

Defense says Armistice Capital trades, not fraud, drove Vaxart stock sales

DJ [dailyjournal.com/articles/390858-defense-says-armistice-capital-trades-not-fraud-drove-vaxart-stock-sales](https://www.dailyjournal.com/articles/390858-defense-says-armistice-capital-trades-not-fraud-drove-vaxart-stock-sales)

Steve W. Berman

What plaintiffs describe as a pump-and-dump scheme by hedge fund Armistice Capital to exploit biotech investing during the COVID-19 pandemic was simply an example of the firm's investment strategy, the defense said in opening statements Tuesday in a San Francisco securities dispute.

According to investors represented by Steve W. Berman of Hagens Berman Sobol Shapiro LLP, the Armistice Capital founder, Steven Boyd, felt that his investment in Vaxart was losing the race to develop a COVID-19 vaccine so he hatched a plan to make money from it anyway. The plaintiffs claimed that Armistice planned to get Vaxart to issue misleading press releases indicating the company was well on its way to developing a vaccine to inflate the stock price so the shares could be sold for a substantial profit.

The plaintiffs point to Armistice's sale of 22.6 million shares of Vaxart in June 2020, just after a press release said the company had been selected to participate in the federal government's push for a COVID-19 vaccine, dubbed Operation Warp Speed. The stock price doubled after the press release and Armistice began to sell, Berman said, even though the company's vaccine candidate wasn't among the 14 selected for the program. *In re: Vaxart, Inc. Securities Litigation*, 3:20-cv-05949 (N.D. Cal., filed Aug. 24, 2020).

But Akin Gump Strauss Hauer & Feld LLP partner Charles F. Connolly countered that Armistice always bought stock in small, undervalued companies only to sell as soon as the company was valued properly.

Armistice had been selling shares in Vaxart since the pandemic started pushing money into biotech stocks, he said. When Boyd and managing director Keith Maher learned in early June 2020 that Vaxart had received federal funding to test its vaccine candidate on non-human primates, Armistice had to stop selling shares in order to not trade on inside information, Connolly said. Boyd urged the company to issue the press release, which Connolly said was entirely accurate, so that he could "sell stock as soon as he was legally allowed to do so."

The plaintiffs' timeline starts in 2019 when Armistice bought 62% of Vaxart. At the outset of the pandemic, Boyd became frustrated that Vaxart was missing an opportunity to make millions from the nationwide push for a vaccine, Berman claimed.

"Armistice saw this and became... focused on the incredible amount of money a vaccine could make," Berman told the jury.

Boyd installed a former Armistice employee, Andrei Floroiu, as Vaxart's CEO, the plaintiffs claim, to have more control over the company. In Floroiu's first month in charge, Vaxart issued two press releases that each doubled its stock price within a day, the lawsuit says, alleging one announced the company had been selected to participate in Operation Warp Speed and pointed to the funding it received for the non-human primate study. The other, issued a day earlier, said it had signed a memorandum of understanding with a company called Atwill to manufacture its COVID-19 vaccine, with the hope of producing a billion doses, the plaintiffs allege.

The two press releases saw Vaxart's share price jump from just over \$3 on June 24, 2020, to a peak of \$14.30 on June 26, the plaintiffs' attorneys told the jury. They said both releases were false since Vaxart wasn't one of the 14 companies selected for Operation Warp Speed, and Atwill didn't have the equipment needed to manufacture anywhere close to 1 billion doses.

The plaintiffs' team showed the jury an email Boyd allegedly sent in response to a Vaxart employee telling him the non-human primate study wasn't notable enough to warrant a press release. Boyd replied that it was, and if Vaxart didn't issue a press release, Armistice could, Berman said.

He also showed an email he said was sent by an Armistice employee following the Atwill press release that read, "1 billion doses *said in a Dr. Evil voice*," allegedly implying employees believed the information to be exaggerated. Even more notable, Berman said, are 629 deleted text messages between Boyd and Maher around the time of the alleged scheme.

But Connolly argued both press releases were true. He pointed to emails from federal employees referring to the non-human primate study as a part of Operation Warp Speed. The Atwill press release, he said, only indicated a "memorandum of understanding" that the two companies intended to work together in the future and believed they could eventually produce that number of doses.

Even if the plaintiffs could prove the press releases were false, Connolly said, the plaintiffs would need to show that Armistice, not Vaxart, was behind them. Vaxart settled ahead of trial.

The plaintiffs simply made a bet in a volatile pandemic-influenced stock market, lost, and are now "looking for someone to blame," Connolly said.

#390858

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Judge weighs class certification in Google stock-drop suit

DJ [dailyjournal.com/articles/390853-judge-weighs-class-certification-in-google-stock-drop-suit](https://www.dailyjournal.com/articles/390853-judge-weighs-class-certification-in-google-stock-drop-suit)

U.S. District Judge Rita F. Lin

A federal judge in San Francisco is considering whether to certify a class of Google investors who claim they were misled about the company's online advertising auctions, and deliberately inflating its stock price before a sharp decline wiped out hundreds of billions of dollars in market value.

The federal lawsuit against Alphabet Inc., Google's parent company, claims it leveraged its dominance in digital advertising to favor its own products in online ad auctions while concealing those practices from the market.

The plaintiffs claim those alleged misrepresentations inflated Alphabet's stock between 2020 and early 2023, when its market value declined as regulators and lawsuits -- including actions by state attorneys general and the U.S. Department of Justice -- began to expose the alleged conduct.

At a Tuesday hearing, Alphabet attorney Doru Gavril, a Freshfields partner in Redwood City, urged U.S. District Judge Rita F. Lin not to certify the putative class, arguing that events cited by plaintiffs -- including a 2021 Department of Justice lawsuit and a 2023 antitrust action -- did not produce statistically significant declines in the company's stock.

Gavril said plaintiffs must show stock movements are statistically significant at a 95% confidence level, the conventional benchmark in securities cases.

"This is a case that's very important; this is a very high monetary case," Gavril said. Using the 95% level "is a matter of scientific consensus. We need to look at price impact that is looked at through the lens of statistical significance."

Managing Partner Jeremy A. Lieberman of Pomerantz LLP in New York, representing the putative class, countered that the Supreme Court has never adopted that "scientific consensus."

"It's nice to call this science and think we're academics but it doesn't fit these cases," Lieberman said. "This is a matter of degree. It was defendant's burden to prove zero price impact. It's a logical fallacy. It's a statistical fallacy. No court endorses it. No court will endorse it."

Lin pressed Lieberman, asking, "If you cannot prove lack of price impact through statistical analysis, how else would one prove it?"

"By a preponderance of the evidence," Lieberman responded. "The standard for securities class actions. Sorry, it's a hard standard on defendants. We didn't invent it."

Lin took the matter under submission. *AMI-Government Employees Provident Fund Management Company Ltd. v. Alphabet Inc. et al.*, No. 3:23-cv-01186 (N.D. Cal., filed Mar. 16, 2023).

The lawsuit alleges Google manipulated bidding processes, accessed competitors' data and steered transactions toward its own advertising exchange, while publicly insisting auctions were fair.

Alphabet says its share price moved only minimally after a December 2020 lawsuit brought by state attorneys general and that any later fluctuations were due to broader market or industry factors, not new revelations.

"This lawsuit is quite an anomaly: a stock-drop case without a stock drop," Gavril wrote in opposition to class certification, contending Alphabet's shares did not significantly decline after any alleged "corrective disclosures."

The company also argues some allegations were already public, undermining claims that later disclosures revealed new information.

The plaintiffs counter that all investors relied on the same allegedly misleading statements and were harmed when the truth emerged. Alphabet argues individual issues predominate -- particularly reliance -- and that plaintiffs have not presented a workable damages model.

