal.

The SEC also sued Musk over his disclosure of his 5% Twitter stake. Both sides [disclosed](#) on March 17 that settlement talks were ongoing.
Reporting by Jonathan Stempel in New York; Editing by Chris Reese

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

D&O Lessons from the Beyond Meat SCA

K [dandodiary.com/2026/04/articles/securities-litigation/do-lessons-from-the-beyond-meat-sca](https://www.dandodiary.com/2026/04/articles/securities-litigation/do-lessons-from-the-beyond-meat-sca)

Sarah Abrams

April 1, 2026



The recently filed [securities class action](#) against Beyond Meat (Beyond Meat SCA) illustrates how accounting judgments, industry-wide demand shifts, and corporate turnaround narratives can create D&O exposure. Filed in January 2026, the complaint alleges that Beyond Meat and senior executives misled investors during 2025 by failing to timely disclose a material asset impairment while publicly emphasizing operational discipline and a path toward EBITDA-positive performance. As discussed below, the allegations arise amid a broader deterioration in the plant-based meat sector, documented in a [March 10, 2025, CNBC report](#), and alongside [emerging academic research](#) questioning the assumed health advantages of plant-based meat alternatives.

Taken together with the allegations of the Beyond Meat SCA, the marketplace shift and emerging academic findings may provide a useful lens for assessing certain D&O underwriting risk.

Beyond Meat SCA

The Beyond Meat SCA asserts claims under [Sections 10\(b\) and 20\(a\) of the Securities Exchange Act](#) and [Rule 10b-5](#) on behalf of investors who purchased Beyond Meat securities between February 27 and November 11, 2025. The Beyond Meat SCA plaintiffs allege that, as demand for plant-based meat products weakened and the company suspended or downsized operations in key markets, the carrying value of these assets exceeded their fair value well before the third quarter of 2025, making a material impairment charge reasonably likely.

However, despite the alleged conditions, the Beyond Meat SCA asserts that the company repeatedly represented in its public filings that no impairment of long-lived assets had occurred and framed impairment risk in generic, forward-looking terms. According to the investor plaintiffs, those disclosures were misleading because they portrayed impairment as a hypothetical future contingency rather than as an imminent accounting consequence of already-known operational conditions.

The complaint emphasizes that under [GAAP, specifically ASC 360 \(Property, Plant, and Equipment\)](#), impairment testing is triggered by indicators such as declining demand, excess capacity, facility underutilization, or adverse changes in expected cash flows. Plaintiffs allege that these indicators were present for Beyond Meat well before Q3 2025 and were, in fact, acknowledged by management in earnings calls and restructuring announcements. The plaintiffs frame Beyond Meat's alleged repeated statements that no impairment had been identified as obscuring the degree to which the company's balance sheet no longer reflected its operational reality, and therefore constituted an actionable omission.

In addition, purportedly throughout the class period, Beyond Meat's executives emphasized cost reduction, operational efficiency, and a path toward [EBITDA-positive operations](#) by the end of 2026. The plaintiffs allege that the repeated references to "optimization," facility rationalization, workforce reductions, and demand-driven restructuring were not merely strategic initiatives but signals that the economic utility of certain assets had materially declined; conditions that should have been accompanied by more fulsome impairment disclosure rather than continued assurances that the balance sheet remained unimpaired.

Finally, the Beyond Meat SCA alleges that Beyond Meat's risk factor and MD&A disclosures failed to satisfy [Item 303 of Regulation S-K](#), which requires disclosure of known trends or uncertainties reasonably likely to have a material impact on financial results. Rather than identifying impairment as a known and likely consequence of declining revenues, suspended operations in China, underutilized manufacturing facilities, and efforts to sublease or exit headquarters space, the company allegedly relied on boilerplate warnings that impairments "may" or "could" occur. When Beyond Meat disclosed an October 2025 an unquantified material impairment, delayed its earnings release, and eventually took a \$77.4 million non-cash impairment charge, the stock sharply declined.

Discussion

The Beyond Meat SCA illustrates how quickly accounting judgments can become disclosure disputes when industry conditions deteriorate, and corporate narratives lag operational reality. Notably, in sectors experiencing demand contraction and shifting consumer perceptions, like plant-based meat, impairment analyses, risk factor disclosures, and forward-looking performance messaging may face heightened scrutiny.

As the March 10, 2025, CNBC article detailed, the plant-based meat industry had lost much of its early momentum due to declining consumer demand, retailer pullbacks, pricing pressure, and oversupply. While this reporting predated many of the disclosures at issue in the complaint, it provides context for plaintiffs' argument that Beyond Meat's challenges were not sudden or unforeseeable.

Also, academic research, like that published in the June 2024 *American Journal of Clinical Nutrition*, examined diets incorporating plant-based meat alternatives and found no clear cardiometabolic advantage over comparable animal-based diets. While the study is not referenced in the Beyond Meat SCA, it undercuts a foundational assumption that helped fuel early enthusiasm for plant-based meat products, namely, that they delivered inherent health benefits. For D&O exposure purposes, such research might lead to scrutiny of growth projections, asset valuations, and strategic investments tied to industries like life sciences, nutrition, or consumer products.

Thus, the Beyond Meat SCA highlights how impairment timing may be a securities litigation trigger, particularly when an industry may be contracting. Asset impairments coinciding with declining demand, excess capacity, and restructuring activity can become support for investor-plaintiff arguments that impairment risk was not speculative but already known. For boards and executives, the challenge lies in balancing reasonable accounting discretion with the obligation to disclose when assumptions underlying asset valuations have materially shifted. And D&O underwriting exposure may increase when management's intent and knowledge are contested.

In addition, the Beyond Meat SCA underscores the tension between non-GAAP performance narratives and GAAP balance-sheet realities. Beyond Meat's emphasis on EBITDA-positive goals may have sought to reassure its investors during a period of volatility; however, it became support for plaintiffs' argument that the Beyond Meat narrative was misleading when it was not reconciled with

contemporaneous balance-sheet impairments. For D&O carriers, this may reinforce the importance of scrutinizing how management teams frame profitability pathways relative to underlying asset values.

Finally, the Beyond Meat SCA may also reinforce the vulnerability of boilerplate risk disclosures. The complaint repeatedly characterizes the company's impairment-related risk factor language as "generic" and not tailored to the alleged known risks of a likely material impairment affecting PP&E, lease ROU assets, and prepaid lease costs. Naming senior executives likewise underscores potential D&O exposure given the prominence of signed Sarbanes-Oxley certifications and management's role in SEC filings and investor-facing communications that can become focal points when an impairment charge surfaces abruptly.

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Securities

Beyond Meat CFO Pledges Accounting Issue Fixes as 10-K Delayed

March 31, 2026, 3:25 PM PDT

Beyond Meat Inc. is “fully committed” to strengthening its internal financial reporting safeguards after identifying weak spots, the company’s finance leader told analysts and investors Tuesday.

The plant-based protein maker can’t estimate when its annual financial report will be filed with the Securities and Exchange Commission, chief financial officer and treasurer Lubi Kutua said. The company, which is rebranding as Beyond The Plant Protein Co., has identified issues related to accounting for complex transactions, as well as procedures associated with inventory-related reporting.

“We are clearly disappointed with these findings and are actively working on plans to remediate the identified deficiencies,” Kutua said during an earnings call.

Net revenues for the fourth quarter of 2025 that ended Dec. 31 totaled \$61.6 million, a decrease of 19.7% year-over-year, according to the company’s press release. Financial results reflect “persistent weak demand” for plant-based meat, president and CEO Ethan Brown said Tuesday, noting the company’s recent launch of protein drinks.

Beyond Meat previously said it found a “material weakness” in its internal financial reporting safeguards related to inventory. The company delayed filing its annual report to allow extra time to review and analyze its inventory balances.

The business told investors late last year it was working on a remediation plan after its management concluded there were inadequate resources to “effectively identify and determine the proper accounting for non-recurring complex transactions.”

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Securities

View Beats Out Insurer on Coverage for De-SPAC Litigation

March 31, 2026, 10:01 AM PDT

An insurance policy exclusion for claims related to public offerings doesn't let StarStone Specialty Insurance Co. off the hook for litigation against "smart window" maker View Operating Corp. following its 2021 de-SPAC merger transaction, a Delaware court ruled.

The insurer also must reimburse View for one of its officer's defense costs, Delaware Superior Court Judge Sheldon K. Rennie said in a Monday order.

View faced a Securities and Exchange Commission suit and private shareholder litigation that alleged misconduct by its officers, including accounting violations, when it was absorbed by a special purpose acquisition company in 2021.

US Commerce Secretary Howard Lutnick, his former firm Cantor Fitzgerald LP, and other architects of View's "blank-check" deal agreed last year to pay \$11 million to settle the investor class action, while the SEC settled with View in 2023.

View sued StarStone in Delaware state court in August 2025, shortly after the insurer sued it in California federal court seeking a declaratory ruling that it had no obligation to cover the underlying litigation.

StarStone argued that the public offering exclusion barred coverage because a post-closing sale of the parent company View Inc.'s shares was effectively a sale of subsidiary View Operating Corp.'s shares.

Rennie disagreed, concluding that the plain language of the policy meant the exclusion applied only to the subsidiary View as its own entity, not its value through a parent company. Only the parent company registered and issued the securities at issue, Rennie said, so the exclusion didn't bar coverage for the underlying litigation.

View Inc. filed for bankruptcy in 2024, turning itself over to lenders in exchange for reducing its debt load.

The insurer also contended that View wasn't entitled to reimbursement until it had actually paid the defense costs for former Chief Financial Officer Vidul Prakash. But Rennie disagreed, concluding that StarStone had a policy obligation to pay the legal bills on View's behalf.

The SEC dropped its case against Prakash in February, even though a California federal judge had ruled he was required to face the agency's charges.

The court declined to rule on whether StarStone had denied coverage in good faith, writing that it was a triable issue.

Farella Braun & Martel LLP and Morris, Nichols, Arsht & Tunnell LLP represent View. Cozen O'Connor represents StarStone.

The case is View Operating Corp. v. StarStone Specialty Ins. Co. , Del. Super. Ct., No. N25C-08-064, 3/30/26

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Judge says students must find new lawyers in class action over US college financial aid

 [reuters.com/legal/government/judge-says-students-must-find-new-lawyers-class-action-over-us-college-financial-2026-03-31](https://www.reuters.com/legal/government/judge-says-students-must-find-new-lawyers-class-action-over-us-college-financial-2026-03-31)

David Thomas, Mike Scarcella

March 31, 2026

A man walks on the Georgetown University campus in Washington, U.S., April 3, 2020. REUTERS/Kevin Lamarque [Purchase Licensing Rights, opens new tab](#)

March 31 (Reuters) - A proposed antitrust class action against a group of elite U.S. universities was upended at least temporarily on Tuesday, when a federal judge in Chicago said he had been misled and that the plaintiffs must find new lawyers to lead their legal team.

U.S. District Judge Matthew Kennelly [said](#)  [, opens new tab](#) he would certify the class of more than 200,000 current and former college students only if new attorneys are brought in to lead the case, which accuses top universities of favoring wealthy applicants for financial aid.

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The plaintiffs have already secured more than \$300 million in settlements in the case, which is set to go to trial in November.

Kennelly gave the plaintiffs' lawyers at law firms Berger Montague and Freedman Normand Friedland 21 days to find an alternate lead counsel after finding a third firm, Gilbert Litigators and Counselors, misled the court in its requests for attorney fees.

"If this is done, and the new counsel is shown to be adequate, then the court will grant the motion for class certification and appoint the new counsel as the lead, with FNF and Berger as co-counsel," Kennelly wrote in his 62-page ruling. Otherwise "the balance will tip the other way, and the court will deny the motion for class certification," he said.

The judge scheduled a hearing for next month.

Kennelly found that the Gilbert firm misled the court when it asserted in its briefs seeking attorney fees that its work was on a "wholly contingent" basis and its expenses were "unreimbursed." This was false because GLC had a litigation financing agreement that provided the firm with \$14 million in advanced funding, Kennelly said.

Berger Montague and Freedman Normand did not disavow or correct GLC's filings, Kennelly said, writing that the two firms "helped pull the wool over the court's eyes."

Eric Cramer, the chairman of Berger Montague, and Ted Normand, a founding partner at Freedman Normand, both declined to comment. Robert Gilbert, the managing partner of GLC, referred Reuters to [his filing](#)  , [opens new tab](#) earlier this month in which he apologized and said he did not intend to mislead the court.

Cramer and Normand in [a joint filing](#)  , [opens new tab](#) earlier this month said they also did not intend to mislead the court, but that their attorney-fee filings "unintentionally left the court with an inaccurate impression with respect to the financial risks" taken by GLC due to the litigation funding it received. Kennelly said he had no issue with litigation financing or the lawyers' requested fees in principle. But he said the episode had "impaired" the necessary trust between the court and the class lawyers.

Kennelly said GLC could exit the case altogether, which the firm had [suggested](#)  , [opens new tab](#) if it could not stay on in a supporting role. Berger Montague and Freedman Normand in a filing last month said they "would work to facilitate a transition to new counsel" if required by the judge.

The lawsuit accuses 17 prominent colleges and universities of violating U.S. antitrust law by breaching a pledge not to consider students' finances in making admissions decisions. Twelve of the original defendants in the case, including Vanderbilt, Northwestern, Dartmouth and Columbia, have agreed to pay [nearly \\$320 million](#) to settle claims against them. All the defendants, including those that have settled, have denied any wrongdoing.

The five remaining defendants — Cornell, University of Pennsylvania, MIT, Georgetown and Notre Dame — [have argued](#) that the class should not be certified. They argued in a [filing](#)  , [opens new tab](#) earlier this month that all of the plaintiffs' attorneys should be kicked off the case. The schools said the three firms have an agreement to share fees in this case, and cutting just GLC out of the case could lead to future disputes over those fees.

"So long as any of the attorneys who misled the court remain in this case, all stand to benefit at the proposed class's expense," the schools argued in a March 19 filing.

Attorneys for the five schools did not immediately respond to a request for comment.

Reporting by David Thomas

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Thomson Reuters

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California Brief

Lawyers Seek \$147 Million Fee in Google Privacy Button Case

March 31, 2026, 4:18 PM PDT

Boies Schiller Flexner LLP, Susman Godfrey LLP, and Morgan & Morgan, who represented plaintiffs in a successful privacy class action against Google LLC last year, are seeking \$146.7 million in legal fees for their work.

That number amounts to one third of the \$440.4 million final damages award against Google, after a jury last year found the tech giant had violated the privacy rights of 98 million users who had turned on a privacy toggle in their account settings.

The jury awarded \$425.7 million in its verdict, but the final number approved by Judge Richard Seeborg included additional pre-judgment interest.

The fee request from the three firms filed Monday also asked the judge to approve \$12.4 million in litigation costs.

The nearly six-year-long case in the US District Court for the Northern District of California in San Francisco focused on the privacy toggle in Google's account settings that would stop the company from collecting their data across third-party apps.

A jury last summer agreed with the plaintiffs' claims that Google broke its promise and continued to track user data even if they'd turned off the switch, which was called Web & App Activity. The jury's damages award, far less than the \$31 billion requested by the plaintiffs, would amount to about \$4 per class member, even without attorney fees taken out.

The plaintiffs' attorney fee request said a one-third award is consistent with California state law and precedent under the US Court of Appeals of the Ninth Circuit. The filing said the verdict was historic and marked the cumulation of extensive litigation efforts and risks.

Although similar privacy cases against Google have failed, the class counsel "persevered through multiple motions to dismiss, class certification, summary judgment, and a post-trial decertification motion."

"That perseverance in the face of substantial litigation risk warrants an upward adjustment," the filing said.