The case comes amid ongoing scrutiny of Google's advertising business. Plaintiffs say those investigations revealed concealed risks, while Alphabet argues they reflect long-public information already understood by investors.

#390853

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Securities

CrowdStrike Shareholders Drop Board Suit Over Massive IT Outage

April 14, 2026, 3:55 PM PDT

CrowdStrike Holdings Inc. executives and board members were freed from a stockholder lawsuit alleging they misled investors before a glitch in its cybersecurity software platform caused shutdowns globally in the summer of 2024.

The shareholders' agreement to drop the consolidated derivative action Tuesday came after Judge Robert Pitman dismissed a proposed class lawsuit hurling similar accusations against the cybersecurity company and top leaders. No appeal was filed within the statutory deadline of his dismissal, they told the US District Court for the Western District of Texas.

Pitman had given the stockholders in the derivative suit and corporate leaders until Tuesday to drop the case or provide a briefing schedule

The proposed class and derivative actions, filed in the wake of a massive global IT outage, alleged CrowdStrike and its executives misled investors about testing of its Falcon cybersecurity software platform and software updates to it

CrowdStrike in 2024 pushed an update to Falcon that caused system failures around the world, halting operations of clients from financial institutions to hospitals and leading to canceled flights and delayed health-care procedures

The Brown Law Firm PC and Gainey McKenna & Egleston are co-lead counsel for the shareholders. Kirkland & Ellis LLP and Texas-based Scott Douglass & McConnico LLP represent the CrowdStrike leaders.

The case is In Re CrowdStrike Holdings, Inc. Derivative Litig. , W.D. Tex., No. 1:24-cv-01031, 4/14/26 .

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Securities

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Deep Dive

Musk Move to Shift Tesla Cases to Texas Puts Pressure on Delaware

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Summary by Bloomberg AI

AI Generated



- A judge dismissed the last Tesla Inc. investor lawsuits filed in Delaware, effectively sending them to Texas, after Elon Musk's bias allegations led to the litigation being reassigned.
- The ruling may give Musk "home court advantage" in Texas, where businesses can restrict derivative litigation to investors owning at least 3%, which for Tesla means just Musk.
- The decision has raised questions about whether other companies might try similar tactics and could inflict "collateral damage" on investors in companies chartered in Delaware, according to University of Richmond law professor Jessica Erickson.

Elon Musk may finally be done with Delaware. Almost.

The messy split between the world's richest person and America's corporate capital cleared another hurdle this week when a judge dismissed the last Tesla Inc. investor lawsuits filed in Delaware, effectively sending them to Texas. The ruling came days after Musk's bias allegations led the chief of Delaware's Chancery Court to reassign the litigation under bizarre circumstances.

If Delaware's top tribunal upholds the April 13 decision after a likely appeal, the tech titan will get his prize: home court advantage in a jurisdiction jury-rigged to kill shareholder suits in the cradle. Texas now lets businesses restrict so-called derivative litigation to investors owning at least 3%, which for Tesla means just Musk.

"It's time for the Delaware-Musk relationship to be severed," said University of Richmond law professor Jessica Erickson. "It's not healthy for anyone involved. It needs to end. But the outcome here certainly raises questions about whether other companies might try the same tactics."

Despite Musk's efforts to incite a mass "DExit," Delaware still holds corporate law's gold standard. That means his scorched-earth victory may inflict collateral damage on investors in the nearly 70% of Fortune 500 companies chartered there, not to mention constituencies worldwide that rely on the thought leadership of its judiciary, Erickson said.

It's hardly the first time Delaware's legal system has been accused of giving way to the destabilizing barrage that culminated in Musk's bias gambit. Lawmakers spooked by the attacks raced last year to weaken the guardrails around powerful founders—opening ruptures across the corporate community—and the state's justices later issued an unsigned opinion overturning a landmark ruling against the billionaire.

"What I think this reflects is that at least one Delaware judge just doesn't want to be in the business of policing Elon Musk anymore," said Colorado Law professor Ann Lipton.

No Bright Lines

The remaining shareholder claims concern Musk's AI venture, Twitter Inc. acquisition, alleged insider trades, and drug use. The lawsuits, filed just before Tesla's move, cited a bylaw requiring investor cases to go to Delaware. The automaker switched to a Texas forum bylaw when it relocated.

The consolidated litigation fell to Vice Chancellor Bonnie W. David after Musk's latest volley against Chancellor Kathaleen St. J. McCormick scored a hit. She stepped aside when he alleged she'd endorsed a LinkedIn post gloating about his loss in a separate case.

McCormick—who's said she engaged accidentally if at all—used Scrabble tiles to reassign the dispute April 3. Another judge will handle lingering cleanup issues related to an older case that's all but over.

David took just 11 days to clear her docket.

She avoided bright lines based on litigation chronology—the lawsuits predated the Texas bylaw—pointing instead to the wider context. That included clear indications Tesla would adopt the provision, overwhelming investor approval, the preliminary status of the cases, and the company's concession that Delaware law applies either way.

Given the "zone of indeterminacy around transitions," it makes sense to look beyond technicalities, according to University of Nevada, Las Vegas law professor Benjamin Edwards.

"When stockholders overwhelmingly vote to leave, you don't want that to be a signal for them to be targeted by litigation which would plainly be prohibited in the destination jurisdiction," Edwards said.

Political Heat

David's holistic approach is a hallmark of Delaware's "equitable" business court, which focuses on disputes that defy categories. But the flexibility leaves room for motivated reasoning, according to Lipton, who said it departs from decades of practice for Delaware's "possessive" judges to give up cases hinging on Delaware law.

She drew a parallel to litigation during the 2008 financial crisis over JPMorgan Chase & Co.'s government-backed Bear Stearns bailout. When shareholders sued in two states over takeover provisions that were "clearly illegal" in Delaware, a Delaware judge deferred to a New York court to avoid ruling "the financial system should crumble," according to Lipton.

"This reads like another attempt to take the political heat off," she said. "It's a Delaware company sued under a Delaware forum selection clause under a Delaware law that says Delaware shareholders have the right to sue in Delaware."

The decision may pose incentive problems given the structure of shareholder litigation in Delaware, which usually follows a bid for corporate files. A company that gets a potentially damaging document demand could swiftly move to reincorporate before any derivative suit, according to Erickson.

"Do I think it made political sense for the court to get rid of these cases? Absolutely," she said. "I also worry, when we think past Elon Musk, about changing bylaw provisions to get rid of cases after they've been filed."

Substance or Procedure?

Judges retain wide latitude to guard against that kind of gamesmanship, said Widener University law professor Lawrence Hamermesh. But Tesla's move was about Musk's anger at McCormick for voiding his \$56 billion pay plan, not pushing the pending cases to Texas, according to Hamermesh.

"When the equities work in the other direction, presumably they'll be given effect," he said.

Assuming the Delaware Supreme Court lets the Musk case go, its weird posture would raise novel questions for a Texas Business Court still getting its bearings.

Most notably: the 3% derivative requirement, which this week's ruling didn't mention. Even if Delaware substantive law applies, the dispute would be subject to Texas procedures, and no one seems to know if the 3% rule is substantive or procedural.

"I wouldn't want to predict how that comes out in Texas," Hamermesh said.

David's logic—emphasizing the obvious relocation ahead—suggests she'd feel differently about a 3% threshold that wasn't even proposed until almost a year later, according to Christine Hurt, a law professor at Southern Methodist University in Dallas.

"They had no idea—and probably could not have foreseen—that Tesla would adopt this," Hurt said. "It seems like that would have been a relevant distinction to Vice Chancellor David. That doesn't mean it will matter to the Texas Business Court."