The three law firms said they had been litigating the case on contingency and their market rates in non-class action contingency cases are generally between a third and 40% of the total award.

The case is Rodriguez v. Google LLC , N.D. Cal., No. 3:20-cv-04688, 3/30/26 .

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Critical Mass With Law.com's Amanda Bronstad: After Two Verdicts, What's Next For Social Media? Federal Judge Removes Beasley Allen From Talc Plaintiffs Steering Committee

After juries hit Meta Platforms with two verdicts in New Mexico and California, social media companies face similar trials this year involving a teenager, a school district and another state.

April 01, 2026 at 06:59 AM By  **Amanda Bronstad**



Mark Lanier, of The Lanier Law Firm, speaking to media outside the Los Angeles Superior Court courthouse, after winning a \$6 million social media addiction verdict against Meta and YouTube, on Wednesday, March 25, 2026. Photo: Amanda Bronstad/ALM

Welcome to Law.com Class Actions: Critical Mass, a weekly briefing for class action and mass tort attorneys.

This week: After juries hit **Meta Platforms** with two verdicts in New Mexico and California, social media companies face similar trials this year involving a teenager, a school district and another state. A federal magistrate judge granted **Johnson & Johnson's** motion to disqualify **Beasley Allen**,

removing the plaintiffs' firm from leadership of the multidistrict litigation. Find out who got appointed to lead the sexual assault lawsuits against **Lyft**.

I'm **Amanda Bronstad**. Feel free to reach out to me with your input. My email is amanda.bronstad@alm.com. Follow me on [LinkedIn](#) or X: [@abronstadlaw](#).



Los Angeles Superior Court courthouse at 312 N. Spring St. in downtown Los Angeles. The courthouse is also the home of the U.S. District Court for the Central District of California. Photo: Amanda Bronstad/ALM

Verdicts Against Social Media Have ‘Implications Far Beyond This Courtroom’

One day after a New Mexico jury hit **Meta Platforms** with [a \\$375 million verdict](#), jurors in **Los Angeles Superior Court** awarded \$6 million to a 20-year-old woman who alleged she became addicted to Instagram and **YouTube**, causing her mental health problems.

[Here's my report](#) on the March 25 verdict in Los Angeles, which included \$3 million in compensatory damages and \$3 million in punitive damages following [additional arguments](#) from the lawyers. Jurors voted 10-2 on the liability questions, splitting fault 70% to Meta and 30% to YouTube, owned by **Google**, for the anxiety and body dysmorphia suffered by plaintiff K.G.M., who got on both platforms before she was 13. They were split 9-3 on damages questions.

The Los Angeles jury award, and the March 24 verdict for **New Mexico Attorney Raúl Torrez**, in the **1st Judicial Circuit Court** of Santa Fe, provide a road map for lawyers suing social media companies for addiction and harm to children, [lawyers told me](#). Many more trials are planned. The next individual trial in Los Angeles Superior Court is anticipated for July, and **U.S. District Judge Yvonne Gonzalez Rogers**, in the **Northern District of California**, has scheduled a June 15 trial between a Kentucky school district and Meta, YouTube, **TikTok** and **Snap Inc.**, which owns Snapchat, and an Aug. 6 trial against the same four companies by a state attorney general.

[Matthew Bergman](#) (**Social Media Victims Law Center**), who filed K.G.M.'s case, called the Los Angeles Superior Court verdict a "watershed moment." He wrote:

"This verdict carries implications far beyond this courtroom. It establishes a framework for how similar cases across the country will be evaluated and demonstrates that juries are willing to hold technology companies accountable when the evidence shows foreseeable harm."



Beasley Allen Moves to Stay 'Far-Reaching and Troubling' Removal in Talc MDL

A federal judge removed **Beasley Allen** from the plaintiffs' steering committee in the talcum powder multidistrict litigation against **Johnson & Johnson**, concluding that principal [Andy](#)

[Birchfield](#) had violated several of **New Jersey's Rules of Professional Conduct** in partnering with a former Johnson & Johnson attorney to propose a \$19 billion settlement.

[Here's my report](#) on **U.S. Magistrate Judge Rukhsanah Singh's** March 26 order, which comes more than two years after she and **Atlantic County Superior Court Judge John Porto** oversaw an evidentiary hearing on Johnson & Johnson's disqualification motions in New Jersey's federal and state courts against the Montgomery, Alabama-based plaintiffs' firm. The order also comes about two months after a **New Jersey Appellate Division** [disqualified Beasley Allen](#) from the talc cases in New Jersey state courts, reversing [Porto's ruling](#) to keep the firm, which claims to represent 435 women in New Jersey state courts, and 5,500 in the multidistrict litigation.

"To permit counsel—who has now been disqualified in the NJ MCL—to remain here threatens to make those endeavors a futility by tainting proceedings going forward," Singh wrote.

The judge ordered that plaintiffs' lawyers had until April 17 to apply for the co-lead counsel position held by Beasley Allen principal [Leigh O'Dell](#) since the multidistrict litigation's creation in 2016.

Beasley Allen, which has sought review before the **New Jersey Supreme Court**, plans to appeal Singh's order. The firm has failed to convince courts to stay the New Jersey Appellate Division's ruling. But, on Monday, [David Frederick](#) (**Kellogg Hansen**) and [Jeffrey Pollock](#) (**Pollock Law**) filed a motion to stay Singh's order on behalf of Birchfield and Beasley Allen, pending its appeal to **U.S. District Judge Michael Shipp**, who in the District of New Jersey.

They wrote:

"The consequences of this court's holding are far-reaching and troubling. Under its reasoning, any attorney who participates in court-ordered mediation or engages in settlement discussions could be deemed 'associated' with other parties, vendors, or consultants present in those proceedings, simply by virtue of working toward a common resolution. The rule as interpreted would chill participation in mediation and settlement efforts, discourage creative approaches to dispute resolution, and allow the ethics rules to become tools for litigation gamesmanship rather than professional regulation."



Aimee Wagstaff of Andrus Wagstaff.

Who Got the Work?

[Roopal Luhana](#) (**Chaffin Luhana**), [Aimee Wagstaff](#) (**Wagstaff Law Firm**) and [Rachel Abrams](#) (**Peiffer Wolf**) were appointed co-lead counsel for plaintiffs suing Lyft over sexual assaults. **U.S. District Judge Rita Lin**, in the **Northern District of California**, [assigned to the multidistrict litigation](#) against Lyft earlier this year, appointed the three attorneys on March 26.

Here's what else is happening:

Here's what else is happening:

Formula Fail: A Florida judge [tossed a case](#) over **Abbott Laboratories'** cow's milk-based infant formula that had been set for an April 6 trial. **Broward County Circuit Judge Carol-Lisa Phillips** concluded that Abbott, which provides its Similac product to doctors in hospitals for premature babies, could not be sued for failing to warn Tiana Ennix, the mother of baby Ilyiana, who died of necrotizing enterocolitis, or NEC, at one month old. The March 24 summary judgment ruling comes as another infant formula trial against Abbott involving four plaintiffs is [ongoing](#) in Chicago's **Cook County Circuit Court** and as bellwether trials are planned in the NEC multidistrict litigation in the **Northern District of Illinois**.

Buzbee Billion: The Buzbee Law Firm [obtained a \\$1.1 billion verdict](#) for a child assault survivor, the largest of its kind in U.S. history. Firm attorneys [Tony Buzbee](#), [Colby Holler](#), David Fortney and Hall Sasnett represented B.S., now 7, along with his parents, Madison Ball and Stephen Sampson, who filed the lawsuit in **134th Judicial District Court** in Dallas against Charles Edwin Brooks Jr., Ball's ex-husband. Brooks later pleaded guilty to injuring the child, who suffered traumatic brain injuries and now uses a wheelchair, while babysitting him in 2021. He was sentenced to 40 years. Brooks, who is the grandson of Percy Turner, an original investor in **Humble Oil**, was represented by [Daniel Karp](#) (**Fee, Smith & Sharp**).

Epstein Bank: Bank of America agreed to [pay \\$72.5 million](#) to settle lawsuits alleging the bank was accountable for **Jeffrey Epstein's** sexual abuse of women. The class action was brought by **Boies Schiller and Edwards Henderson** on behalf of one of the victims, referred to in court documents as "Jane Doe," in **U.S. District Court for the Southern District of New York**, and alleges Bank of America ignored suspicious payments between Epstein and **Leon Black**, the billionaire co-founder of **Apollo Global Management**. The class, if approved, would consist of all women who were sexually abused or trafficked by Epstein between June 30, 2008, and July 6, 2019. Bank of America, represented by **Jones Day**, did not admit liability in the settlement.

Thanks for reading Critical Mass! I am out next week, but we'll be back the following week.

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Social media plaintiff's counsel make 2nd try at strict liability claim

DJ [dailyjournal.com/articles/390461-social-media-plaintiff-s-counsel-make-2nd-try-at-strict-liability-claim](https://www.dailyjournal.com/articles/390461-social-media-plaintiff-s-counsel-make-2nd-try-at-strict-liability-claim)

Los Angeles Judge Carolyn B. Kuhl

A Los Angeles judge overseeing the county's coordinated social media addiction litigation heard arguments Monday over whether these platforms can be treated as defective "products," a question now under submission that could shape the claims in the cases' next state bellwether trial.

The dispute centers on whether a Florida minor, identified as R.K.C., can pursue strict product liability claims that Superior Court Judge Carolyn B. Kuhl previously rejected for California plaintiffs - including Kaley G.M., who secured a \$6 million jury verdict last week against Meta Platforms and Google on negligence claims.

Both companies said they will appeal.

Similar to Kaley, R.K.C. alleges that social media platforms are defectively designed to be exploitatively addictive to minors and to have substantially contributed to his mental health struggles. He brings claims against Meta and Google as well as Snap Inc. and ByteDance, adding Snapchat and TikTok to the case.

Snap and TikTok confidentially settled Kaley's claims days before her trial.

Kuhl said she wanted the next bellwether trial to happen "in the summer" and suggested it could be as early as June. An April 13 trial date was vacated after she ordered the parties to file briefing regarding their availability in the coming months, which the judge will address at an April 21 hearing.

In support of the defense's motion to narrow R.K.C.'s trial, the companies' attorneys urged Kuhl to extend her prior product liability ruling, arguing there is no meaningful difference between California and Florida law that would justify reviving strict liability claims.

Morgan Lewis & Bockius LLP partner Brian Ercole, arguing on behalf of all the companies, told the judge that Florida's product liability framework is "the substantial equivalent" of California law and does not support treating social media platforms as products.

Ercole argued the plaintiff's counsel failed to identify any Florida statute, appellate decision or other authority showing a material difference between the two states' laws, relying instead on a handful of nonbinding trial court rulings involving different technologies. Allowing the claims to proceed, he said, would effectively create a new tort theory without guidance from Florida courts or lawmakers.

Kuhl pressed both sides on the practical significance of strict liability.

"Having now seen a trial on a negligence theory, why do you want strict liability?" the judge asked.

New York attorney Josh Autry of Morgan & Morgan, for R.K.C., argued strict liability provides an additional path to liability, particularly where the defendant companies contest whether their conduct was unreasonable. He pointed to the prior trial, where YouTube "put on a pretty aggressive" defense focused on the absence of negligence and said plaintiffs are entitled to pursue alternate theories.

Autry also argued Florida law differs in key respects, pointing to multiple decisions in which courts applying Florida law allowed product liability claims involving digital platforms or smartphone applications. He said those rulings reflect a policy focus on placing responsibility on companies that design and distribute products into the stream of commerce.

The defense counsel countered that none of those cases involved social media platforms or binding appellate authority and said they applied the same legal principles Kuhl previously relied on to reject product liability claims. They emphasized that the analysis remains a fact-specific inquiry and that prior rulings already found negligence law to be the appropriate framework.

The dispute underscores a central divide in the coordinated cases over whether platform design features such as autoplay, notifications and algorithmic recommendations can be treated as "defective" products or must instead be evaluated under traditional negligence standards. *Social Media Cases*, JCCP5255 (L.A. Super. Ct., filed Oct. 24, 2022).

According to court filings, Kuhl previously dismissed strict product liability claims at the demurrer stage in the context of California plaintiffs.

The defense's pending motion contends this ruling "did not rest upon substantive nuances of California law," but instead relies on general product liability principles.

The plaintiff's opposition argues the prior ruling was grounded in California law and does not control here, contending Florida law allows product liability claims against app-based platforms.

In addition to the product liability dispute, Kuhl heard arguments on several motions in limine, including whether evidence from certain Snapchat accounts R.K.C. allegedly used should be excluded.

Kirkland & Ellis LLP partner Sierra Elizabeth, for Snap, argued the accounts were disclaimed by the plaintiff and excluded from the case, and therefore allowing related evidence would be prejudicial and undermine discovery agreements.

Kuhl did not make a finding and took the matter under submission.

The judge also addressed a dispute over a treating witness R.K.C. began seeing after the lawsuit was filed, indicating the plaintiff retains the right to seek treatment and present testimony from treating health care providers. However, she cautioned that any such testimony would be limited to the scope of treatment rather than undisclosed expert opinions.

#390461

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Firm kicked off talc cases: Appeal 'likely to prevail'

| Newsletter

 [legalnewsline.com/newsletter/firm-kicked-off-talc-cases-appeal-likely-to-prevail/article_a6f5f897-fd0b-4e46-aca1-4472a84fc8e5.html](https://www.legalnewsline.com/newsletter/firm-kicked-off-talc-cases-appeal-likely-to-prevail/article_a6f5f897-fd0b-4e46-aca1-4472a84fc8e5.html)

John O'Brien, John O'Brien

April 1, 2026

Johnson & Johnson Baby Powder no longer contains talc powder.

Austin Kirk, Public domain, via Wikimedia Commons

TRENTON, N.J. – The law firm that spent years of time and money preparing for a payday in talc litigation says it is confident an appeals court will overturn the order that disqualified it.

Beasley Allen yesterday asked for a stay of a federal magistrate judge's order that kicked the firm off more than 60,000 lawsuits alleging cosmetic talc products like Johnson & Johnson's Baby Powder contained asbestos and caused ovarian and other cancers.

Beasley Allen was lead counsel in the multidistrict litigation proceeding in New Jersey until magistrate judge Rukhsanah Singh found its collaboration with a former J&J lawyer inappropriate.

Beasley Allen and lawyer Andy Birchfield called the ruling an "extraordinary step" they want stayed until the U.S. Court of Appeals for the Third Circuit hears it.

"Beasley Allen is likely to prevail in its forthcoming appeal of that decision, which expands the scope of the rule holding lawyers responsible for the conduct of third parties and incorrectly applies that rule to an individual whom Beasley Allen neither employed, retained, nor associated with within the meaning of the rule," lawyers for the firm said.

Beasley Allen spearheaded the effort to fight J&J's plan to pay \$9 billion to settle tens of thousands of lawsuits in Houston bankruptcy court. The firm was successful and forced J&J back to New Jersey federal court, where Beasley Allen hoped for jackpot verdicts that would boost its clients' position for larger settlements than the previous plan would have provided.

But along the way, it and Birchfield collaborated with a former J&J lawyer on a mass settlement plan – an arrangement J&J called "shocking and deeply troubling" that got Beasley Allen [booted off 3,600 state court cases in New Jersey](#) earlier this year.

New Jersey's Appellate Division 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 escalated the disqualification push in federal court, where a [disgruntled former client of the firm](#), Aletha Wilson, said Beasley Allen tried to trick her into signing a retroactive power of attorney giving the firm the power to vote against the \$9 billion bankruptcy plan Johnson & Johnson 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. Wilson 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 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 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. Court records show 8,000 Beasley Allen clients who, through Beasley Allen, voted against J&J's bankruptcy settlement but never actually told the firm what their position on that plan was.

Beasley Allen "ratified" Conlan's conduct by asking to include him in settlement negotiations with J&J, Singh wrote.

"Mr. Conlan has never been employed, retained, supervised or controlled by Beasley Allen," the firm says.

"Mr. Conlan has his own interests – that is the interest of Legacy Liability Solutions – looking to step into the shoes of Johnson & Johnson...Yet under this Court's expansive definition, their discussions during a court-ordered mediation rise to the level of an association..."

Affirming the ruling would chill participation in mediation efforts, the firm said, and discourage "creative approaches to dispute resolution."

The talc MDL is one of the largest in the country and was organized in 2016. There are more than 67,000 claims, and the promise of a large payout when it is resolved led to attorneys spending on advertising and some firms taking money from litigation funders who were promised a share of the recovery.

Still pending are motions to disqualify experts who testify there is asbestos in talc, the talc made its way into plaintiffs' bodies and it caused their cancers. J&J calls [those claims "junk science,"](#) and a ruling preventing those experts from telling it to jurors could doom the cases.

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](#).

News | DOJ

Crash Victim Families Lose Appeal to Revive Criminal Case Against Boeing

The U.S. Court of Appeals for the Fifth Circuit declined to set aside a non-prosecution agreement between the DOJ and Boeing that ended the government's criminal investigation.

March 31, 2026 at 02:15 PM By  **Avalon Zoppo**



Boeing headquarters in Chicago. Courtesy of Boeing

The U.S. Court of Appeals for the Fifth Circuit on Tuesday rejected a bid by the families of victims of two fatal Boeing 737 MAX crashes to undo the dismissal of the U.S. Department of Justice's criminal conspiracy case against the aircraft manufacturer.

The three-judge panel declined to set aside a non-prosecution agreement between the DOJ and Chicago-based Boeing that ended the government's criminal investigation. The Fifth Circuit rejected the families' [claim](#) that prosecutors failed to confer with them, in violation of the federal Crime Victims' Rights Act.

The families argued that prosecutors misled them about the sequence of events—that an NPA would be entered before a judge dismissed the case.

“Even assuming the prosecution could have been clearer about its intention to enter an NPA before the district court ruled on a motion to dismiss, the families cite no authority for the proposition that this means the Department failed to ‘confer’ with them as the CVRA demands,” the Fifth Circuit [stated](#) in its per curiam order.

Last May, the DOJ held a video call with the victims’ families about plans for the NPA and motion to dismiss, according to the order.

But “the prosecution never suggested it would wait for a dismissal before entering the NPA,” the order stated. “To the contrary, it suggested the opposite—namely, that ‘if the Department entered an NPA with Boeing, that would require the Department to move to dismiss the charge.’”

Judges Leslie Southwick, Kurt Engelhardt and Kyle Duncan were on the Fifth Circuit panel.

After the 2018 and 2019 crashes that killed 346 people, the federal government accused Boeing of conspiracy to defraud federal regulators in the certification of the defective 737 MAX 8 aircraft.

Under the NPA entered last year, the government agreed to move to dismiss the charges on the condition that Boeing pay \$1.1 billion in fines. U.S. District Judge Reed O’Connor of the Northern District of Texas allowed the dismissal last November.

University of Utah College of Law professor Paul Cassell, the families’ attorney, said in a statement following the Fifth Circuit’s decision that his clients were “never given a meaningful opportunity to shape the negotiations” between the prosecution and aircraft manufacturer.

“Today’s Fifth Circuit decision reveals how America’s criminal justice system continues to mistreat crime victims and their families,” Cassell said. “Today’s ruling means that Boeing escapes criminal justice accountability for the killing (of) 346 people, and the victims’ families were never given a meaningful opportunity to shape the negotiations between the Justice Department and Boeing, dating back to 2020, when a sweetheart DPA [deferred prosecution agreement] was put in place.”

The Fifth Circuit issued its decision in *In re Naoise Connolly Ryan, Petitioners*, No. 25-11253.

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Securities

Manage Newsletters

Burford Leans on Portfolio Strength After Court Loss, Stock Dive

April 1, 2026, 1:00 AM PDT

Summary by Bloomberg AI

AI Generated



- Burford Capital Ltd. will test the strength of its overall portfolio going forward as it seeks cash returns for lawsuit investors after a court ruling loss.
- The US Court of Appeals for the Second Circuit reversed a ruling that ordered Argentina to pay \$16.1 billion over the seizure of state-run oil company YPF SA, causing Burford's stock to drop.
- Burford CEO Christopher Bogart said the funder's core business is based on a portfolio of many hundreds of valuable cases that is expected to produce more than \$5 billion in cash proceeds over time.

Burford Capital Ltd., hit with a 50% stock drop after plaintiffs it backs lost a court ruling, will test the strength of its overall portfolio going forward as it seeks cash returns for lawsuit investors.

The US Court of Appeals for the Second Circuit on March 27 reversed a ruling that ordered Argentina to pay \$16.1 billion over the seizure of state-run oil company YPF SA. Burford before the ruling stood to win a large share of the award in return for paying the costs of litigants to bring the suit.

The court loss sent their stock spiraling down 47% the day of the decision and lower by an additional nearly 3% March 30 before gaining more than 12% Tuesday. Still, the YPF case has been worthwhile given that Burford earlier sold off some of its interest in the YPF case and has a broad portfolio of other litigation going forward, said Erick Robinson, a lawyer who leads a litigation funding advocacy group.

"Burford took a smart risk—they won big, and then on this issue, which easily could have gone either way, they lost at least temporarily," Robinson said. "This doesn't break a portfolio fund any more than one bad stock pick breaks a hedge fund."

The YPF loss challenges the resiliency of one of the biggest and best-known litigation funders. Burford since its launch in 2009 has committed more than \$12.1 billion to legal finance and currently manages a portfolio of \$7.5 billion, the funder said in February report of fiscal 2025 results.

Burford CEO Christopher Bogart said in a statement March 30 that the funder has “always treated YPF as separate and apart” from its core business.

“Our core business is based on a portfolio of many hundreds of valuable cases—a portfolio we expect to produce more than \$5 billion in cash proceeds over time and that produced more than \$1.2 billion in cash in just the last two years,” Bogart said.

Burford declined to comment beyond the statement.

Not for ‘Weak’

Plaintiffs and their lawyers have been cheering on the growth of litigation investments as a way to pay for lawsuits that otherwise might not be brought. Company advocates such as the US Chamber of Commerce have fought the practice as instigating frivolous, costly litigation.

The Second Circuit decision is a reminder that litigation funding “isn’t for the weak,” said Maria Glover, a Georgetown Law professor. It shows that pursuing lawsuits carries risk, and litigation funding absorbs some of that risk for plaintiffs, she said.

“Obviously it’s a big, temporary blow” for Burford, she said of the YPF decision. “How lasting it is depends on how things play out.”

Burford expects the plaintiffs to seek a rehearing by the entire Second Circuit, though the court rarely grants such requests, the funder said in the statement. Plaintiffs, investors in an oil company now owned by Argentina, next would seek a US Supreme Court review, though the court rejects most such requests, it said.

Another option is arbitration, Burford said. The International Centre for Settlement of Investment Disputes, an agency of the World Bank, would likely be the venue, and “it would be a multi-year process,” according to the funder.

“While we are optimistic about the eventual positive outcome in the case given the availability of international arbitration, we recognize that represents a meaningful delay in expected cash proceeds and affects investors’ views about Burford’s present value,” it said in the statement.

Long Path

The case goes back to 2012 when Argentina nationalized the oil giant YPF. Petersen Energia Inversora SAU and other investors filed suit in 2015, claiming the country did not offer a payout to shareholders as required. Burford acquired the right to pursue the claims for 15 million euro (\$16.6 million).

US District Judge Loretta Preska issued the \$16.1 billion award in 2023, after finding the nationalization violated YPF’s bylaws requiring a tender offer to shareholders. The award since swelled to \$18 billion with interest.

Burford previously sold off more than a third of its interest to other investors, mainly large hedge funds, for \$236 million.

Analysts at Wedbush issued a report March 30 downgrading the company to neutral from outperform. The report said that if Burford has to adjust the value of its assets, it could potentially restrict the company from issuing new debt.

The report also said that the stock drop after the appeals decision could be an attractive entry point for investors with an appropriate risk tolerance and long-term holding period.

"We continue to believe that Burford's successful long-term track record is currently being overshadowed by the YPF outcome and the stock's significant decline on Friday may have been the necessary clearing event that will now allow investors to focus on the company's core business," the report said.

Robinson, a partner at Cherry Johnson Siegmund James and head of litigation funding trade group American Civil Accountability Alliance, said that the case is an example of how lawsuit investments can be helpful to plaintiffs.

"The take home message is that funding works," he said. "Only a funded plaintiff could have sustained a decade long fight against a sovereign nation."

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Mass Tort Firm Clashes With Litigation Financer in Trade Secret Dispute

"This is a brazen attempt by Archetype to take work product they stole from the [Bullock Law Group] to claim they invented [video game addiction] litigation. We look forward to vindication and uncovering all parties who have funded and assisted Archetype in perpetuating this theft and fraud," the firm said.

April 01, 2026 at 12:07 PM By  **Alex Anteau**



Credit: Ratana21 - stock.adobe.com

The Bullock Legal Group's battle against Archetype Capital Partners will be moving to Georgia federal court for allegations that the underwriting company extorted the law firm for hundreds of millions of dollars, according to a filing last week.

Adding to an ongoing legal dispute over allegedly stolen proprietary data, the Bullock Law Group [sued](#) Archetype in the Superior Court of Cobb County, accusing Archetype of conspiring to steal the Bullock Law Group's trade secrets. Archetype, represented by local counsel from Cross Kincaid Baskam, moved to get the case transferred to the U.S. District Court for the Northern District of

Georgia on March 26. In the middle of these legal battles is attorney and Archetype co-founder Adam Schneider, who was named as a co-defendant in the case. Each side has accused Schneider of colluding with the other to steal data related to mass-tort video game addiction litigation.

"This is a brazen attempt by Archetype to take work product they stole from the [Bullock Law Group] to claim they invented [video game addiction] litigation," Bullock Law Group founder Tina Bullock told the Daily Report in an email on Monday. "We look forward to vindication and uncovering all parties who have funded and assisted Archetype in perpetuating this theft and fraud."

According to the Bullock Law Group's complaint, Bullock was one of the first litigators to pioneer video game addiction litigation in the early 2020s, and first met Archetype when she approached the company for potential litigation funding in 2024. While Archetype declined the offer, Schneider served as co-counsel on some of Bullock's cases, "falsely claiming he was lead counsel in a prominent mass tort settlement." All the while, he was allegedly recording the Bullock Law Group's communications and sending that information to Archetype and made it look like Archetype had developed the allegedly stolen data.

Archetype sued both the Bullock Law Group and Schneider for \$100 million in the U.S. District Court for the District of Nevada. Archetype's [complaint](#) claims that Bullock and Schneider schemed to misappropriate and steal its data to gain an unfair advantage in the litigation finance and mass tort markets, diverting "millions of dollars' worth of business opportunities away from Archetype."

On Dec. 5, U.S. District Judge Gloria M. Navarro of the District of Nevada denied Archetype's motion for a preliminary injunction against Bullock Legal Group because the court lacked personal jurisdiction over it, and further dismissed the firm as a party. Archetype has appealed the district court's injunctive order to the Ninth Circuit and filed a first amended complaint against the law firm and Schneider on March 27.

Schneider declined a request for comment and hasn't yet made an appearance in the Georgia case, but he did [file a motion to dismiss](#) the Nevada claim, where he described Archetype's complaint as an "attempt to recast a business divorce as a trade-secret and tort case." He told the Daily Report that he is currently represented by Mazin Sbaiti and Kevin Colquitt of Sbaiti & Company and Kamal Ghali of Ghali & Chaiken.

A team from Robbins Alloy Belinfante Littlefield represents the Bullock Law Group in the Georgia litigation.

Neither Archetype's nor Schneider's counsel responded to request for comment.

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Securities

Klarna Sued Over 'Predatory' Automatic Withdrawal Practices (1)

March 31, 2026, 12:33 PM PDT; Updated: March 31, 2026, 1:18 PM PDT

Klarna Inc., the popular “buy now, pay later” provider, approves users for “purchasing power” without investigating their ability to pay and instead makes them agree to automatic bank withdrawals for some purchases, according to a proposed class suit filed in Chicago federal court.

“In other words, Klarna replaced underwriting with the right to pull payments directly from consumers accounts,” the complaint filed Monday says. “It extended reusable credit without determining whether its consumers had any ability to repay, then positioned itself to collect first by reaching directly into consumers’ accounts when payments came due.”

Klarna users are “disproportionately financially vulnerable” and more likely to have bad credit scores but the company, “in predatory fashion, extends replenishable credit to these consumers and secures repayment priority for itself,” says the complaint, filed in US District Court for the Northern District of Illinois.

The complaint says people are increasingly making everyday purchases using the buy-now-pay-later service. Klarna even partnered with DoorDash to let consumers finance food delivery, it says.

“When a consumer is forced to finance a burrito, it almost certainly means they are under extraordinary financial strain,” the complaint states. “A company extending replenishable credit to that consumer should first determine whether the consumer can repay it.”

A Klarna representative declined to comment Tuesday.

The named plaintiffs are two Illinois residents: a retired grandmother dependent on Social Security and a mother of three making minimum wage. Both became frequent Klarna users and couldn’t disable or delay the automatic withdrawals even if they needed the money to address more pressing obligations, the complaint states.

The complaint alleges violations of the Electronic Fund Transfer Act, the Truth in Lending Act, and the Illinois Consumer Fraud and Deceptive Business Practices Act.

Plaintiffs are represented by Stephan Zouras LLP.

The case is Clay v. Klarna, Inc. , N.D. Ill., No. 1:26-cv-03506, complaint filed 3/30/26 .

(Updated with response from Klarna representative in sixth paragraph.)

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Chevron denies conspiracy to increase Calif. gas prices | Northern California Record

 [legalnewsline.com/northern-california-record/chevron-denies-conspiracy-to-increase-calif-gas-prices/article_daf03edb-5547-4f31-ae3d-da9bcb6db19c.html](https://www.legalnewsline.com/northern-california-record/chevron-denies-conspiracy-to-increase-calif-gas-prices/article_daf03edb-5547-4f31-ae3d-da9bcb6db19c.html)

John O'Brien, John O'Brien

March 31, 2026

Chevron station

<https://www.chevron.com/who-we-are/our-brands/fuel-stations>

SAN FRANCISCO – Chevron is asking a California federal judge to throw out a class action lawsuit that claims it and other oil refiners conspired to drive up gas prices in the state.

Two law firms and Consumer Watchdog filed the case last year, alleging the companies inflated the costs they paid to comply with the Low Carbon Fuel Standard program. It says data shows their reports reflect a 7 cents-per-gallon increase starting Jan. 1, 2025, despite no changes in market credit prices.

This led to Californians spending hundreds of millions of more dollars at the pump, the suit says. But Chevron's March 26 motion to dismiss argues the plaintiffs can't allege anything that points to an industry-wide conspiracy.

"And although the point of the alleged conspiracy was supposedly to raise gasoline prices, Plaintiffs do not plead any gasoline price set by any defendant, much less allege facts showing that they all incorporated inflated LCFS costs into their prices in parallel," the motion says.

"Plaintiffs' conspiracy theory also fails because it is nonsensical. If the goal was to conspiratorially increase prices, Defendants could have just raised their prices—there is no need for the convoluted, roundabout mechanism Plaintiffs invent here."

The other defendants are Valero, PBF, Marathon and Phillips 66 – companies that submit data to California each month regarding gasoline-refining margins and the costs of complying with LCFS. [That program](#) aims to reduce dependency on oil in favor of low-carbon and renewable alternatives.