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Litigation

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Calls to Rethink Axing of Genworth 401(k) Fund Class Grow Louder

April 15, 2026, 7:11 AM PDT

Summary by Bloomberg AI

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- Former Genworth Financial Inc. employees received support from law professors, plaintiffs' lawyers, and a settlement administrator in their quest to litigate as a certified class.
- The US Court of Appeals for the Fourth Circuit should reconsider its decision rejecting the certification of a mandatory class of Genworth 401(k) plan participants, according to three amicus briefs.
- The decision to reject the Genworth class is "at odds with the overwhelming weight of authority from courts nationwide," including more than 100 decisions certifying mandatory classes of defined contribution plan participants.

Former Genworth Financial Inc. employees challenging their 401(k) plan's BlackRock Inc. target-date funds received support from law professors, plaintiffs' lawyers, and a settlement administrator in their quest to litigate as a certified class.

The US Court of Appeals for the Fourth Circuit should reconsider its March decision rejecting the certification of a mandatory class of Genworth 401(k) plan participants, according to three amicus briefs filed Tuesday in support of the workers' rehearing petition. That decision is out-of-step with how other courts view fiduciary breach claims challenging 401(k) plan management, which are claims that seek relief on behalf of the plan as a whole, according to the briefs.

Genworth's appeal challenged the certification of a mandatory class—one without notice to class members or opt-out rights—of thousands of participants in its 401(k) plan. The Fourth Circuit sided with Genworth, reasoning that the lawsuit's goal was to obtain money that would be added to individual 401(k) accounts, which is an individualized monetary claim that can't be grouped together in a mandatory class action.

This decision is “at odds with the overwhelming weight of authority from courts nationwide,” including more than 100 decisions certifying mandatory classes of defined contribution plan participants, the National Employment Lawyers Association told the Fourth Circuit. Defined contribution plans involve individual accounts in which contributions are invested, unlike defined benefit plans, which provide formula-based benefits that don’t vary based on contributions or investment performance.

In rejecting the Genworth class, the Fourth Circuit fundamentally misinterpreted the Employee Retirement Income Security Act and incorrectly held that defined contribution plan participants seeking plan-wide relief for fiduciary misconduct can only obtain individual losses tied to their own accounts, six employee benefits law professors said in a brief. This is at odds with the statute and “ignores how decisions regarding investment funds in a defined contribution plan are made,” they said.

“When a fiduciary selects, monitors, and, if needed, removes an investment fund from the plan’s menu, the decisions are made on a plan-wide basis,” the professors said.

Atticus Administration LLC—an administrator of class action settlements, including ones filed under ERISA—also urged the Fourth Circuit to reconsider. Liability and losses in ERISA defined contribution lawsuits “are measured entirely on the plan level, and damages are awarded to the plan,” it said.

“No individualized inquiry takes place, and the distribution of the plan’s recovery to individual accounts is (1) performed by the plan’s fiduciaries, not the court, and (2) calculated using a single formula, without individualized inquiries,” Atticus said. “Nothing about this is ‘individualized.’”

Feinberg Jackson Worthman & Wasow LLP represents the law professors. Atticus represents itself, along with Engstrom Lee LLC. The lawyers’ association represents itself, along with Cohen Milstein Sellers & Toll PLLC and Keller Rohrback LLP.

The case is Trauernicht v. Genworth Fin., Inc., 4th Cir., No. 24-1880, amicus briefs 4/14/26 .

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US set to launch tariff refund system on April 20

 [reuters.com/legal/transactional/us-set-launch-tariff-refund-system-april-20-2026-04-14](https://www.reuters.com/legal/transactional/us-set-launch-tariff-refund-system-april-20-2026-04-14)

Tom Hals

April 14, 2026

Shipping containers are stacked at a terminal at the port of Los Angeles in Long Beach, California, U.S., March 10, 2026. REUTERS/Caroline Brehman/File Photo [Purchase Licensing Rights](#) , [opens new tab](#)

- CAPE system will consolidate refunds for importers
- Refund system will roll out in phases

April 14 (Reuters) - President [Donald Trump](#)'s administration plans to launch next Monday the system it will use for issuing refunds to American importers for \$166 billion the companies paid in tariffs that the [U.S. Supreme Court](#) struck down in February [as unlawful](#).

U.S. Customs and Border Protection [said](#) , [opens new tab](#) in a court filing on Tuesday that it has completed the development of the initial phase of the refund system, known as CAPE. The system will consolidate refunds so importers will receive one electronic payment, with interest when applicable, rather than processing refunds on an entry-by-entry basis.

Agency official Brandon Lord made the [declaration](#) , [opens new tab](#) in the filing with the New York-based Court of International Trade. The agency disclosed the CAPE launch date in a separate announcement on Friday.

The Supreme Court ruled that Trump overstepped his authority in imposing sweeping global tariffs under the International Emergency Economic Powers Act, a 1977 law meant for use in national emergencies.

Tuesday's filing said that as of April 9 some 56,497 importers had completed the process to receive electronic refunds for tariffs affected by the court's ruling, an amount totaling \$127 billion.

The agency has said it plans to roll out the refund system in phases.

Lord said in his declaration that the agency is considering options for processing refunds on a subset of entries that were subject to \$2.9 billion in tariffs. Lord said these normally would require manual processing, which would dramatically increase the workload and divert personnel from the agency's trade operations and enforcement.

After the Supreme Court's decision, importers sued for refunds in the Court of International Trade, which is monitoring the development of the refund system.

More than 330,000 importers paid the tariffs at issue on 53 million shipments of imported goods, according to court documents.

Customs and Border Protection has said the CAPE system will initially process refunds on recently imported goods and straightforward entries.

Many smaller importers [feared the cost](#) of the refund process would outweigh the benefits of trying to get reimbursed, forcing some companies to explore [creative financing](#) options related to refunds.

Trump denounced the Supreme Court after its ruling and imposed a new temporary [global tariff](#) under a different law, though that also has been [challenged](#) in court.

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Italy court allows class action against Meta over Facebook data scraping

 [reuters.com/sustainability/boards-policy-regulation/italy-court-allows-class-action-against-meta-over-facebook-data-scraping-2026-04-14](https://www.reuters.com/sustainability/boards-policy-regulation/italy-court-allows-class-action-against-meta-over-facebook-data-scraping-2026-04-14)

Reuters

April 14, 2026

Item 1 of 2 The logo of Meta is seen at Porte de Versailles exhibition center in Paris, France, June 11, 2025. REUTERS/Gonzalo Fuentes/File Photo

[1/2] The logo of Meta is seen at Porte de Versailles exhibition center in Paris, France, June 11, 2025. REUTERS/Gonzalo Fuentes/File Photo [Purchase Licensing Rights](#)  , [opens new tab](#)

MILAN, April 14 (Reuters) - A Milan court on Tuesday accepted a class action brought by a consumer group against Meta Platforms ([META.O](#))  , [opens new tab](#) over the theft of personal data suffered by Facebook Italy.

According to the court order, the data scraping incident, which took place between January 2018 and September 2019 and was disclosed by Meta in 2021, affected around 533 million Facebook users globally.

The CTCU consumer association is seeking compensation on behalf of social media users who lost, or feared losing, control over their personal data in breach of the EU's General Data Protection Regulation (GDPR).

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A legal source estimated that around 35 million Facebook users in Italy could potentially be affected by the data scraping.

"We respectfully disagree with the court's decision, which is a procedural ruling only and makes no finding that Meta violated any law," a Meta spokesperson said.

"We are confident this meritless action will ultimately be dismissed," the spokesperson added.

Reporting by Claudia Cristoferi, editing by Alvise Armellini and Keith Weir

Class Action

Manage Newsletters

Insight

Maryland's Public Nuisance Suits Show Need for Nationwide Fix

April 15, 2026, 1:30 AM PDT

Summary by Bloomberg AI

AI Generated



- The Maryland Supreme Court made two major decisions, *Express Scripts v. Anne Arundel County* and *Mayor & City Council of Baltimore v. B.P.*, applying longstanding principles of law to public nuisance cases involving prescription opioids and energy production.
- These decisions highlight a bigger problem nationwide, where high-stakes public nuisance litigation targets nationwide industries to address nationwide public policy problems, and citizens are often less receptive to this lawfare.
- The US Supreme Court has agreed to hear a related case, *Suncor v. Boulder County*, which demonstrates the problem of forum shopping and gamesmanship in public nuisance litigation, and may provide a nationwide solution to this issue.

Two recent major decisions from the Maryland Supreme Court caught the attention of court watchers across the country. *Express Scripts v. Anne Arundel County* and *Mayor & City Council of Baltimore v. B.P.* were issued in successive days, applying longstanding principles of law in what should be obvious—centuries-old public nuisance law can't be the basis for strategic litigation by municipalities in complicated causes of action. These cases involved prescription opioids and energy production, industries that operate in nationwide commerce and are highly regulated in the US by federal law.

For those who recognize the “public nuisance playbook” as the defining crisis for our modern litigation system—as well as our economy and society as a whole—the Maryland decisions shine a spotlight on the bigger problem nationwide. High-stakes public nuisance litigation targeting nationwide industries to address nationwide public policy problems is fundamentally a nationwide issue that requires a nationwide solution. And in most jurisdictions, citizens are less than receptive to this lawfare.

Obviously, the defendants in the Maryland cases and those in their industries feel vindicated in their legal position that public nuisance doesn't apply to global energy production's possible effects on the global climate or the lawful manufacture and dispensing of pharmaceuticals (as they've also been in some of the other jurisdictions who've considered the issue). And the Maryland Supreme Court should be commended for following the law in the face of powerful forces that sought to push their political agenda and seek large settlements based on a theory of public nuisance law stretched beyond reason.

When someone does wrong, there are already plenty of laws to hold bad actors accountable. Keeping public nuisance within its natural limits means plaintiffs don't also get a residual catch all theory to pair with strategic tactics to hold up those who disagree with the threat of "astronomical" liability.

Though these suits and similar ones may no longer find purchase within the jurisdictional bounds of the Maryland Supreme Court, others brought under the same common law principles will continue their march onward in other jurisdictions across the country. The same game theory dynamics that have made public nuisance suits a successful tool for the municipalities, private plaintiffs, and states that team up with trial lawyers seeking big settlements and downstream policy changes driven by their litigation will continue undaunted in other courthouses.

In some states, such as Maryland and Oklahoma, litigants have successfully fought off the public nuisance playbook in court. Others, such as Montana, Utah, and Kansas, are inoculating their courts against it through affirmative legislation. But many jurisdictions are still susceptible to this playbook, and others embrace these suits in the name of progressivism but at the expense of the rule of law.

And there's the root of the problem. When these suits target national or international industries and policies and practices, the states with courts that are willing to look the other way or even expand their interpretations to allow plaintiffs to pursue such claims end up with a veto over the rest of the country.

The most extreme become the most powerful. Although courts in states as politically different as Maryland and Oklahoma have now recognized the fundamental problems with these lawsuits and rejected them, their bipartisan consensus is toothless when suits can just be rerouted to receptive courthouses.

Even if Maryland or Oklahoma rejects the new public nuisance push (be it prescription opioids, energy production, PFAS, plastics, even certain kinds of foods), Hawaii or Colorado can effectively override that decision and enthusiastically push the case forward, even though the common law cause of action is the same. This is true even if the federal government explicitly allows and regulates the underlying conduct targeted by these suits. This isn't how our Constitution intended for states to deal with each other or the federal government.

Thankfully, the US Supreme Court has agreed to hear a case related to the Maryland opinions— *Suncor v. Boulder County* . There, the same ideas, cause of action, and profile of plaintiffs underlying the *Baltimore v. B.P.* case that was just thrown out in Maryland found a more willing jurisdiction to entertain the suit in Colorado.

This result squarely demonstrates the problem with this dynamic. While the Maryland decision should be celebrated for its responsible reading and application of the law, it won't do much in the long run unless the Supreme Court acts decisively to end the gamesmanship and forum shopping.

The cases are *Express Scripts, Inc. v. Anne Arundel Cty., Md.*, Md., Misc. No. 1 September Term 2025, 3/23/26 ; *Mayor & City Council of Baltimore v. BP PLC*, Md., No. 1, 3/24/26 ; *Suncor v. Boulder County*, U.S., 25-170, amici briefs filed 9/26/25

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OpenAI federal wrongful death suit over chatbot role won't be halted

DJ [dailyjournal.com/articles/390854](https://www.dailyjournal.com/articles/390854)

U.S. District Judge Richard Seeborg

A federal judge refused to dismiss or stay a wrongful death lawsuit alleging ChatGPT played a role in a man killing his mother and then himself, clearing the way for the case to proceed alongside related state court litigation.

U.S. District Judge Richard Seeborg ruled that the overlap between the cases is not enough to justify abstention under the Colorado River doctrine. He found that differences in alleged harms -- including claims tied to third-party violence and suicide -- could produce distinct outcomes. The decision ensures a federal forum will weigh key questions about AI companies' potential liability for user conduct. *Colorado River Water Conservation District v. United States*, 424 U.S. 800 (1976).

The defense, represented by attorneys from Mayer Brown, sought dismissal or a stay of the federal case under the Colorado River doctrine, which allows federal courts to defer to substantially similar state proceedings in limited circumstances.

In Monday's order, Seeborg found "substantial doubt" that the state proceedings would resolve all issues in the federal case. *Lyons v. OpenAI Foundation, et al.*, No. 25-cv-11037-RS (N.D. Cal. April 13, 2026). The doctrine permits such deference only in "exceptional" circumstances.

Both the federal and state actions assert strict liability, negligence, violations of California's Unfair Competition Law, wrongful death and survival causes of action. But the cases diverge in focus: The state case centers on whether ChatGPT contributed to Stein-Erik Soelberg killing his mother, Suzanne Adams, while the federal case focuses on whether it contributed to his suicide.

Attorneys at Hagens Berman Sobol Shapiro LLP filed the federal lawsuit in San Francisco for Soelberg's estate on Dec. 29, 2025, alleging wrongful death and negligence stemming from the design of ChatGPT and claiming OpenAI failed to warn of risks, including that it allegedly encourages delusions, paranoia and self-harm.

According to the complaints, Soelberg killed his mother and himself on Aug. 5, 2025, in Greenwich, Connecticut, after hundreds of hours interacting with OpenAI's GPT-4o model over several months. The chatbot allegedly reinforced his

belief that family and friends were surveilling and trying to kill him, rather than challenging those delusions or triggering safeguards. The lawsuit also seeks additional safety measures in the chatbot's design.

Plaintiffs further allege the chatbot's "sycophancy" -- its tendency to agree with users -- along with memory features that accumulated prior interactions, deepened Soelberg's psychosis.

"A reasonable consumer would not expect that an AI chatbot would validate a user's paranoid delusions and put identified individuals -- including the user's own family members -- at risk of physical harm and violence," the lawsuit states. It also accuses OpenAI of engaging "in the practice of psychology without a license or the safeguards of human judgment."

"The consequences of OpenAI's design flaws are chilling," Steve Berman, Hagens Berman's founder and managing partner, said in a post on the firm's website. "ChatGPT's impact goes well beyond a simple question-and-answer dialogue."