Though plaintiffs allege manipulation of these numbers, Chevron says the answer is simpler: Starting on Jan. 1, an amendment "made annual compliance more difficult and costly." A stricter standard for carbon intensity meant refiners would

have to purchase or generate more credits under the LCFS program to offset the same volume of fuel sales.

That amendment was delayed in February, leading to two separate standards for each half of 2025. The previous year's standards were left temporarily in place, so the plaintiffs allege gas prices should not have risen like they did.

"Plaintiffs also allege that Defendants, as a tight-knit group of industry players, have many opportunities to communicate," Chevron wrote. "Again, that simply describes any interdependent market.

"Moreover, Plaintiffs allege no facts reflecting any such communications among Defendants. Vague allegations of inter-competitor communications do not raise an inference of conspiracy."

Report Probes What Is Driving a Rapid Rise in Data Breach Suits and Web Tracking Settlements

A new report by Baker & Hostetler records an increase in both data breach class actions and resolution of web tracking and pixel cases through settlement in 2025.

March 31, 2026 at 09:04 AM By  **Kat Black**



Ryan Christian, left, and Elise Elam, right, of BakerHostetler. Courtesy photos

A new report by Baker & Hostetler records an increase in both data breach class actions and resolution of web tracking and pixel cases through settlement in 2025.

The 12th edition of Baker & Hostetler's [data security incident and response report](#) analyzed data from more than 1,250 incidents handled by the firm's digital assets and data management practice group in 2025.

According to the report, released Thursday, putative class action filings springing from data breach notifications are on the rise. In 2025, 68 disclosures of data breach incidents documented by the firm resulted in lawsuits, an uptick from [51 in 2024](#).

The catalyst for the increase, contributors said, is twofold. First, more and more federal courts are approaching data breach cases using a three-pronged framework that "lowers the bar ... for plaintiffs to establish standing," said Ryan Christian, a partner at Baker & Hostetler in its Atlanta office and a co-author of the report.

These factors include, per the report, 1) "a targeted cyberattack"; 2) "actual misuse of data affecting a subset of the involved individuals"; and (3) "a heightened risk of identity theft or fraud" caused by the sensitivity of data such as Social Security Numbers.

As the plaintiff's bar becomes savvier about designing data breach complaints with allegations that tick these boxes—and in the absence of a U.S. Supreme Court ruling on the adoption of the three-part framework—these cases will likely continue to flood the courts and survive motions to dismiss, he said.

"Motions to dismiss are the principal way to resolve these suits," said Christian. "And so, if there are more arrows in the quiver of plaintiffs to try to survive them, then I think that has a little bit of an emboldening effect. ... If the Supreme Court were to step in and find that this lower bar for standing that's prevalent in the circuit courts now is too low ... then that would, I think, very likely decrease plaintiff's lawsuits, at least the ones that are predicated upon feeling like they can meet that initial standing threshold at the motion-to-dismiss stage."

Second, the report said, regulators are posting data breach notifications with lightning speed—resulting in a much faster and more aggressive response from the plaintiff's bar.

"I think what we're seeing is more [attorneys general] and other regulators are posting notices publicly to their websites and doing it quickly. ... Now, regulators ... are posting the notifications [on the] same day, next day, pretty close in time. And so, plaintiff's firms are filing complaints very quickly following those disclosures," said Elise Elam, a partner at Baker & Hostetler in its Cincinnati office and a co-author of the report.

The firm has also observed a newer trend of plaintiff's firms filing lawsuits "even before notification," added Christian.

"It was typically the case that those notifications ... were the triggering mechanism," he said. "But now, there's some instances of plaintiff's firms, I think, becoming aware of an incident before the formal notification."

The report acknowledged that it is "still uncommon" for data breach incidents involving small populations of notified individuals to result in a lawsuit—only 4% of recorded incidents with fewer than 1,000 notified individuals led to class action filings in 2025, it said—but "well-known entities" with brand recognition and large revenues are still more at risk, said Elam.

"Nearly all of the matters that led to a lawsuit that were in that small-notice population bracket have revenue of over \$5 billion," Elam said. "So ... if you have heard of the company before, or if a plaintiff's firm searches the company who did the notification and [sees] that that company has high revenue, they're more likely to file a lawsuit."

The report also documented an overall decline in web tracking and pixel litigation since 2022—with the exception of still-surging claims brought under the California Invasion of Privacy Act—and a shift toward resolving those cases through settlement.

"In 2025, the dominant theme has been resolution," it said. "New filings declined and more cases settled, signaling that the wave of website-tracking litigation that began in 2022 is receding." Most class settlements, it said, amounted to \$4–\$6 per putative class member.

As more and more of these cases invoke state statutes and the federal Wiretap Act to survive motions to dismiss, it said, defendants are "reassess[ing] their exposure given statutory damages frameworks" and plaintiff's firms "increasingly recognize that these matters are factually and legally complex, reducing settlement expectations."

Despite the slowdown in filings, the report acknowledged two landmark verdicts against Big Tech in 2025—[Rodriguez v Google](#), which awarded plaintiffs \$425 million in damages after Google was found liable for allegedly tracking their private mobile app browsing and activity data without their consent, and [Frasco v. Flo Health](#), which determined that Meta Platforms Inc. illegally mined sensitive sexual and reproductive health data from a menstrual tracking and fertility app.

These "notable verdicts," said Christian, signal "an increased interest in litigation against these major companies for ... privacy violations."

"And I think that, to the extent there's some success in the plaintiff bar, we can predict that there's a trend that it's going to continue," he said.

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10th Circuit warns lawyers after finding fake case in filing

 [coloradopolitics.com/2026/03/31/10th-circuit-warns-lawyers-after-finding-fake-case-in-filing](https://www.coloradopolitics.com/2026/03/31/10th-circuit-warns-lawyers-after-finding-fake-case-in-filing)

Michael Karlik

March 31, 2026

The Denver-based federal appeals court warned attorneys to be more careful last month after discovering one lawyer cited a fake case in his arguments.

In recent months, federal and state judges in Colorado have begun cautioning lawyers explicitly about the pitfalls of using generative artificial intelligence in legal filings without verifying the output. The Colorado Supreme Court [recently amended the rules of professional conduct](#) to warn about the potential violations lawyers may trigger with improper AI use. Within weeks of each other last fall, two federal judges also [called out fake citations that appeared in legal filings](#).

In early February, the U.S. Court of Appeals for the 10th Circuit [ordered a lawyer to pay \\$1,000](#) for her “reckless” inclusion of fake cases in her appeal.

On Feb. 13, a three-judge panel for the 10th Circuit rejected an asylum appeal in a family’s Colorado-based immigration proceedings. The panel determined the family of five had not established a likelihood of future persecution in Colombia based upon a relative’s ongoing extortion by a criminal organization.

The family’s attorney cited to a 2023 decision of the 10th Circuit, and explained why its contents supported his clients’ position. However, the government pointed out in its response that the case was fictional.

“If counsel made a citation error, we have not been able to deduce what it might be. We have not uncovered any relevant federal case similarly captioned or containing any of the quotations that counsel attributes to this apparently nonexistent case,” wrote Senior Judge Paul J. Kelly Jr. [in the panel’s order](#). “This case citation and the quotations and propositions attributed to it appear fabricated. This is likely the result of Petitioners’ counsel’s use of a generative artificial intelligence tool as a research and drafting aid without adequate review of the results the tool generated.”

► Case: Picon-Diaz v. Bondi

Decided: February 13, 2026

Jurisdiction: Board of Immigration Appeals

Ruling: 3-0

Judges: Paul J. Kelly Jr. (author)

Joel M. Carson III

Bobby R. Baldock

In determining whether to impose consequences, Kelly acknowledged there was nothing “inherently problematic” with using AI, so long as an attorney does not attempt to persuade a court with fake cases.

“However, we decline to sanction counsel in this case but warn him — and all attorneys practicing before this court — of the responsibility to ensure that citations to legal authority are not fabrications but instead point to real cases that contain quotations attributed to them and arguably stand for the propositions for which they are cited,” Kelly concluded.

The attorney, Jorge E. Munoz of Houston, confirmed the 10th Circuit’s description of the problem.

“This occurred because I used an AI research tool and failed to adequately verify the results before filing. I take full responsibility for this error,” he told Colorado Politics. “I have implemented verification procedures to independently confirm all cited authorities before submission and to ensure this does not happen again.”

The case is *Picon-Diaz et al. v. Bondi*.

Tags [10th circuit](#) [artificial intelligence](#) [Generative Ai](#) [immigration](#) [judge paul kelly](#)

Elizabeth J. Cabraser

DJ [dailyjournal.com/articles/390480](https://www.dailyjournal.com/articles/390480)



Elizabeth J. Cabraser

Lieff Cabraser Heimann & Bernstein LLP

San Francisco

Complex civil litigation

Under Elizabeth J. Cabraser's leadership, Lieff Cabraser Heimann & Bernstein LLP has become one of the nation's largest law firms serving clients with claims regarding financial and consumer fraud, anti-competitive practices, harmful drugs and other products, environmental disasters and illegal employment practices.

In early March, she was summoned to jury duty. In an interview en route to the courthouse, she correctly predicted -- with regret -- that she would not be chosen to serve. "I keep getting rejected, I have three strikes on me already," she said. "A lot of lawyers don't like it, but I'd be fascinated to see a jury's decision-making process from the inside."

Most recently, Cabraser said her major matters have involved the government as the defendant. "All I'm doing is suing the U.S., it seems, these days. The U.S. is on the defense side more than any other time in history."

In February, she and her colleagues filed a proposed class action in the U.S. Court of International Trade on behalf of tariff payors to help obtain refunds of the billions in tariffs that the U.S. Supreme Court held were collected illegally. Cabraser noted that redistributing the money is likely to be complicated.

"Our goal is to ensure that our class of 'smaller' tariff payors -- those who paid up to \$1 million -- will be included in the redistribution, rather than left out because they are unused to Court of International Trade litigation and cannot afford individual legal fees." Freestyle World Inc., on behalf of itself and all other similarly situated v. U.S. Customs and Border Protection et al., 1:26-cv-01088 (Ct. Int'l Trade, filed Feb. 19, 2026).

Cabraser and firm co-founder Richard M. Heimann represent researchers throughout the University of California system whose grants were terminated abruptly last year by the Trump administration under its DOGE-driven anti-DEI policies.

Class complaints include claims for violation of the First Amendment, the separation of powers doctrine, equal protection and arbitrary and capricious terminations in violation of the Administrative Procedure Act. Cabraser and Heimann obtained class certification in June 2025, along with a preliminary injunction ordering the reinstatement of the grants.

"While the defendants have appealed, they have also reinstated over \$1 billion in grants," Cabraser said. "The litigation continues toward trial, likely later this year." Thakur et al. v. Trump, 3:25-cv-04737 (N.D. Cal., filed June 4, 2025).

"Recently, the associations representing the researchers have also filed suit with similar claims, as has the California attorney general, and we are coordinating our efforts," Cabraser said. She noted that her firm served as class counsel for the researchers, together with Erwin Chemerinsky and Claudia Polsky of UC Berkeley School of Law and lawyers at Farella Braun + Martel LLP.

#390480

Richard M. Heimann

DJ [dailyjournal.com/articles/390504](https://www.dailyjournal.com/articles/390504)



San Francisco

Trials and negotiations

Richard M. Heimann, a founder and name partner of the litigation powerhouse Lief Cabraser Heimann & Bernstein LLP, is a prominent authority on complex securities and investor fraud litigation, antitrust and intellectual property cases and matters involving consumer fraud, personal injury and mass torts.

"I try to stay busy," he said with considerable understatement. "My current activities center on three actions."

In one major pro bono case, Heimann represents U.S. Agency for International Development workers challenging their having been laid off in the shuttering of the agency by Elon Musk and DOGE.

Heimann's third amended complaint, filed in March 2026, alleges that "defendants have pulled the rug out from under plaintiffs professionally and financially, without explanation or warning."

Moreover, "the impact of this unauthorized dismantling of USAID has had disastrous consequences for the American and global public, effectively paralyzing operations that delivered life-saving aid across more than 100 countries. Critical humanitarian programs -- such as HIV treatment initiatives, malaria prevention efforts, infectious disease strategies that prevent the transnational spread of disease, and efforts supporting the Gaza-Israeli ceasefire--were simply shut off, as plaintiffs and those similarly situated to them abruptly lost access to their USAID systems." *J. Doe 4 et al. v. Musk*, 9:25-cv-00462 (D. Md., filed Feb. 13, 2025).

"It's an odd duck of a case, based on a separation of powers argument that Musk had no authority to dismantle a congressionally-established agency," Heimann said. The case is currently enmeshed in discovery battles -- among them, an effort to depose Musk that has been rejected by an appellate panel, 2-1, under the apex rule requirement that lower-level officials must be questioned first.

In another pro bono class action, Heimann and Elizabeth Cabraser represent researchers throughout the University of California system whose grants were terminated abruptly by the Trump Administration's anti-DEI executive orders. *Thakur et al. v. Trump*, 3:25-cv-04737 (N.D. Cal., filed June 4, 2025).

Heimann and Cabraser have achieved class certification, a preliminary injunction and the reinstatement of more than \$1 billion in grants. The defendants have appealed.

In his third current major matter, Heimann represents the lead plaintiff, the New York City Pension Fund, in a securities fraud class action alleging the tech company Block Inc. (formerly Square Inc.), and senior executives knowingly misrepresented its compliance and anti-money laundering programs on its payment platforms Square and Cash App.

Multiple whistleblower allegations accused Block of intentionally ignoring its compliance obligations to expand its user base and increase revenues by facilitating payments linked to drug and sex trafficking, terrorist organizations, money laundering, and other illicit activities.

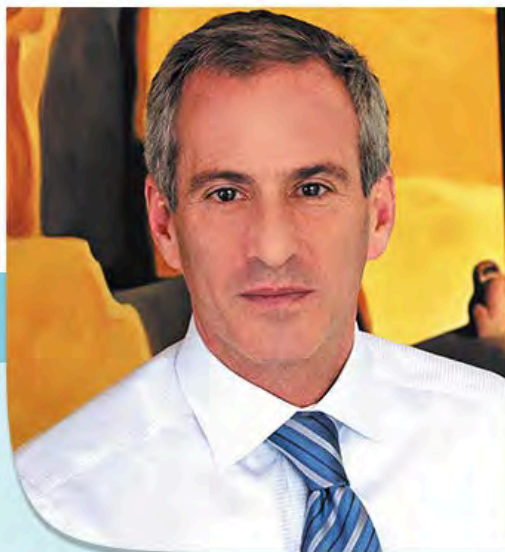
That subjected the company to regulatory scrutiny and enforcement, including investigations by the Securities and Exchange Commission, the Department of Justice, the Financial Crimes Enforcement Network, and the Commodities Futures Trading Commission, plus enforcement actions by the Consumer Financial

Protection Bureau and 48 state financial regulators, resulting in settlements totaling \$250 million. Gonsalves v. Block Inc. et al., 5:25-cv-00642 (N.D. Cal., filed Jan. 17, 2025).

#390504

Steve W. Berman

DJ [dailyjournal.com/articles/390473](https://www.dailyjournal.com/articles/390473)



Steve W. Berman

Hagens Berman Sobol Shapiro LLP

Seattle

Class actions, antitrust & complex commercial litigation

Steve W. Berman is the founder and managing partner of Seattle-based Hagens Berman Sobol Shapiro LLP, where he continues the trend toward leading big cases with big outcomes he established when he was co-lead counsel in the Big Tobacco litigation, co-lead counsel in the NCAA antitrust litigation and a member of the plaintiff steering committee against Volkswagen.

In a career focused on representing consumers, investors, employees and other plaintiffs harmed by corporate misconduct, he has continued his winning streak with big wins in 2025.

In June 2025, a Maryland federal judge granted final approval of \$398.05 million in settlements in a wage-fixing antitrust class action against a major poultry producer. It was the second-largest recovery in a wage case and the largest

financial recovery for an antitrust case in the 4th U.S. Circuit Court of Appeals, the judge said. *Jien v. Perdue Farms Inc.*, 1:19-cv-02521 (D. Maryland, filed Aug. 30, 2019).

The order also appoints Hagens Berman settlement class co-counsel and certifies classes in the lawsuit, including all persons employed by defendants, their subsidiaries and related entities at poultry processing plants, hatcheries and feed mills in the continental U.S. during the class period.

U.S. District Judge Stephanie Gallagher stated, "Unlike many antitrust class actions, plaintiffs' counsel identified and investigated the allegations in this case without the benefit of a prior government investigation. Instead, the Department of Justice brought its own follow-on lawsuits alleging the same conduct as that identified by co-lead counsel and ultimately settled those claims with the understanding that the settlements obtained by plaintiffs' counsel provided sufficient restitution to the settlement class."

Berman said that was the way he preferred to run cases. "It's one of our traditions," he said. "When lawyers just follow the government, you get a copycat case where everyone fights for the lead. This way, we have a better argument that we are most qualified."

Likewise, Hagens Berman originated a case in Minnesota over pork products and obtained multiple wins in 2025. On Nov. 7, 2025, U.S. District Judge John R. Tunheim granted preliminary approval of an \$85 million settlement with Tyson Foods Inc. If granted final approval, the settlement would bring the total relief to \$208 million. On March 31, 2025, Tunheim denied all but two motions for summary judgment from pork producer defendants, allowing consumers' claims to continue. *In re: Pork Antitrust Litigation*, 0:18-cv-01776 (D. Minn., filed Aug. 8, 2019).

"We did our own work and started that one, too," Berman said, "and everyone jumped in on top of us."

#390473

Michael P. Canty

DJ [dailyjournal.com/articles/390482](https://www.dailyjournal.com/articles/390482)



Michael P. Canty
Labaton Keller Sucharow LLP

New York

Consumer, securities & data privacy litigation

Michael P. Canty is a partner in the New York office of Labaton Keller Sucharow LLP, where he serves on the firm's executive committee and as its general counsel. In addition, he leads one of the firm's securities litigation teams and co-leads the firm's consumer protection and data privacy litigation team.

He's been at Labaton since 2016, following work as a federal prosecutor in Brooklyn and as an assistant district attorney in Nassau County. Earlier, he'd been a congressional staff member in Washington, D.C.

"In my first prosecutor's job, the office had a strict no-politics policy," Canty said. "It's rewarding work when your main charge is to seek justice."

Canty led the Labaton team that in early 2026 -- after seven years of litigation -- attained a \$100 million class action settlement with the corporate parent of Pacific Gas & Electric Co. on behalf of shareholders who accused the utility of material

misstatements and omissions about its wildfire safety prevention and safety protocols before the 2017 and 2018 Northern California fires.

"We developed evidence that they did not in fact do what they said they had done," Canty said. He and his team served as lead counsel for the class and for the lead plaintiff, the Public Employees Retirement Association of New Mexico. "Under the federal rules, that role goes to the plaintiff with the biggest losses," Canty said.

The losses stemmed from a drop in PG&E's stock price, which happened after the company concealed deficiencies in its wildfire safety practices leading to noncompliant electrical equipment and vegetation management that allegedly started or exacerbated the fires. The complaint claimed that PG&E was not only aware that these insufficient safety practices had the potential to allow for dangerous safety violations, but continued to make false and misleading statements and omissions regarding them.

U.S. District Judge Edward J. Davila of San Jose gave preliminary approval to the deal in late February. Canty and colleagues continued to litigate the case during PG&E's bankruptcy proceedings, eventually overturning a stay of its securities case in May 2024. Renewed litigation followed before Davila, with a 4th amended complaint filed in November 2025. In re PG&E Corp. Securities Litigation, 5:18-cv-03509 (N.D. Cal., filed June 12, 2018).

"This is a significant settlement, achieved against some of the best defense attorneys in the country," Canty said. "I really appreciate going against the best because that's how you become a better attorney yourself."

Canty has had other major cases in California, including a privacy matter in which his clients, a class of health app users, accused social media sites of knowingly recording and exploiting sensitive women's health data. The matter settled with Meta for \$56 million. Frasco v. Flo Health Inc., 3:21-cv-00757 (N.D. Cal., filed Jan. 29, 2021).

"I love what I do," Canty said. "It's a wonderful career."

#390482

Robert V. Prongay

DJ [dailyjournal.com/articles/390542](https://www.dailyjournal.com/articles/390542)



Robert V. Prongay

Glancy Prongay Wolke & Rotter LLP

Los Angeles

National class actions

Robert V. Prongay is the managing partner and co-chair of the securities litigation practice at Glancy Prongay Wolke & Rotter LLP, a national litigation firm that for more than 25 years has represented investors, consumers and employees as it prosecutes class actions and complex cases in federal and state courts across the U.S.

In January 2026, the 34-member firm rebranded, with new names atop the letterhead reflecting the substantial contributions of partners Kara M. Wolke, the co-chair of the firm's securities litigation group and Jonathan M. Rotter, chair of the firm's antitrust, consumer protection and privacy groups.

In March 2025, Glancy Prongay -- serving as sole lead counsel -- obtained a \$433.5 million settlement in a securities fraud class action against Alibaba Group Holding Ltd., the China-based multinational e-commerce giant.

"I was heavily involved in that one," said Prongay. His team, led by partner Kara M. Wolke, represented Alibaba investors who alleged the conglomerate issued misleading statements about its antitrust and monopolistic practices that artificially raised its stock price and eventually caused financial losses to those who bought shares.

Alibaba also allegedly misled investors about regulatory risks related to its Ant Group affiliate, whose IPO collapsed days before its scheduled 2020 launch when regulators revealed it had bypassed banking laws in expanding its services. In re: Alibaba Group Holding Ltd. Securities Litigation, 1:20-cv-09558 (S.D.N.Y., filed Nov. 13, 2020).

The big outcome represented the largest securities class action settlement ever obtained against a Chinese issuer. It ranks among the 50 largest U.S. securities class action settlements of all time, as tracked by Institutional Shareholder Services, the firm said.

"Five years ago, we watched as big disclosures about regulatory issues developed around Alibaba," Prongay said, explaining how the litigation originated. "The stock was retreating with big losses." To pierce the company's shield of complex Chinese corporate law, Prongay and Wolke conducted discovery in Hong Kong and organized a large team of attorneys with dual English and Chinese language skills.

Prongay and his colleagues followed that success with a major case on behalf of ViacomCBS Inc. shareholders who alleged that bankers hid conflicts in the \$36 billion collapse of Archegos Capital Management.

In August 2025, Glancy Prongay obtained a \$120 million settlement in that case. Camelot Event Driven Fund et al. v. Morgan Stanley & co., LLC et al., 654959/2021 (Sup. Ct. of N.Y., County of N.Y., filed Aug. 13, 2021).

"The underwriters dumped Viacom stock, leading to staggering losses," Prongay said. "We recovered from Morgan Stanley and Goldman Sachs. It was a pretty shocking set of circumstances. We came up with a legal theory to describe what happened, and that led to a successful outcome."

#390542

Litigation

Manage Newsletters

Goldstein Isn't Special and Should Be Detained, Prosecutors Say

April 1, 2026, 8:42 AM PDT

Summary by Bloomberg AI

AI Generated



- Federal prosecutors want to jail former US Supreme Court advocate Tom Goldstein pending his June sentencing on a dozen tax- and loan-related charges.
- Prosecutors claim Goldstein has every incentive to leave the United States, as he faces years in prison and has significant ties to foreign jurisdictions and access to millions of dollars.
- The government says Goldstein's proposed modifications to his release conditions are "woefully inadequate" and that he should be detained pending sentencing.

Federal prosecutors want to jail former US Supreme Court advocate Tom Goldstein pending his June sentencing on a dozen tax- and loan-related charges, according to a filing in Maryland federal court.

Any other defendant with access to millions of dollars, significant ties to foreign jurisdictions, "waning ties" to the District of Maryland, and who admitted to lying about his finances would be detained pending sentencing, prosecutors claimed.

"As the government said numerous times prior to and throughout trial, Thomas Goldstein is not special," the Tuesday filing said.

By the government's calculations under the current US Sentencing Guidelines, Goldstein faces eight to 10 years in prison. Goldstein may be in denial for now, but when he comes to terms with his fate, he'll be at his most likely to flee, the government said.

"Facing years in prison, and having learned nothing from his prosecution and conviction, Goldstein has every incentive to leave the United States and get a head start on the next phase of his life," the government claimed.

Prosecutors said Goldstein no longer has ties to the District of Maryland. His family and professional life are "crumbling," and his vision for his future—"in which he milks a quarter of a billion dollars from Andy Beal through poker"—would require him to reenter the world of his former client and poker investor Paul Phua so that he "he can build up a large enough financial stake to take a run" at the Texas billionaire.

In the meantime, prosecutors said Goldstein is trying to delay sentencing by flooding the court with "frivolous claims" for post-trial relief while remaining on release, "all in a desperate hope that he is never punished for his crime."

Goldstein, found guilty on 12 of 16 charges in February following a lengthy trial in the US District Court for the District of Maryland, has been living in his marital home in Washington DC subject to electronic monitoring. He asked Judge Lydia Kay Griggsby March 27 to modify the conditions of his release, saying the his marriage is ending and the time has come for him to move out of his home.

His proposed modifications—either living alone in a Maryland apartment with a nonresidential custodian, or living with his parents in South Carolina—are "woefully inadequate," the government said. They either take him far from the jurisdiction or allow him to live by himself with no collateral to secure his bond.

"Neither situation is acceptable," prosecutors said.

Goldstein's wife and SCOTUSblog.com co-founder Amy Howe has been serving as his custodian notwithstanding their pending divorce. The new non-residential custodian Goldstein proposes, should he remain local, is "unwilling to put up collateral equivalent to that which Howe invested in ensuring Goldstein obeyed the terms of his release," the government said. And Goldstein's elderly father, should he reside with him, isn't "any better suited" than Howe to keep an eye on him, prosecutors said.

Goldstein is represented by Munger Tolles & Olson LLP.

The case is United States v. Goldstein , D. Md., No. 8:25-cr-00006, opposition filed 3/31/26 .

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April 1, 2026

Section: News

Householder case among topics not heard by jurors
Testimony on defendants' federal charges also blocked

Patrick Williams

April 1, 2026

After nine days of deliberations, jurors in the bribery trial of former FirstEnergy executives Charles "Chuck" Jones and Michael Dowling said they'd reached an impasse and couldn't agree on a verdict on any of the charges.

Jones, former FirstEnergy CEO, and Dowling, an ex-senior vice president at the Akron-based utility, are accused of paying a \$4.3 million bribe to energy lawyer Sam Randazzo before he became chair of the Public Utilities Commission of Ohio.

The case is tied to the House Bill 6 bribery scandal that led to the downfall and, ultimately, the conviction of former Ohio House Speaker Larry Householder.

But this and many other facets of the highly publicized HB 6 scandal weren't disclosed to jurors.

Because the judge placed various restrictions on witness testimony, the jurors couldn't consider certain topics related to the defendants and bribes that FirstEnergy admitted to paying.

In January, Judge Susan Baker Ross filed an admonition to witnesses. Prosecutors and defense attorneys shared the admonition with their witnesses before the witnesses took the stand.

Here's what jurors in the trial weren't allowed to know:

**What couldn't witnesses
and lawyers talk about during
the trial?**

Baker Ross' order included 14 points that couldn't be raised at trial.

The judge admonished witnesses from testifying about "The arrest, indictment, prosecution, trial or conviction of Larry Householder or any other defendant in United States v. Householder ... or State v. Householder ..."

In 2023, former Ohio House Speaker Larry Householder was found guilty and sentenced to 20 years in prison for orchestrating a \$60 million bribery scheme to pass House Bill 6 four years prior. The law provided a \$1.3 billion bailout to two nuclear power plants formerly owned by FirstEnergy Solutions and a "decoupling" provision that permitted FirstEnergy to charge customers a flat rate based on 2018 energy consumption, when energy usage and rates were higher than in other years.

The state's case against Householder is set for a June 8 trial date in the Cuyahoga County Court of Common Pleas. Ohio Assistant Attorney General Matthew Meyer and Deputy Attorney General Carol O'Brien, who prosecuted Jones and Dowling, are also prosecuting Householder on state charges.

Prosecutors in Jones' and Dowling's state case said Randazzo wrote part of House Bill 6 and lobbied for the bill – as well as quashed a scheduled 2024 FirstEnergy rate review at the PUCO – in exchange for the roughly \$4.3 million payment.

In 2021, FirstEnergy admitted to bribing both Randazzo and Householder, which was also not allowed to be disclosed to jurors during the Jones and Dowling trial.

Householder's name was raised during the trial — but not to point to his status as a public official who was convicted of receiving bribes from FirstEnergy.

Witnesses and lawyers in the case couldn't talk about FirstEnergy contributions "or interactions with any 501(c)(4) organization or political action committee," per the judge's order. Partners for Progress is one 501(c)(4) organization specifically listed in the admonition.

FirstEnergy paid \$20 million to Partners for Progress, which was also considered a dark-money group, The Columbus Dispatch reported in 2021.

Partners for Progress sent \$13 million to Generation Now, another dark-money group, and FirstEnergy sent \$36.6 million directly to Generation Now, the Dispatch reported.

Generation Now, connected to Householder and central to a federal criminal case against Householder, had been charged for its role in a corruption racketeering conspiracy.

Jeffrey Longstreth, who served as Householder's campaign and political strategist, signed a plea document on Generation Now's behalf in 2021, according to the Southern District of Ohio of the U.S. Attorney's Office.

Jones, Dowling federal case blocked from testimony, jury consideration

In January 2025, Jones and Dowling were indicted on federal charges accusing them of being the FirstEnergy representatives responsible for bribing Householder and Randazzo.

The federal indictment says Jones and Dowling purposely used dark money groups because the source of funds didn't have to be disclosed.

Jurors in the Jones-Dowling state case didn't hear about this because of an admonition referencing "The federal investigation, indictment or prosecution of Mr. Dowling, Mr. Jones or Mr. Randazzo."

Admonitions covered Randazzo suicide, ways FirstEnergy money flowed

The admonition covered the points of any "contributions or interactions" between the former FirstEnergy Solutions power generation subsidiary and any 501(c)(4) or political action committee.

Attorneys and witnesses also couldn't talk in trial about any 501(c)(4) or PAC – or specific ones, such as Partners for Progress. They also couldn't talk about the groups Hardworking Ohioans, Coalition for Growth & Opportunity and Growth & Opportunity PAC.

FirstEnergy, other corporate interests and Generation Now contributed to Hardworking Ohioans. In FirstEnergy's case, the company paid \$500,000. And the 501(c)(4) group in turn bought media buys to support political candidates on "Team Householder," the Dispatch reported.

The Coalition for Growth & Opportunity and Growth & Opportunity PAC spent money to support candidates that Householder chose. In 2017, FirstEnergy paid \$1.2 million to Generation Now and the Coalition for Growth & Opportunity, another dark-money group, Canary Media reported. Money in the coffers of the Coalition for Opportunity & Growth was laundered through the Growth & Opportunity PAC, the Dispatch reported.

Additionally, jurors could not hear about any money spent by FirstEnergy or FirstEnergy Solutions to support any legislation or political issue.