Seeborg rejected OpenAI's argument that the federal case must yield to the state case, which is part of coordinated proceedings involving multiple chatbot-related lawsuits.

"Even though the cases share certain key facts and issues, there is doubt that resolution of the state court proceedings will resolve this matter, and so a Colorado River stay or dismissal is not warranted," Seeborg wrote.

The differences between the cases are significant, he explained, particularly because liability theories such as failure to warn depend on the specific risks known to defendants, which may differ between harm to others and self-harm.

The judge also criticized OpenAI's framing of the doctrine, writing that defendants "repeatedly misstate the law" by suggesting courts are required to defer to parallel state proceedings.

After analyzing the doctrine's factors, Seeborg found none supported abstention. He also rejected arguments that a stay would avoid piecemeal litigation, noting that duplicative proceedings are common and that federal courts routinely handle product liability and negligence claims.

"This case raises critical questions about the responsibilities of AI companies to protect vulnerable users," Berman said in his web post. "The creators have a duty to implement safeguards for public use, especially for high-risk individuals, who

could be more likely to turn to the technology for reassurance and encouragement in the midst of their uncertainty, which could lead to far more dangerous consequences."

Besides Steve Berman, the plaintiff is represented by partner Shana E. Scarlett and associate Elizabeth "Ani" Lubben Zotti of Hagens Berman's Berkeley office; and from its Seattle branch, partner Martin D. McLean and associate Jacob Berman.

Mayer Brown attorneys for the defendants are Palo Alto partners Anthony J. Weibell, Edward D. Johnson, Elspeth V. Hansen and Kristin W. Silverman, San Francisco partner Ankhur Mandhania, partner Andrew J. Pincus of Washington, D.C., counsel Graham White in New York and associate Malori M. McGill Fery in Salt Lake City.

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AI ruling prompts warnings from US lawyers: Your chats could be used against you

 [reuters.com/legal/government/ai-ruling-prompts-warnings-us-lawyers-your-chats-could-be-used-against-you-2026-04-15](https://www.reuters.com/legal/government/ai-ruling-prompts-warnings-us-lawyers-your-chats-could-be-used-against-you-2026-04-15)

Mike Scarcella

April 15, 2026

AI (Artificial Intelligence) letters are placed on computer motherboard in this illustration taken, June 23, 2023. REUTERS/Dado Ruvic/Illustration/File Photo [Purchase Licensing Rights](#)  , [opens new tab](#)

- AI presents new issues for attorney confidentiality rules
- Judge decided AI chats could not be shielded in fraud case

April 15 (Reuters) - As people increasingly turn to artificial intelligence for advice, some U.S. lawyers are telling their clients not to treat AI chatbots like trusted confidants when their freedom or legal liability is on the line.

These warnings became more urgent after a federal judge in New York [ruled](#)  , [opens new tab](#) this year that the former CEO of a bankrupt financial services company could not shield his AI chats from prosecutors pursuing securities [fraud charges](#) against him.

In the wake of the ruling, attorneys have been advising that conversations with chatbots like Anthropic's Claude and OpenAI's ChatGPT could be demanded by prosecutors in criminal cases or by litigation adversaries in civil cases.

"We are telling our clients: You should proceed with caution here," said Alexandria Gutiérrez Swette, a lawyer at New York-based law firm Kobre & Kim.

People's discussions with their lawyers are almost always deemed confidential under U.S. law. But AI chatbots are not lawyers, and attorneys are instructing clients to take steps that could keep their communications with AI tools more private.

In emails to clients and advisories posted on their websites, more than a dozen major U.S. law firms have outlined advice for people and companies to decrease the chances of AI chats winding up in court.

Similar warnings are also appearing in hiring agreements by some firms with their clients. For instance, New York-based firm Sher Tremonte stated in a recent client contract that sharing a lawyer's advice or communications with a chatbot could erase the legal protection known as attorney-client privilege that usually shields communications between lawyers and their clients.

A JUDICIAL RULING

The case that helped set off the alarm bells involved Bradley Heppner, the former chair of bankrupt financial services company GWG Holdings and founder of alternative asset firm Beneficent ([BENF.O](#))  [.opens new tab](#). Heppner was charged by federal prosecutors last November with [securities and wire fraud](#), and pleaded not guilty.

Heppner had used Anthropic's chatbot Claude to prepare reports about his case to share with his attorneys, who later argued that his AI exchanges should be withheld because they contained details from the lawyers related to his defense. Prosecutors argued that they had a right to demand material that Heppner created with Claude because his defense lawyers were not directly involved, and because attorney-client privilege does not apply to chatbots.

Voluntarily revealing information from a lawyer to any third party can jeopardize the customary legal protections for those attorney communications.

Manhattan-based U.S. District Judge Jed Rakoff [ruled](#)  [.opens new tab](#) in February that Heppner must hand over 31 documents generated by Anthropic's chatbot Claude related to the case.

No attorney-client relationship exists "or could exist, between an AI user and a platform such as Claude," Rakoff wrote.

Lawyers for Heppner did not immediately respond to requests for comment. A spokesperson for the U.S. attorney's office in Manhattan declined to comment. Courts already are grappling with the growing use of artificial intelligence by lawyers and people representing themselves in legal cases, which among other things has led to legal filings containing [made-up cases](#) invented by AI.

Rakoff's decision was an important early test in the AI chatbot era for bedrock legal protections governing attorney-client communications and materials prepared for litigation.

On the same day as Rakoff's ruling, U.S. Magistrate Judge Anthony Patti in Michigan said a woman representing herself in a lawsuit she brought against her former company did not have to hand over her chats with OpenAI's ChatGPT about the employment claims made in the case.

Patti treated the woman's AI chats as part of her own personal "work-product" for the case, rather than as conversations with a person who her employer could seek to use for its defense.

ChatGPT and other generative AI programs "are tools, not persons," Patti [wrote in his order](#)  [.opens new tab](#).

The privacy and usage terms for both OpenAI and Anthropic state that the companies can share data involving their users with third parties. Both also state that they require users to consult a qualified professional before relying on their chatbots for legal advice.

Rakoff at a February hearing in Heppner's case noted that Claude "expressly provided that users have no expectation of privacy in their inputs."

Representatives for OpenAI and Anthropic did not immediately respond to requests for comment.

LAWYERS RACE TO SET GUARDRAILS

The advice from lawyers has ranged from telling clients to select their AI platforms carefully to suggesting specific language to use in chatbot prompts.

Los Angeles-based O'Melveny & Myers and other firms said in client advisories that "closed" AI systems designed for corporate use could provide stronger protections for legal communications, though they said even that remains largely untested.

Some firms said AI legal research is more likely to be protected by attorney-client privilege when it is conducted at the direction of a lawyer. If a lawyer does advise the use of AI, a person should say so in the chatbot prompt, New York-headquartered law firm Debevoise & Plimpton said in a notice on its website.

"I am doing this research at the direction of counsel for X litigation," the firm suggested people write.

Information about AI use is also becoming common in contracts used by law firms with clients, according to a Reuters review of contracts posted to a U.S. government website.

Sher Tremonte, which often represents white-collar criminal defendants, said in a new contract in March: "Disclosure of privileged communications to a third-party AI platform may constitute a waiver of the attorney-client privilege."

Justin Ellis of New York-headquartered law firm MoloLamken and other lawyers said they expect that more rulings will eventually clarify when AI chats can be used as evidence.

Until then, attorneys are saying that an age-old assumption still applies: Do not talk to anyone except your lawyer about your case - including AI.