Other admonishments included the "manner or method of Sam Randazzo's death." Randazzo died by suicide in 2024.

And jurors couldn't hear about whether Randazzo "complied with the Ohio Rules of Professional Conduct applicable to lawyers."

What else were jurors banned from hearing in the FirstEnergy bribery trial?

Here's what else the admonition covered:

"Any events or conduct related to the ballot initiative seeking a referendum to repeal HB6, except for evidence relating to Sam Randazzo's efforts to prevent the repeal of HB6."

"The indictment or prosecution of any defendants in this case other than Mr. Dowling and Mr. Jones (including Sam Randazzo, Sustainability Funding Alliance and IEU-Ohio Administration)."

Randazzo was previously a defendant in the ongoing state case in Akron. Through Randazzo's widow, SFA pleaded guilty to various felonies and agreed to forfeit more than \$2.1 million. IEU-Ohio Administration was dissolved before Randazzo's death and did not have assets or a surviving shareholder, a Summit County Prosecutor's Office spokesman previously said via text message.

"Any guilty plea entered by any defendant in this case."

"Information you learned as a result of the internal investigation conducted by FirstEnergy following Larry Householder's arrest or any remedial measures FirstEnergy implemented following the internal investigation."

"Any finding by the Public Utilities Commission of Ohio ... stemming from its four investigations into matters concerning FirstEnergy's distribution utility companies that are related to the allegations in this case. Excluded findings include the discoverability of a side deal during the ESP-IV proceedings, the use of funds received under the Distribution Modernization Rider, and any penalties, fines or restitution assessed by PUCO against the FirstEnergy utility companies."

The PUCO announced in January that it would end its House Bill 6-related investigations into FirstEnergy by approving a settlement agreement filed with the agency last month. The settlement outlined, among other measures, that FirstEnergy customers will receive \$249 million in restitution over three billing periods.

Patrick Williams covers growth and development for the Akron Beacon Journal. He can be reached by email at pwilliams@gannett.com or on X @pwilliamsOH.

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

Company: GENERATION NOW; FIRSTENERGY SOLUTIONS CORP.; HOUSEHOLDER, INC; CANARY MEDIA LTD; PARTNERS FOR PROGRESS

News Subject: (Crime (1CR87); Criminal Law (1CR79); Fraud (1FR30); Government (1GO80); Government Litigation (1GO18); Legal (1LE33); Lobby & Pressure Groups (1LO18); Social Issues (1SO05))

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

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NewsRoom

Securities

Elevated Take

FirstEnergy Trial Hung Jury Shows Keeping It Simple Isn't Stupid

April 1, 2026, 2:02 AM PDT

Nearly six years after the FBI broke open a massive corruption probe in Ohio—one involving top state officials, the head of a Fortune 500 company, and tens of millions in alleged bribes—the public is no closer to definitively knowing the extent to which FirstEnergy executives were involved.

That's because jurors in Akron on Tuesday—following six weeks, 600 exhibits, and 30 witnesses, including a US senator—said they couldn't decide on any of the remaining charges against the utility's former CEO Charles Jones and ex-executive Michael Dowling. The men are accused of bribing a utilities regulator to the tune of \$4.3 million for his influence, something they strongly deny.

If there's another trial—and Attorney General Dave Yost (R) said there will be—state prosecutors would be wise to take a lesson from their federal counterparts in a related case (as well as any reporter worth their salt): keep the story simple.

Take, for example, how the US Attorney's Office for the Southern District of Ohio told the tale of former Ohio House Speaker Larry Householder (R) and ex-Ohio Republican Party Chairman Matthew Borges in its openings. Prosecutors in Cincinnati put the men on trial for racketeering conspiracy in 2023 for their roles in handling and accepting \$60 million in bribes from FirstEnergy.

The prosecutors presented roughly just as much evidence as Yost's office did this year. Assistant US Attorney Emily N. Glatfelter broke down an intricate web of transactions into digestible pieces the jury could follow.

In her telling, the scheme between Householder and FirstEnergy came together at a series of dinners between the speaker and utility executives in Washington when they were there for President Donald Trump's first inauguration in January 2017.

It took about a minute to lay out, and Glatfelter then tied it to what happened afterward. In another part of her openings, she detailed the crimes the jury would hear evidence about, which undergirded the charge both men faced.

The jury found the defendants guilty in less than a day, and Householder's now doing 20 years.

By contrast, seven women and five men tasked with deciding Jones and Dowling's fate were out for more than eight days before determining they couldn't reach a verdict on conspiracy, bribery, and other charges. And that was after the judge, when jurors first said it was at an impasse, sent them back to deliberate with interrogatories normally used in civil trials to help break down the decision-making process.

This followed a trial with similarly complicated evidence but, arguably, without as clear a crumb trail to follow. In his openings, lead prosecutor Matthew E. Meyer laid out over several minutes what he viewed as a crucial time period, complete with an assurance to the jury that "this is not boring." It felt like playing defense, with some variation of the "not boring" line coming up multiple times.

The openings weren't necessarily hard to follow but certainly didn't feature anything as succinct as Glatfelter's story.

And yes, these were completely different trials. One was in state court, the other federal, and they were held on opposite sides of the state. The judges—one elected, one with lifetime tenure—are in different positions and have diverging temperaments. The former executives also have more attorneys, all ready to object to even the slightest perceived error.

Yost's prosecutors would give myriad reasons why they were hamstrung in Jones and Dowling's trial, with none bigger than evidentiary rulings they said prevented them from telling the jury everything it needed to hear.

But as "Saturday Night Live" creator Lorne Michaels is known to say, "the show doesn't go on because it's ready; it goes on because it's 11:30." If they want to try the case, prosecutors must work with what they have.

And while Tuesday's outcome is far from a victory for Yost, it's certainly more favorable to his office than it is to the former executives. The fight will continue, and if that proves to be true, his prosecutors are in the enviable position of being able to edit their presentation.

Yost, himself a former reporter, knows a key thing about editing: few may welcome it, but they usually discover they need it.

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Securities

Ex-FirstEnergy Executives' Ohio Trial Ends With Hung Jury (2)

March 31, 2026, 8:28 AM PDT; Updated: March 31, 2026, 12:50 PM PDT

A jury tasked with deciding the fate of two FirstEnergy Corp. executives, including its former CEO, emerged deadlocked on Tuesday.

The end of the trial in an Akron, Ohio courtroom for ex-CEO Charles Jones and former Vice President of External Affairs Michael Dowling leaves both sides with a mixed bag. While neither side emerged victorious, the office of Attorney General Dave Yost (R) now has the opportunity to re-try the ex-executives.

And Yost said he'll take that opportunity.

"Justice needs to be done," he said in a video statement following the verdict.

The jury, following more than eight days of deliberation and weeks of testimony that included US Sen. Jon Husted (R-Ohio) taking the stand, said they couldn't reach a decision on any of the seven charges against the defendants, which include violations of Ohio's racketeering statute, bribery, and telecommunications fraud.

Summit County Common Pleas Judge Susan Baker Ross didn't declare a mistrial as requested by prosecutors after she excused the jury, instead saying she'll "kind of regroup here" before scheduling a hearing to discuss how to move forward. Jones and Dowlings' lawyers noted they have pending dismissal motions and that others were forthcoming.

One of Dowling's attorneys noted the forthcoming acquittal request in a statement and said they appreciated the jury's work. Jones' legal team similarly praised the jury and judge while blasting Yost's office.

"While we are disappointed that the jury was unable to reach a unanimous verdict, we are not surprised given the numerous incidents of prosecutorial misconduct that occurred before and during this trial which infected the record in this case," the statement said. "We hope the State of Ohio rethinks its decision to retry this case given the legal insufficiency of the charges."

Wide-Reaching Scandal

The allegations centered on a \$4.3 million payment FirstEnergy made to Samuel C. Randazzo, an attorney who worked at McNees Wallace & Nurick LLC who later became the head of the Public Utilities Commission of Ohio. Prosecutors said the payment was for favorable treatment, which panned out as Randazzo helped author provisions of what became a \$1.3 billion legislative package and scuttled a rate case that could've hurt the utility's bottom line.

All of this was done to raise FirstEnergy's stock price and enrich the executives, the government said. But the defense was quick to place blame on Randazzo, who was charged along with the executives but died by suicide in 2024.

Jones and Dowling maintain the payment wasn't a bribe, but rather the remaining money owed from a settlement reached a few years prior. The executives had every reason to believe the money would go to Randazzo's clients, but the attorneys said he instead stole the money and obfuscated his theft through a series of complex financial maneuvers.

Eight people were charged in the myriad investigations, which became public after the FBI arrested then-Ohio House Speaker Larry Householder (R), former Ohio Republican Party Chairman Matthew Borges, and others in 2020. Householder was found guilty of taking about \$60 million in bribes from FirstEnergy to further his political aims and is serving 20 years in federal prison.

Borges was sentenced to five years in federal prison. Two others pleaded guilty while another two, including Randazzo, died by suicide.

Jones and Dowling also face federal charges based on similar allegations.

The government is also represented by the Summit County Prosecutor's Office. Jones is represented by Baker & Hostetler LLP, Vinson & Elkins LLP, and Ohio Defense Firm Attorneys at Law. Dowling is represented by Tucker Ellis and Winston & Strawn LLP.

The cases are Ohio v. Dowling, Ohio Ct. Com. Pl., No. CR-2024-02-0473-B, jury deadlocked 3/31/26 and Ohio v. Jones, Ohio Ct. Com. Pl., No. CR-2024-02-0473-C, jury deadlocked 3/31/26 .

(Updates with statement from Jones' legal team.)

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"Lenders who originated data center loans—including the private credit facilities described in Section A—have begun pooling those loans and selling tranches to asset managers and pension funds, spreading risk well beyond the original lending institutions."

www.quinnemanuel.com/the-firm/pub...

Client Alert: Emerging Litigation Risks in Financing AI Data Centers Boom

www.quinnemanuel.com

6:56 AM · Mar 30, 2026 Everybody can reply

145 reposts 155 quotes 367 likes 56 saves

29

300

367



Write your reply



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I really recommend this litigation risk assessment drafted by Quinn Emanuel. Especially parts V and VI. A pretty significant chunk of the AI biz is starting to look like the real estate debt market in 2007. Not to mention the circular contracts between companies.

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133



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"If AI revenues do not keep pace with debt service obligations, defaults will not remain isolated at the borrower level. They will migrate up and down the capital stack, producing sustained litigation among issuers, bondholders, lenders, sponsors, SPVs, and, ultimately, bankruptcy estates."

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91



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"Both S&P and Moody's have placed Oracle on negative credit watch; Oracle's total debt now exceeds \$130 billion with \$248 billion in new lease commitments; and its five-year credit default swap spread has risen approximately 310%, pushing its perceived credit risk to a sixteen-year high."



Joe Dunman @joedunman.bsky.social · 2d

"[D]efaults will trigger claims by SPV investors against the sponsors who structured the deals—analogueous to the post-2008 RMBS "putback" litigation in which trustees sued sponsors for misrepresenting the quality of assets transferred to securitization vehicles, recovering more than \$36 billion."



Joe Dunman @joedunman.bsky.social · 2d

"A pervasive risk across the AI data center financing ecosystem is that investors—bondholders, ABS holders, pension funds, 401(k) participants—may not fully understand the obligations, contingencies, and structural dependencies embedded in the instruments they own."



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"Blue Owl Capital, for instance, manages SPVs on behalf of both Meta and Oracle, raising potential conflicts of interest if distress at one SPV affects the firm's management of the others. Analogueous claims were asserted against collateral managers and CDO trustees in the post-2008 litigation."



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"In August 2025, President Trump signed an executive order instructing federal agencies to loosen regulations so that ordinary 401(k) holders can invest directly in "alternative assets" such as private credit—
potentially extending the chain of opaque exposure to a far broader

can invest directly in "alternative assets" such as private credit—potentially extending the chain of opaque exposure to a far broader swath of the public."

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"Given the specialized nature of AI data centers, including remote locations, purpose-built facilities, and limited alternative uses, a rating that proves overly optimistic could mislead investors and trigger litigation similar to that faced by rating agencies after the 2008 financial crisis."

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The report goes on and on, and it gets bleaker as it goes. Granted, it frames everything as "if," but it's hard not to read "when," instead.

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Notably, this memo has been up on the QE website for two weeks. I found it through a lucky Google search, but couldn't find any reporting on it. I found some Youtube videos about how QE attorneys use AI in their daily work, but nothing else. Happy to know if there's any media followup.

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43



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Adam J Schmidt @adamjschmidt.bsky.social · 2d

Curious to know what conclusion these people drew from watching "The Big Short" 🤔





pnutzgg.bsky.social @pnutzgg.bsky.social · 2h
it did work... for those taking part in the short



JKO @jackieogburn.bsky.social · 2d
Giving off Lehman Brothers/Great Recssions vibes.



Daniel Bayley UA @danielbayley.dev · 1d
Failure to punish those responsible in 2008 led directly to this shit all over again.



Prisoner37 @prisoner37.bsky.social · 1d
They make a profit and stick me with the loss. Standard operating procedure for "capitalists" privatize profits and socialize losses



Diamond Life @diamondlifeca.bsky.social · 1d
Epstein 2.0



Gemini @geminidrgn.bsky.social · 1d
First as tragedy then as farce



C.V. Danes @cv-danes.com · 1d
In which it seems the finance industry learned absolutely nothing.



Scott Centoni @scottcentoni.bsky.social · 6h
They learned that they can get away with it.





Fraeon @fraeon.info · 2d

Oh sweet, it's the data center version of the subprime crisis.



Josh "WAFFLE SQUARF is on fire" Brown @theotherspeakman.bs... · 6h

Hey, we should literally actually stop that before 2027 becomes like 2008, a very bad time for everyone except the rich, who partied like nothing was wrong.



Pontious Pilates @pontiouspilates.bsky.social · 2h



chx1975.bsky.social @chx1975.bsky.social · 1d

I learned the word "tranches" from the movie Margin Call.



[News from Bloomberg Terminal](#)**Oracle Data Center Nears \$16 Billion Financing After Twisty Path**

April 1, 2026, 10:20 AM PDT

Summary by Bloomberg AI

AI Generated



- Related Digital is finalizing \$16 billion of financing for a giant Oracle Corp. data center in Michigan to power applications for OpenAI.
- The financing includes Blackstone Inc.'s equity investment of roughly \$2 billion and a \$14 billion debt financing led by Bank of America Corp.
- The project has faced intense scrutiny from Wall Street and locals, with some investors questioning the campus's planned power footprint and seeking changes to Oracle's lease terms.

By Dawn Lim, Paula Seligson and Brian Eckhouse

(Bloomberg) --

Related Digital is finalizing \$16 billion of financing for a giant Oracle Corp. data center, after months of stop-and-start negotiations with investors.

The developer has been rounding up cash to build a Michigan campus that would allow Oracle to power applications for OpenAI. The financing follows other massive debt packages that banks assembled for Oracle data centers: a \$38 billion debt deal to build facilities in Texas and Wisconsin, and \$18 billion for a New Mexico site.

The protracted process involving the project in Michigan's Saline Township shows how Big Tech's debt-fueled AI splurge is running into more intense scrutiny from Wall Street.

Blackstone Inc.'s equity investment will be less than anticipated at roughly \$2 billion, according to people familiar with the matter. An additional \$14 billion debt financing led by Bank of America Corp., originally slated as a construction loan, is now expected to involve a bond issuance, some people said. The financing is set to close as soon as this month.



A rendering of a data center campus in Saline Township, Michigan.

Source: Related Digital

The offering is another test of investor sentiment about Oracle's AI spending and the complex arrangements that keep debt off its balance sheet. Oracle promises to lease the data center while the resulting payments backstop the debt that investors provide to an entity created to fund the construction.