Reporting by Mike Scarcella; Editing by David Bario, Amy Stevens and Will Dunham

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AI Products and the Challenges of Consumer Fraud Class Actions

People have different beliefs about AI products and reasons for using them. This variability would make consumer fraud claims based on AI products difficult candidates for class certification.

April 15, 2026 at 09:30 AM By **David E. Kouba**



David E. Kouba of Arnold & Porter. Courtesy photo.

Use of artificial intelligence has exploded in recent years—from chatbots and generative image tools to automated decision systems and emerging agentic models. AI products also have been the subject of litigation, including product liability claims directed at AI-enabled products (e.g., *Raine v. OpenAI* (Cal. Super. Ct. 2025)), copyright class actions involving generative AI (e.g., *Andersen v. Stability AI Ltd.* (N.D. Cal. 2023)), and claims under biometric privacy statutes challenging facial recognition (e.g., *McPherson v. Clearview, AI* (N.D. Ill. 2020)).

These developments raise a question: will plaintiffs attempt to bring consumer fraud class actions based on AI products? Historically, consumer fraud class actions are not uncommon once a

product has been subject to products liability claims. In these actions, instead of alleging personal injuries, plaintiffs claim that all purchasers suffered economic harm caused by the defendant's fraudulent or unlawful conduct and seek a class-wide refund. Class actions like these are popular with the plaintiffs' bar, especially when a product has been widely used, because they offer a potentially huge award in a single case.

Consumer fraud class actions based on AI products, however, might not be that appealing. As discussed below, the nature of AI products and the people who use them would create significant challenges for would-be plaintiffs.

AI Products Serve Different Purposes and Generate Widely Disparate Results

In a typical consumer fraud class action, plaintiff brings claims on behalf of everyone who purchased a certain consumer product. Traditionally, that product has a single purpose and performs the same way for everyone, allowing plaintiffs to argue that all purchasers have similar claims.

AI products do not fit this description. People often use the same AI product for a wide range of purposes and in many different contexts. And users may run the gamut from casual consumers with simple needs to businesses integrating the product into complex workstreams.

Moreover, AI systems are probabilistic and driven by user-specific prompts and often produce variable results even when used for the same purpose. AI systems are trained on vast datasets with numerous sources, and they are frequently updated and evolve quickly. For even a single AI product, outputs vary widely, users receive different responses to nearly identical inquiries, and outputs can be incorrect or hallucinated.

The different purposes that AI products serve and the variable outcomes they produce would make a consumer fraud class action difficult. If someone used an AI product and received what was allegedly represented, that person was not misled or defrauded, did not suffer any injury, and should not have a viable consumer fraud claim. And courts have repeatedly found certification inappropriate where some class members received what was allegedly represented and suffered no harm, including, among others, the Fifth Circuit in *Rivera v. Wyeth Ayerst Laboratories* and the Eighth Circuit in *Briehl v. General Motors*.

Economic Harm Is Not Reducible to a Class-Wide Formula

In most consumer fraud class actions, plaintiffs claim that they were injured when buying a product worth less than what they paid and argue that all purchasers suffered the same economic harm. This approach would be difficult in an action based on AI products.

Many AI systems are accessible for free, leaving no purchase price to claim as injury. When AI users do pay for a product, they may pay different prices for different versions of the product. And, even if all users paid the same amount for a particular product, the question of injury would still depend on each user's expectations, how they used the product, and the outcomes of that use.

Moreover, even if plaintiffs could show that a defined group of users all experienced some degree of financial harm, the amount of any damages would vary considerably. One user might receive an incorrect output of little consequence, another might obtain an incorrect output that causes significant financial harm, and so on.

These issues raise additional challenges for would-be class action plaintiffs. Aggregate claims often fail when injury and damages present individualized issues.

Knowledge About AI Products Varies Widely

AI commentary is everywhere. It offers many viewpoints—some positive, some cautionary, some neutral. People also learn about AI from friends, families, and other sources. The result is a highly variable information environment and a population with drastically different beliefs, creating additional obstacles for consumer fraud class actions.

Someone who knew that an AI product had limitations or presented risks may struggle to show that an alleged fraud caused their harm. The individual proof needed to resolve this issue would make class certification arduous at best. Each individual's knowledge and beliefs about AI products would be relevant to defenses like the statute of limitations, comparative fault, failure to mitigate, and assumption of risk.

Specific Products Will Present Additional Issues

AI products are uniquely complex and evolving at breakneck speeds. The technology, data, algorithms, and programs used in a certain product, the marketing for that product, and the product's development are all subjects that could make certification even more challenging.

In addition, AI products are often subject to mandatory arbitration provisions and class-action waivers. These requirements would further impose upon a plaintiff's ability to pursue class action relief based on those products.

Looking Ahead

AI products are used in personalized ways and generate outputs that depend on numerous variables. People have different beliefs about AI products and reasons for using them. This

variability would make consumer fraud claims based on AI products difficult candidates for class certification.

That said, these challenges are not likely to deter all plaintiffs from attempting to bring consumer fraud class actions based on AI products. The size of the claims and the creativity of the plaintiffs' bar alone suggest otherwise. Accordingly, companies that manufacture, market and and sell AI products should be thoughtful when evaluating things like product design, marketing and advertising, contractual terms, and how a product performs.

David E. Kouba *is counsel at Arnold & Porter, based in Washington, D.C. David's practice focuses on defending companies against consumer fraud and product liability claims in class actions, mass tort cases, and other complex commercial litigation.*

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 [legalnewsline.com/northern-california-record/calif-climate-change-lawsuits-paused-during-scotus-review/article_b5b5bbde-ec6b-49c2-8380-d521afd9aaef.html](https://www.legalnewsline.com/northern-california-record/calif-climate-change-lawsuits-paused-during-scotus-review/article_b5b5bbde-ec6b-49c2-8380-d521afd9aaef.html)

John O'Brien, John O'Brien

April 15, 2026

Boutrous

<https://www.gibsondunn.com/>

SAN FRANCISCO – Lawsuits over climate change in California will be on hold while the U.S. Supreme Court decides whether they can be pursued.

San Francisco judge Ethan Schulman yesterday issued a stay of the litigation, finding it would “be in the interests of justice” to do so while the Supreme Court makes its decision in Boulder’s lawsuit against Suncor.

Dozens of lawsuits brought by government officials who hired private lawyers on contingency fees have been filed through the years, though only Hawaii’s and Colorado’s supreme courts have let them progress past Big Oil’s motions to dismiss. Most recently, the Maryland Supreme Court [affirmed dismissals](#) of cases by Annapolis and Baltimore, finding they “cannot be seriously contemplated.”

Though they make claims for public nuisance and violations of consumer protection laws, defendants and the Trump administration assert they are improper attempts to influence the international energy market. State judges in Pennsylvania, South Carolina, New York, Maryland and New Jersey have agreed.

“Pausing wasteful and nonsensical claims that 50 US states and their subdivisions should set global climate policy through lawsuits is a victory for common sense and reliable energy,” said Theodore Boutrous, Jr. of Gibson, Dunn and Crutcher, who represents Chevron.

The cases consolidated in San Francisco include the State of California’s, San Mateo County’s, Marin County’s, Oakland’s, Imperial Beach’s, Santa Cruz’s, Richmond’s and San Francisco’s.

Jackpot-seeking lawyers crafted their complaints to claim companies like Exxon tricked the public into using fossil fuels. They were also designed to stay out of federal court, where the energy industry could have mounted an even stronger defense.

But state court judges have found the cases seek to regulate emissions standards – the job of federal regulators. In February, the Supreme Court granted Suncor’s petition to review the Boulder case, in which its motion to dismiss was denied.

Amicus briefs in the case have poured in, urging the justices to rule on key issues persisting in the more than 30 climate lawsuits. A ruling for the energy industry is likely to close the other lawsuits around the country.

Alabama Attorney General Steve Marshall led a group of 26 states that said Boulder is trying to “assert a power with no analogue in our Nation’s history and no place in our federalism.”

Republicans in Congress also filed a brief, complaining the Colorado Supreme Court’s ruling created a patchwork of state and local regulations for a market that is supposed to be overseen by federal authorities.

And the Trump administration, which has issued an executive order forbidding any new cases and is battling the attorneys general of Michigan and Hawaii in court, submitted its thoughts last year, saying Boulder is attempting to impose new rules that would go far beyond the borders of Colorado.

“If, as the Colorado Supreme Court held, those theories are consistent with federal law, then every locality in the country could sue essentially anyone in the world for contributing to global climate change,” that brief says.

NAACP sues Musk's xAI, alleging illegal operation of gas turbines

 [reuters.com/sustainability/climate-energy/naACP-sues-musks-xai-alleging-illegal-operation-gas-turbines-2026-04-14](https://www.reuters.com/sustainability/climate-energy/naACP-sues-musks-xai-alleging-illegal-operation-gas-turbines-2026-04-14)

Reuters

April 14, 2026

A 3D-printed miniature model of Elon Musk and xAI logo are seen in this illustration created on February 16, 2025. REUTERS/Dado Ruvic/Illustration/File Photo [Purchase Licensing Rights](#) , [opens new tab](#)

WASHINGTON, April 14 (Reuters) - The largest U.S. civil rights group on Tuesday sued xAI and a subsidiary, claiming they illegally operated more than two dozen gas turbines in Mississippi to power its Colossus 2 data center, posing a health risk to local residents.

The NAACP, represented by Earthjustice and the Southern Environmental Law Center, sued xAI and subsidiary MZX Tech, charging they violated the federal Clean Air Act by running 27 gas-fired turbines before getting necessary air permits for its massive data center that powers xAI's Grok chatbot.

Elon Musk's artificial intelligence startup xAI has invested more than \$20 billion to build the data center in Southaven with the full backing of Mississippi Governor Tate Reeves, but the facility, as well as Colossus 1 just over the border in Memphis, Tennessee, has met heavy opposition from local communities due to their effect on local air and environmental quality.

"By looking to evade clean air laws to operate dirty turbines that emit pollution and known carcinogens, these companies are following a shameful, familiar pattern: asking Black and frontline communities to bear the toxic brunt of 'innovation,'" said Abre' Conner, director of the Center for Environmental and Climate Justice at the NAACP.

The NAACP announced its intention to sue xAI and MZX in February because the Clean Air Act requires 60 days of notice ahead of filing a lawsuit.

Mississippi regulators held one public hearing that month about permits for those turbines after just a few days of public notice for the hearing, and subsequently approved the permits.

xAI was not immediately available for comment.

Earthjustice said that xAI's Southaven power plant has the potential to emit more than 1,700 tons of smog-causing nitrogen oxides (NOx) each year, a major source of smog in the greater Memphis area. They are also estimated to emit 180 tons of fine particulate matter, 500 tons of carbon monoxide, and 19 tons of cancer-causing formaldehyde.

News from Bloomberg Terminal

Albirds

April 15, 2026, 10:41 AM PDT

By Matt Levine

(Bloomberg Opinion) --

New Bird

I feel like, if you ran a big technology company, and you were looking to expand your artificial intelligence capabilities and needed to rent access to graphics processing units, and a GPU-as-a-service/AI-cloud company came to pitch you, and you said “so tell me a little bit about your company,” and the company said “well two weeks ago we were a sneaker company but we have since pivoted to AI,” you might say “huh, thanks but no thanks, we’re going to go with someone with a bit more AI experience and, you know, an actual data center.” Maybe that’s wrong; maybe the sneaker guys are great at AI. But you might worry.

But! If you said “so tell me a little bit about your company,” and the company said “well two weeks ago we were a sneaker company called Allbirds, but we have pivoted to AI,” your reaction might be different. Because, in this hypothetical, you run a big technology company, and you probably spent years wearing Allbirds. “I used to love Allbirds,” you might say; “high five!” And then you might sign a long-term cloud hosting agreement with Former Allbirds, because like many tech executives you have a nostalgic fondness for their brand.

I don’t think this is that likely, but worth a shot:

Allbirds Inc., the once-buzzy maker of wool sneakers valued at more than \$4 billion in its heyday, announced a new business plan just days before it planned to close down for good: AI computing infrastructure.

And in a market that’s reacted in knee-jerk fashion to just about anything related to artificial intelligence, it did just that – sending Allbirds stock up as much as 461% after the opening bell.

The response underscores the intensity of the speculative mania around AI, which has fueled stampedes into would-be winners and panicked rushes away from any industry that seems poised to be hit by the competitive threat.

Of course there are two levels of analysis here. One is, sure, Allbirds is pivoting its business to AI compute infrastructure. That seems like a competitive and capital-intensive business in which Allbirds has no obvious expertise but, whatever, nostalgic fondness for the sneakers, maybe it’ll work out.

The other level is that Allbirds is pivoting its stock to being an AI meme stock. That definitely worked out! The stock closed yesterday at \$2.49 per share, for a market capitalization of about \$22 million. Allbirds previously agreed to sell its sneaker business for \$39 million and pay out the net proceeds to shareholders as a dividend; the \$22 million market capitalization represented, roughly, the expected value of the dividend. At noon today, the stock was at \$18.82, up 655% from yesterday's close, for a market cap of about \$164 million. That represents, uh, I guess it represents the expected value of the future AI-native cloud solutions business? Let's go with that.

The key point here is the financing:

Allbirds, Inc. (Nasdaq: BIRD) (the "Company") today announced the execution of a definitive agreement with an institutional investor for a \$50 million convertible financing facility (the "Facility"). The Facility, which is expected to close during the second quarter of 2026, will enable the Company to pivot its business to AI compute infrastructure, with a long-term vision to become a fully integrated GPU-as-a-Service (GPUaaS) and AI-native cloud solutions provider. In connection with this pivot, the Company anticipates changing its name to "NewBird AI."

Allbirds/NewBird also filed a proxy statement today, laying out the convertible terms. The gist¹:

1. The investor will buy "up to" \$50 million of convertible notes, \$5 million initially and the rest later at the investor's option.
2. The notes will have a 12% interest rate and a 5% original issue discount.
3. The investor can convert at any time at a conversion price of about \$2.99.² Again, the stock is at \$18.82 today. A \$50 million convertible – for which the investor is paying \$47.5 million because of the original issue discount – would convert into about 16.7 million shares; at today's price, those would be worth about \$315 million, or considerably more than the market capitalization of the company.
4. There is also an "alternate conversion" mechanism, where the investor can convert at 93% of the lowest stock price during the 10 trading days before any conversion.³ We talked about this mechanism a couple of weeks ago; it is standard in micro-cap meme financing, and is sometimes rudely called a "death spiral convertible." If the stock trades down to, say \$3, and then back up to \$4, the investor can convert at \$2.79 per share (93% of the lowest price over the previous 10 days) and then sell the stock for \$4. If the stock is volatile – if NewBird sometimes trades up a lot on AI enthusiasm, and sometimes trades down a lot on "wait, what?" – then this option is very valuable. (If the stock stays high, it doesn't matter much; converting at \$2.99 per share when the stock is at \$18.82 is a great deal.)

The proxy does not disclose who the "institutional investor" is but, you know: great trade! The investor is essentially buying \$50 million worth of stock at the old, defunct-sneaker-company price, and selling it at the new, AI-neocloud-company price.