"We are proud of the rapid progress that's been made both in financing and developing our data center," Oracle said in a statement about the Michigan deal.

Financing will be completed shortly, the project is on schedule, and the first steel columns have just been installed, Related Digital, a venture of New York-based property developer Related Cos., said in a separate statement.

Blackstone and Bank of America declined to comment.

Fierce Pushback

Early on, some investors questioned whether a campus with a planned power footprint bigger than a nuclear plant would survive legal challenges and fierce pushback from locals. Talks inside Blackstone over a potential investment ground to a halt in September, when Saline Township officials denied Related Digital's request to build data centers in what had been an agricultural zone, people said.

Blackstone warmed to the idea only after the officials and Related Digital reached an agreement the following month. The alternative asset manager's \$2 billion equity commitment is about half of what had initially been discussed, people said.

Meanwhile, a campaign to raise an additional \$14 billion debt financing, originally expected to wrap up in January, was complicated by questions from potential lenders over the terms of Oracle's lease, which define the fees that would backstop the debt, people involved in the talks said.

Read More: AI's \$3 Trillion Build-Out Spurs Debt Boom and Creates New Risk

Lenders demanded changes on Oracle's lease terms and sought clauses that would guarantee payments regardless of whether all of the data-center capacity was used, the people said.

On Jan. 26, analysts at TD Cowen told clients they had seen evidence that Oracle data-center leases that were under negotiation had struggled to secure financing.

"In cases where US banks are still open to lending, our checks indicate that borrowing cost spreads for Oracle-linked data center projects have widened to non-investment grade levels," the analysts, led by Michael Elias, said in a note to clients. They noted the spreads had risen by as much as 225 basis points between September and January to as high as 450 basis points over a benchmark rate.

A breakthrough for the Michigan project came when Oracle showed a willingness to tighten some leasing terms. Then, on March 10, Oracle reported earnings that beat Wall Street estimates, fueled by stronger sales in its infrastructure business, and forecast robust demand for AI computing.

While that gave Oracle shares a temporary boost, they're still down about 25% this year.

Cash Burn

Oracle, a key player in the AI infrastructure initiative known as Stargate, is spending so much to build out capacity to run customers' computing processes that it's operating with negative free cash flow and plans to cut thousands of jobs.

Its fortunes are increasingly intertwined with ChatGPT-maker OpenAI, which is burning through cash without signs of showing profits anytime soon. S&P Global Ratings has projected that Oracle will run a free operating cash flow deficit in coming years as it spends more aggressively, eroding its credit profile.

Oracle's debt-raising boom has saddled some banks with large exposure to the technology giant. Meanwhile, banks such as Natixis SA and Banco Santander SA have sought to sell data-center debt tied to Oracle, some of the people familiar with the matter said.

While Santander declined to comment, a Natixis spokesperson said "we are always actively managing our positions on transactions, either via the coordinated syndication process or through secondary sales afterwards."

--With assistance from Jeannine Amodeo, Ryan Vlastelica, Brody Ford and Michelle Cheng.

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<https://www.wsj.com/tech/oracle-lays-off-workers-amid-heavy-ai-investment-fff8cd82>

TECHNOLOGY

Oracle Lays Off Workers Amid Heavy AI Investment

The cloud-computing and database firm told some workers in the U.S. and India that their roles were being eliminated

By Sebastian Herrera [Follow](#) and Joseph De Avila [Follow](#)

Updated March 31, 2026 5:23 pm ET



Oracle employed about 162,000 people globally as of end-May. JOHN G MABANGLO/EPA/SHUTTERSTOCK

Quick Summary

- Oracle began laying off staff in the U.S. and India Tuesday across its business lines
- [View more](#)

Oracle **ORCL -0.55%** ▼ began to significantly reduce its workforce Tuesday while it continues to build out costly data centers for artificial-intelligence development.

The cloud-computing and database company is cutting jobs across its business lines, according to employees and several posts on LinkedIn. On

social media, workers who said they were based in the U.S. and India posted about their positions being eliminated.

Some affected employees told The Wall Street Journal that they had received an early morning email from “Oracle Leadership” that thanked them for their work and informed them it was their last day.

“After careful consideration of Oracle’s current business needs, we have made the decision to eliminate your role,” an email to one affected employee says.

The full scope of the layoffs isn’t yet clear, but some employees said internal metrics show the count of reductions thus far in the thousands. Analysts at investment bank TD Cowen earlier this year predicted Oracle would shed as many as 30,000 workers and sell some of its assets as it finances its AI infrastructure projects.

Oracle employed about 162,000 people globally as of end-May.

Representatives for Oracle declined to comment.

Shares in the company are down nearly 50% in the past six months as investors have expressed concern about the feasibility of its data-center-financing plan. The company raised its sales outlook in its most recent earnings report, while saying demand for AI continues to outpace supply.

The company’s stock rose 6% on Tuesday.

Oracle recently outlined in a regulatory filing that it would spend \$500 million more on restructuring costs in the current fiscal year than previously reported, suggesting an acceleration in its job-cutting program.

Oracle’s project with OpenAI, known as Stargate, calls for several data centers in the next few years. Investors and analysts also consider the deal

one of the riskiest because Oracle is taking on tens of billions in debt to partner with the unprofitable OpenAI.

OpenAI recently secured commitments totaling \$110 billion in new funding and is expected to complete an initial public offering later this year. It is in an increasingly competitive fight with rival Anthropic and others for lucrative business customers.

Stargate's flagship site in Abilene, Texas, is partially operational, but Oracle won't immediately see much of the revenue from the overall project. Many investors and tech analysts are watching the company closely as a barometer for the AI boom-or-bust debate due to the difficulty of the Stargate project.

A number of other technology companies have laid off swaths of workers in recent months, in many cases working to automate more tasks with AI. Amazon laid off roughly 30,000 employees in six months. Payments processor Block in February announced it was cutting nearly half of its staff, in a move Chief Executive Jack Dorsey said was due to AI.

Appeared in the April 1, 2026, print edition as 'Oracle To Slash Staffing Over Costs'.

Sebastian Herrera covers technology for The Wall Street Journal from the San Francisco area, with a focus on Microsoft, artificial intelligence and cloud computing. He writes about how AI is transforming the way people work and live, its promises and risks and the infrastructure that underpins the...

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Joseph De Avila is a reporter covering breaking news at The Wall Street Journal.

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Securities

New US Audit Board Leaders to Reopen Contested Quality Rules (1)

March 31, 2026, 10:44 AM PDT; Updated: March 31, 2026, 1:40 PM PDT

The US audit board under fresh leadership signaled Tuesday it would consider scaling back a rewrite of its quality control rules—part of a broader reset to its approach as an industry watchdog.

The Public Company Accounting Oversight Board plans to reopen the comment file on the quality control project to consider possible “narrow revisions” that would ease auditor adoption of rules set to take effect in December, Demetrios Logothetis said during his inaugural meeting as board chair.

Aspects of the foundational rules for how firms police the quality of their work “may be unnecessary” and might not deliver more effective audits, Logothetis said.

Auditors have pressed to delay or revise the rules, arguing they need more flexibility in how to apply the standard. The largest US firms also have contested a requirement for independent oversight of their audit work.

Reconsidering the overhauled standard, adopted under former leadership in 2024, is among several priority projects for the board. That short-list includes redesigning the board’s inspections program and launching a technical consultation process to support application of its rules.

The board Tuesday also asked for public input in shaping a new roadmap for the Enron-era regulator’s work and to scope out which additional audit standards warrant updates.

“What must evolve is how we carry out our mission in a rapidly changing environment,” Logothetis said.

The request marks the first official action from the regulator since three new leaders joined the board in February including Logothetis, the first Big Four audit partner to helm the watchdog.

He succeeds former chair Erica Williams, who was forced out by SEC Chair Paul Atkins last summer. The commission under the Trump administration replaced all but one board member, marking the third leadership overhaul at the PCAOB in less than a decade and heralding a sharp pivot in strategy.

The request for comment provides an initial look at its coming priorities.

Board members want to hear from investors, audit committee members, and other stakeholders on possible improvements to its inspections program and the PCAOB's use of advanced technologies like artificial intelligence, among other topics.

Comments are due to the board by May 15.

The board plans to issue separate consultations on its strategy outline and its rule-writing agenda, Logothetis said.

Soliciting suggestions about what should be on the board's standard-setting agenda is a first for the PCAOB. The move borrows from the playbook of other standard-setters and regulators like the Financial Reporting Council in the UK and the Financial Accounting Standards Board, which writes US accounting rules.

A Clean Slate

After a tumultuous 2025, the board is ready for a clean slate.

Logothetis promised to steward a "productive" and "innovative" chapter for the PCAOB while also training the board's staff, who he called "the elite corps" of the profession, to leverage cutting edge technology.

"It is time to change course," said board member Steve Laughton.

Laughton called for a more moderate approach to the board's oversight and for smaller, more incremental improvements to its rules. He previously worked for former board member Christina Ho, a frequent critic of Williams' priorities.

Under Williams, the audit regulator narrowly survived a bid by Republican lawmakers to sunset its authority and transfer its responsibilities to the SEC, which oversees the PCAOB and its funding.

Congress created the PCAOB in 2002 to restore investor faith in corporate accounting after a series of scandals.

The legislative fight sparked calls for reforms at the PCAOB from auditors and investors alike.

(Updates with additional details about the board's priorities beginning in paragraph nine.)

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Telemedicine Biz Can't Escape Investor Suit Over User Losses

By **Jessica Corso**

Law360 (March 31, 2026, 6:41 PM EDT) -- A New York federal judge on Tuesday ruled Teladoc Health Inc. cannot escape an investor suit over its declining user base and increased advertising budget, saying the departure of its former chief executive in 2024 could indicate the company knew it was misleading shareholders about its financial state.

U.S. District Judge Kenneth M. Karas trimmed the proposed class action against Teladoc but did not dismiss it entirely, saying that suing investors had presented evidence that former CEO Jason Gorevic and former Chief Financial Officer Mala Murthy knew but failed to disclose information about increased customer acquisition costs.

According to a company press release, Gorevic left the company "effective immediately" in April 2024. That was two months after the company disclosed financial weaknesses with its mental health platform BetterHelp that suing investors allege led to a nearly 24% downturn in its stock price, according to the lawsuit.

His termination "does some limited work to nudge the inference of scienter further at this early stage," Judge Karas said Tuesday.

"Gorevic could in fact have been terminated for any number of reasons," the judge added.

But his termination shortly after the February disclosures coupled with other alleged misstatements by the former CEO "adds something (if only something small) to the inference of scienter because the allegation suggests Gorevic's role in the claimed conduct was nontrivial and that he was not merely negligent," according to the ruling.

Judge Karas said other allegations presented by the suing investors also made it plausible the company knew about data the platform's customer acquisition costs were rising as early as July 2023, including statements from Murthy that leadership was monitoring BetterHelp's ad spend "hourly and daily."

"Plaintiffs have adequately alleged defendants' comments and other circumstances plausibly plead an inference of scienter for the actionable statements 'at least as compelling as any opposing inference one could draw from the facts alleged,' even if any of these allegations in isolation might not be enough to allow that inference," the judge said.

He did stop the suing investors from making allegations based on certain statements about the company's past performance.

"None of the cases plaintiffs cite suggests that an accurate statement about past performance becomes actionable just because less desirable results are about to occur or have already started to occur at the time of the statement," Judge Karas said.

A Teladoc spokesperson noted in an emailed statement to Law360 on Tuesday that some of the claims had been dismissed.

"The court dismissed some, but not all, of the complaints," the spokesperson said. "We believe the remaining complaints equally to be without merit and intend to continue a vigorous defense."

Attorneys for the investors didn't immediately respond to requests for comment Tuesday.

The lawsuit, **filed in 2024**, claims Teladoc's 2023 financial results fell "well below expectations" due to a \$45 million year-over-year increase in its ad spending, coupled with the loss of 51,000 BetterHelp users in the back half of the year.

Teladoc **has said** the investors' allegations are "illogical" and that they ignore the company's "repeated warnings" that it was expecting the customer acquisition trends at the heart of the suit.

The investors are represented by Samuel H. Rudman, Michael G. Capeci and Natalie C. Arenella of Robbins Geller Rudman & Dowd LLP, and Shannon L. Hopkins and Gregory M. Potrepka of Levi & Korsinsky LLP.

Teladoc, Gorevic and Murthy are represented by Daniel J. Kramer, Audra J. Soloway, Daniel S. Sinnreich and Emily M. Miller of Paul Weiss Rifkind Wharton & Garrison LLP.

The case is Paul Stary v. Teladoc Health Inc. et al., case number 7:24-cv-03849, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Emilie Ruscoe. Editing by Lakshna Mehta.

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Arbor Realty Defeats Investors' Securities Fraud Suit

By **Isaac Monterose**

Law360 (March 31, 2026, 4:49 PM EDT) -- A New York federal judge tossed a proposed securities class action that accused real estate investment trust and lender Arbor Realty Trust Inc. of misleading investors about its lending and underwriting practices, ruling Tuesday that the proposed class failed to show how the REIT misled investors.

In her ruling, U.S. District Judge Pamela K. Chen determined that the proposed class' suit, which was initially **filed** in July 2024, must be dismissed because the proposed class failed to allege how Arbor Realty, its CEO Ivan Kaufman and its CFO Paul Elenio committed fraud or lied to investors. However, the proposed class is allowed to amend its claims.

Throughout her order, Judge Chen ruled that the proposed class' suit failed for multiple reasons.

For example, the proposed class pointed to Kaufman praising the company's loan portfolio in a Q1 2021 earnings call, Judge Chen said. Kaufman stated that the loan portfolio would bring in loan originations from government-sponsored enterprises and loan servicing revenue, according to the judge.

The proposed class claimed that these Kaufman statements were false, in part, because Kaufman knew that Arbor Realty was disregarding its own underwriting practices in order to increase its loan volume, but Judge Chen ruled that what Kaufman said didn't count as "actionable fraud."

The judge said that the cited Kaufman statements for the Q1 2021 earnings call were either puffery or just general statements that investors wouldn't use to make their decisions.

Additionally, according to Judge Chen, the proposed class failed to show that Kaufman was lying about Arbor Realty's underwriting practices or knew that those practices were bad business when he made his Q1 2021 statements.

The judge ruled that the suit's claims about the REIT's lending practices described how that sort of company typically works and that those practices were disclosed.

"There is no doubt ABR had high(er) risk loans in its portfolio, given the nature of its structured business, which originates loans on non-stabilized properties," the judge said. "But there are no allegations that this structured business — and its concomitant risks — did not exist before the influx of syndicators and their particularly risky loans."

"And the amended complaint is devoid of particularized allegations that ABR deviated from or abandoned the 'underwriting standards and guidelines' that it had always, or at least previously, used for structured business loans," the judge added.

Judge Chen rejected the case law cited by the proposed class to support its claims, ruling that these case law examples significantly differed from the current case. The proposed class pointed to cases such as a New York federal court's 2024 decision for Ray v. StoneCo Ltd. to back up its claim alleging that Kaufman lied to investors about Arbor Realty's underwriting practices, which endangered the company's loan takeout business for government-sponsored enterprises.

"But the portion of Ray that plaintiffs cite discusses the defendants' active lowering of their borrowing standards at a time when they publicly stated this credit scoring system was 'improved' or 'enhanced,'" Judge Chen said. "Similarly, much of plaintiffs' other case law involves instances where

the defendants knew that the facts on the ground differed from their public statements."

Class counsel and counsel for Arbor Realty didn't respond to requests for comment Tuesday. The REIT also didn't respond to a request for comment.

The proposed class is represented by Adam M. Apton of Levi & Korsinsky LLP.

Arbor Realty, Kaufman and Elenio are represented by Andrew J. Levander, Angela Liu and Neil A. Steiner of Dechert LLP.

The case is Martin v. Arbor Realty Trust Inc. et al., case number 1:24-cv-05347, in the U.S. District Court for the Eastern District of New York.

--Editing by Patrick Reagan.

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Del. Chancery Tosses B. Riley Investor Loss Suit

By **Jarek Rutz**

Law360 (March 31, 2026, 10:05 PM EDT) -- The Delaware Chancery Court dismissed a stockholder derivative lawsuit accusing B. Riley Financial Inc. insiders and directors of breaching their fiduciary duties over hundreds of millions of dollars in losses tied to the failed Franchise Group investment, ruling that the claims amounted to an impermissible hindsight critique of a risky business decision.

In a memorandum opinion issued Monday, Vice Chancellor Lori W. Will found that plaintiff Michael Robert Marchner Jr. failed to show that B. Riley's board acted in bad faith or ignored legal violations, instead concluding that the allegations challenged ordinary business judgment in a deal that later unraveled.

"This case presents a hindsight critique of a business decision gone awry," Vice Chancellor Will said in her ruling. "The plaintiff seeks to recast an unfortunate investment as a breach of the duty of loyalty. He does not succeed."

The ruling grants motions to dismiss, finding that Marchner did not adequately plead that making a demand on the board would have been futile, a threshold requirement for derivative suits.

The lawsuit, **filed in February 2025**, targeted B. Riley co-founder and co-CEO Bryant R. Riley, fellow executive Thomas J. Kelleher, and several directors, alleging they failed to oversee risks tied to the firm's deep financial exposure to Franchise Group Inc.

At the center of the dispute was B. Riley's role in a 2023 take-private deal for Franchise Group valued at roughly \$2.6 billion, along with related loans and investments totaling hundreds of millions of dollars. The investment later collapsed following the unraveling of Franchise Group and the bankruptcy of affiliated entities, leading B. Riley to take roughly \$490 million in write-downs, according to the opinion.

The fallout was tied in part to a separate securities fraud scandal involving Franchise Group CEO Brian Kahn at Prophecy Asset Management, a third-party firm not owned by B. Riley. As Kahn's alleged misconduct surfaced in late 2023, B. Riley's stock price plunged and regulators launched probes into its relationship with Kahn.

Marchner's complaint argued that the board ignored warning signs, including declining financial projections and risky loans, and failed to implement adequate oversight systems, **asserting claims under the high bar** Caremark doctrine governing board-level oversight liability.

But the court rejected those arguments, emphasizing that Delaware law does not allow plaintiffs to turn unsuccessful investments into fiduciary breaches without showing bad faith.

"Imperfect diligence on an investment that later sours is a matter of business risk, not bad faith," Vice Chancellor Will said, adding that the plaintiff's theory improperly stretched oversight liability beyond its limits.

The opinion found that B. Riley maintained standard oversight mechanisms, including an audit committee, outside advisers and internal controls, undercutting claims that directors utterly failed to monitor risk. It also concluded that the alleged "red flags" cited by the plaintiff, such as weakening financial performance and debt downgrades, reflected business risks rather than evidence of legal wrongdoing.

The court said the alleged misconduct occurred at an outside entity, not within B. Riley itself, and that directors are not responsible for policing compliance at third-party companies.

Vice Chancellor Will also rejected arguments that a majority of the board lacked independence or faced a substantial likelihood of liability, noting that claims based on personal relationships, compensation or social ties were insufficient to overcome Delaware's presumption of director independence.

Because Marchner failed to show that at least half of the board could not impartially consider a demand, the court held that the case could not proceed.

The decision underscores the difficulty of bringing oversight-based derivative claims in Delaware, particularly where plaintiffs seek to tie corporate losses to alleged failures in monitoring business risk rather than clear legal violations.

In a Tuesday statement sent to Law360, Riley said, "[B. Riley Financial] believes this outcome reflects the integrity of its board and governance processes."

Other representatives for the parties did not immediately respond to requests for comment Tuesday.

Stockholder Michael Robert Marchner Jr. is represented by Carmella P. Keener of Cooch & Taylor PA and Robert C. Finkel, Adam J. Blander and Justyn J. Millamena of Wolf Popper LLP.

Bryant R. Riley, B. Riley Financial Inc. and director Thomas J. Kelleher are represented by Raymond J. DiCamillo and Sandy Xu of Richards Layton & Finger PA and Adam Paris of Sullivan & Cromwell LLP.

Other defendants including named directors are represented by Garrett B. Moritz, Richard Garrett Rice and Kevin A. Rudolph of Ross Aronstam & Moritz LLP and Chase Weidner of Gibson Dunn & Crutcher LLP.

The case is Michael Robert Marchner Jr. et al. v. Bryant R. Riley et al., case number 2025-0164, in the Delaware Chancery Court.

--Editing by Jay Jackson Jr.



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Students Can Become Aid Fixing Class, With New Lead Attys

By **Lauraann Wood**

Law360 (March 31, 2026, 10:39 PM EDT) -- Students pursuing financial aid fixing claims against Cornell University and several other elite schools can proceed as a class if they tap different lead counsel, since misrepresentations regarding one firm's purportedly contingent casework caused a significant trust impairment, an Illinois federal judge said Tuesday.

The class counsel switch-up is warranted after lead class counsel at Gilbert Litigators & Counselors PC repeatedly stated in supportive settlement filings that the firm has worked on the students' case on a contingent bases "or, even worse, 'on a wholly contingent basis'" without ever mentioning a litigation funding agreement that paid the firm up to \$14 million for its time and out-of-pocket costs, U.S. District Judge Matthew Kennelly said.

The funding agreement's existence isn't the problem, nor is the way counsel divvied up casework or the hourly rate attorneys charged for that work, Judge Kennelly said. "Rather, the issue here involves candor," and although counsel wasn't required to disclose GLC's litigation funding arrangement, "making untruthful and misleading statements about it is a different matter," he said.

GLC managing partner Robert Gilbert's statements would have misled any reasonable reader to believe GLC "risked total nonpayment" as it worked on the students' case when "the truth is that it didn't," the judge said. Instead, had the case been dismissed, "Gilbert would have walked away with the funder's millions in hand," he said.

"Words matter, and context matters," Judge Kennelly said.

Also problematic is that co-lead counsel at Freedman Normand Friedland LLP and Berger Montague PC "affirmatively adopted" Gilbert's misstatements in their own filings, Judge Kennelly said.

"This is not simply a matter of being less than 'fully transparent,'" as the attorneys suggested during a hearing earlier this month, the judge said.

If the class proposes new lead counsel "outside the current group," however, those two firms will be allowed to serve as co-counsel, Judge Kennelly ruled. The candor issue creates "significant doubt" regarding their adequacy for class certification purposes, even with GLC excluded, "but the level of doubt is insufficient to require their removal entirely," he said.

If the students propose new lead counsel for their case within three weeks, then their certification bid will be granted because they meet all the other necessary requirements on that front, Judge Kennelly **ruled**. But if they don't, "then the balance will tip the other way" and their request will be denied, he said.

The five universities still fighting the students' claims asserted the issue warranted denying class certification, "but it is not that simple," partly because a class has already been certified for settlement purposes and more than 74,000 class members have submitted claims to the roughly \$220 million in net settlement funds that have accrued so far, Judge Kennelly said.

The universities also argued denying class certification was appropriate since the misleading representations were part of an effort to get more money at the class' expense, and "the court cannot disagree with that," he said. But the universities' proposed solution "gives them a windfall and

penalizes the alleged victims," he said.

And although counsel's lack of candor would unlikely affect their zealous litigation of the students' case, "the breach here was a significant one" and a court's ability to trust counsel matters, particularly when the attorneys are representing a class, the judge said.

"Here counsel have impaired that trust in a significant way," Judge Kennelly said. "And there is no way to predict with certainty that this will not matter going forward."

Removing all the class' current attorneys, however, "poses a very high risk" of impairing the case's prosecution as it moves forward, particularly since the attorneys have spent years developing it and preparing it for trial, the judge said. Requiring new lead counsel both protects the class and avoids unfairly prejudicing it, he said.

Counsel for the parties declined to comment Tuesday.

The students initially sued 17 schools in 2022, accusing the universities of violating federal antitrust law by agreeing to limit the student aid they provide through the 568 Presidents Group. The group is named for Section 568 of the Improving America's Schools Act, which allows universities to collaborate on financial aid opportunities as long as they admit students on a "need-blind basis," or without considering their financial standing.

Judge Kennelly refused to dismiss the case after finding that the students reasonably alleged that the universities had considered their financial situation during admission decisions. They have accused the elite institutions of favoring the children of wealthy donors.

The University of Chicago was the first to settle, in a \$13.5 million deal, followed by deals with Yale, Emory, Brown, Columbia and Duke universities totaling \$104.5 million. The court most recently approved an \$18.5 million settlement between the students and Johns Hopkins and a \$16 million deal with the California Institute of Technology.

The University of Pennsylvania, Georgetown University, Cornell University, University of Notre Dame and Massachusetts Institute of Technology remain in the case. Those schools have argued summary judgment was appropriate because the case's evidence unquestionably proves they compete vigorously for students, but Judge Kennelly rejected that argument, and the universities have since asked the Seventh Circuit to review that ruling.

The students are represented by Robert Raymar, Robert Gilbert, Elpidio Villarreal, David Copeland and Natasha Zaslove of Gilbert Litigators & Counselors PC, Devin "Vel" Freedman, Edward Normand, Richard Cipolla, Daniel Walker and Robert Litan of Freedman Normand Friedland LLP, and Eric Cramer, David Langer, Jeremy Gradwohl and Richard Schwartz of Berger Montague PC.

Cornell University is represented by Kirkland & Ellis LLP.

The University of Pennsylvania is represented by WilmerHale and Miller Shakman Levine & Feldman LLP.

Georgetown University is represented by Mayer Brown LLP.

The Massachusetts Institute of Technology is represented by Freshfields LLP and Goldman Ismail Tomaselli Brennan & Baum LLP.

The University of Notre Dame is represented by Williams & Connolly LLP and Michael Best & Friedrich LLP.

The case is *Sia Henry et al. v. Brown University et al.*, case number 1:22-cv-00125, in the U.S. District Court for the Northern District of Illinois.

--Additional reporting by Matthew Perlman. Editing by Jay Jackson Jr.

Correction: An earlier version of this story misquoted the court's order. The error has been corrected.

Ex-FirstEnergy Execs' Bribe Trial Ends After Jury Hits Impasse

By **Cara Salvatore**

Law360 (March 31, 2026, 1:04 PM EDT) -- An Ohio judge on Tuesday dismissed a jury weighing charges that two former FirstEnergy Corp. executives bribed a utility regulator to help secure a controversial \$1.3 billion bailout for two of the company's nuclear plants, after the jury reported an impasse following more than a week of deliberations.



Ohio Judge Susan Baker Ross dismissed the jury in a bribery case involving two former FirstEnergy executives after jurors reported an impasse. (Mike Cardew/Akron Beacon Journal via AP, Pool)

Judge Susan Baker Ross read a note from the jurors reporting the impasse, and said she would be excusing them.

"I respect that this is where you are after all of that," Judge Ross said. "This is complete; you are relieved from your duty to not talk to anybody about the case."

Ohio Attorney General Dave Yost said in a statement that the state would retry the defendants, former CEO Chuck Jones and former Senior Vice President of External Affairs Michael Dowling.

The pair were indicted in February 2024, along with the lobbyist-turned-regulator they were accused of paying off, Sam Randazzo.

Jones and Dowling were accused of working with Ohio Public Utilities Commission chair Randazzo, a lawyer who went into government in 2019, to funnel bribes and help push legislation known as House Bill 6 to bail out two FirstEnergy plants.

Randazzo died by suicide two months after the state indictment. He had also faced federal charges.

Former Ohio House Speaker Larry Householder and Republican lobbyist Matt Borges were convicted for roles in the scheme in June 2023.

The prosecution on Tuesday requested a formal declaration of a mistrial in the case against Jones and Dowling after Judge Ross' announcement. The judge declined to immediately rule.

Dowling's counsel, John McCaffrey of Tucker Ellis LLP, said in a statement Tuesday the team appreciated the jury's work.

"We will be filing a motion for judgment of acquittal, and we will continue in our defense of Mr. Dowling," McCaffrey said.

Carole Rendon, counsel for Jones, said in a statement the team was grateful to the jury and to Judge Ross.

"While we are disappointed that the jury was unable to reach a unanimous verdict, we are not surprised given the numerous incidents of prosecutorial misconduct that occurred before and during this trial which infected the record in this case," she said. "We hope the state of Ohio rethinks its decision to retry this case given the legal insufficiency of the charges. If not, we are prepared to seek a judgment of acquittal and will continue to vigorously defend Mr. Jones."

Trial began in early February in the case against Jones and Dowling, and the defense moved at one point for acquittal, saying the state had only proven a case against Randazzo.

"After presenting 27 witnesses and introducing nearly 600 exhibits, the state has fallen woefully short in its ill-fated quest to inject Dowling into the Randazzo crime spree," Dowling's counsel wrote in a motion. "Most of the counts are not even close on proof, some are factually impossible, and others are legally implausible."

Dowling was charged with one count of a pattern of corrupt activity, one count of bribery, two counts of telecommunications fraud, four counts of money laundering, two counts of tampering with records, and one count of conspiracy.

Jones faced the same counts, except without charges for tampering with records.

The indictment claims that Dowling was responsible for having FirstEnergy negotiate an \$8.5 million consulting deal with Randazzo's one-man entity, SFA-Ohio, in 2015, a document prosecutors called "a subterfuge" designed to conceal that settlements from a Public Utilities Commission case were being "funneled" through Randazzo. Prosecutors also said the consulting deal went against Randazzo's partnership agreement with his law firm, McNees Wallace & Nurick.

In 2018, Jones and Dowling allegedly went to bat for Randazzo to become Public Utilities Commission chair, and had FirstEnergy pay to Randazzo the \$4.33 million outstanding on the 2015 consulting agreement. Prosecutors claim this payout guaranteed that Randazzo would do the bidding of Jones and Dowling when he got into office.

The three allegedly worked together to "steal money from FirstEnergy, write legislative provisions worth unearned millions of dollars to FirstEnergy, legally guarantee FirstEnergy's continued profitability and take over the state government in a way that allowed FirstEnergy to regulate itself," the indictment claimed.

The defendants have repeatedly lobbed claims of prosecutorial misconduct during trial. On Feb. 20, they said they had just learned from grand jury transcripts that "highly exculpatory material going to the heart of this case" had been withheld from the defense. On March 11, they said a prosecutor asked a witness, U.S. Sen. Jon Husted, an inappropriate question directly about guilt that infringed on the jury's exclusive province.

The motions are pending.

Rendon, counsel for Jones, told Law360 at the time of the indictment, "Mr. Jones did not violate the law. ... He did not bribe anyone. He acted in the best interests of FirstEnergy's customers as well as its employees and investors, and never betrayed their trust."

Ohio is represented by Carol O'Brien and Matthew Meyer of the Ohio Attorney General's Office and Brad Gessner of the Summit County Prosecutor's Office.

Jones is represented by Carole Rendon of BakerHostetler, William Scherman of Vinson & Elkins LLP, and Noah Munyer.

Dowling is represented by John McCaffrey of Tucker Ellis LLP and Dan Webb of Winston & Strawn LLP.

The cases are State of Ohio v. Charles E. Jones, case number CR-2024-02-0473-C, and State of Ohio v. Michael Dowling, case number CR-2024-02-0473-B, in the Ohio Court of Common Pleas, Summit County.

--Editing by Daniel King.

Update: This article has been updated with comment from counsel for Jones.