Maybe! Presumably the investor can't sell the stock yet: The convertible financing hasn't closed, the company needs shareholder approval to allow conversions into stock, and probably selling twice the market cap of the company into the market would take time. (Though more than 200 million shares had traded by noon today, up from about 63,000 yesterday.) The investor has a lot of downside protection, but fundamentally it is betting that the new, AI-neocloud-company price will hold up for a while.

When we last talked about these sorts of convertibles, two weeks ago, I wrote:

This technology has existed for a long time, mostly for distressed companies, but in theory you would think that the meme moment would make it better. There is more upside now: If you are a small distressed public company, there is always a chance that your stock will moon and the hedge fund will make a fortune. So in theory a hedge fund should want to assemble a portfolio of these trades ... and hope that a few of them return 1,000%.

And ... right? Notice that the investor in this deal is putting up very little money up front: Only \$5 million is committed, and the remaining \$45 million is at the investor's option. If you had \$100 million, a pretty good trade would be:

1. Go find 10 near-defunct public companies that still have stock-exchange listings, are not doing much, and ideally have some sort of nostalgic name recognition.
2. Offer each of them \$50 million (10% upfront) to pivot to AI and sell you a convertible bond on very favorable terms.
3. Maybe they'll all say yes; what do they have to lose?
4. You put up \$50 million upfront, \$5 million per deal you signed.
5. Each of them announces the pivot, the stock moons, and each \$50 million deal is now worth \$300 million on paper.
6. There is a delay – to get shareholder approvals, to close the financings, to sell the shares – in each deal, and not all of them will actually be worth \$300 million by the time you are able to convert your bonds and sell your stock.
7. That's okay: You've only put up 10% of the money, and don't have to put up the rest if a deal doesn't work out.
8. But if one works out, you close that deal for another \$45 million, get a pile of stock, sell it for \$300 million and triple your total investment.
9. If more than one works out, you use the \$300 million from the first deal to fund the others, etc. If they all work out you make billions.

This is not investing advice and, of course, your risk is that *none* of the AI pivots work and none of the stocks go up long enough for you to profit. You are betting on a few more months of AI froth. Seems like a reasonable bet.

Also of course maybe some of them will actually succeed as AI neocloud businesses and you will have a good long-term investment.

Cool short squeeze

Avis Budget Group Inc., the car rental company, has 35,324,685 shares of common stock outstanding. Its shares trade on the Nasdaq and anyone can buy them. But two hedge funds, between them, own 69.3% of the stock ⁴:

- SRS Investment Management LLC, run by Avis board member Karthik Sarma, owns 17,430,882 shares (49.34%).
- Pentwater Capital Management LP owns 7,048,300 shares (19.95%).

But SRS and Pentwater also have other bets on Avis's stock. Specifically, they both own cash-settled total return swaps on the stock: They have contracts with banks providing that the banks will pay them any increase in the price of the stock, and they will pay the banks any decrease in the price of the stock.

An approximate way to think about these swaps is that the bank is providing financing to the hedge fund to buy more stock: The bank buys the stock and holds it on behalf of the hedge fund, which posts collateral for part of the value of the stock. (This is how Archegos Capital Management financed its big stock positions that went wrong a few years ago.) This is not *strictly* true: The swap agreement provides only for an exchange of cash flows, the bank has no obligation to buy the underlying stock, and it might hedge its swap position in any number of ways. But it is often useful and approximately correct to think that, if a bank writes a hedge fund a swap on 1 million shares of stock, the bank will hedge that swap by going out and buying 1 million shares.

Anyway here are the swaps:

- SRS owns 2,862,283 shares (8.10%) on swap.
- Pentwater owns 10,177,500 shares (28.81%) on swap.

So, economically, SRS and Pentwater between them own 106.21% of Avis's stock outstanding. Huh! Actually the number is a bit higher: Pentwater also owns call options to buy another 775,800 shares (2.20%), for a total of 108.41%. Even that is fuzzy: Pentwater has sold some put options obligating it to buy more shares in some circumstances, and sold some call options obligating it to *sell* stock at fairly high prices, so you should not take this 108.41% number as exact. Also these numbers (from Avis's proxy statement) are current as of a few weeks ago, and things might well have changed. Still:

1. It is unusual for the two biggest shareholders of a public company to own 108% of its stock. 108% is, for instance, more than 100%. Between them, SRS and Pentwater own more than all of Avis's stock, or at least they did recently.
2. They're not the only holders! Avis is in various stock indexes, and there are various normal index-fund holders. (Bloomberg tells me that BlackRock Inc. owns 1,625,627 shares, or 4.6%, Vanguard Group owns 1,525,988 shares, or 4.32%, and State Street Corp. owns 627,961 shares, or 1.78%.) Also active institutional investors own some, and retail investors. Just adding up SRS, Pentwater and the Big Three index investors, you get to 119.1% of the stock.

How do people end up owning more than 119% of a company's stock? Well, short sellers. Some people want to bet against the stock, so they borrow shares from people who own them, and sell them again. This *creates new shares*. Schematically:

1. A company issues 100 shares. Four investors – call them A, B, C and D – each buy 25 shares.
2. Investor X wants to bet against the stock, so she borrows 20 shares from A and sells them to B.
3. Now A *still* owns 25 shares (she loaned 20 out to X, but expects them back), as do C and D, while B now owns 45 shares (25 she bought from the company and 20 she bought from X). Thus people own a total of 120 shares.
4. But the books balance, because X owns negative 20 shares. There are 100 shares outstanding, and people are long a total of 120 and short a total of 20.
5. Investor Y can borrow 40 shares from B and sell them to C, etc., creating just as many shares as you want.

People get very antsy about this, worrying about “phantom shares” and “naked shorts,” but it is quite normal and legal and most of the time the books all balance. (It came up a lot during the 2021 GameStop Corp. saga, because in that case short interest exceeded 100% of shares outstanding – unusual and antsy-making, but again perfectly legal and straightforward.)

Still it might make you nervous, not so much if you are a citizen or regulator or Avis shareholder, but if you are an Avis *short seller*. To short the stock, you had to borrow it, probably from your bank or broker, who borrowed it from someone who owns it. Stock borrow is usually “open term,” meaning that the owner can demand that you return it any time. Who owns the stock that you borrowed? I mean, probably BlackRock or Vanguard or State Street or a retail investor with a margin account. But if the two big Avis shareholders own 108% of the stock, in some loose probabilistic sense *they* own the shares you borrowed. If they converted their 108% partly-synthetic position into all stock, and stopped lending it out, you would have to buy back stock to return to them. Who would you buy it from? Well, they own 108% of the stock. You'd buy it from them. How much would you have to pay them? Well, whatever they wanted to charge.

This is not quite right – BlackRock will keep owning stock, etc. – but it is a bit alarming. The supply of stock to borrow is constrained and risky. I talk from time to time around here about my favorite short squeeze, when Phil Falcone of Harbinger Capital Partners bought more than 100% of an issue of bonds called the “MAAX zips.” Some banks were short the bonds, and Falcone called in all of the borrow, forcing them to buy back the bonds. But there were no sellers, because he owned all the bonds. Then he conducted the coolest phone call in the history of Wall Street:

At some point, the conversation turned to the trading in the MAAX bonds. The senior officer asked Falcone how the Wall Street firm might satisfy its obligation to Harbinger. Falcone stated that the Wall Street firm should just keep bidding for the bonds. Falcone acknowledged that the Wall Street firm would suffer some losses doing so, but told the senior officer and the others that sometimes you are just on the wrong side of a trade.

In the course of this discussion, Falcone stated that he knew that the short position in the MAAX zips had created a “long” position in excess of the issue size. When the senior officer asked how he could possibly know this, Falcone stated that he was working the position himself and that he (i.e., Harbinger) had acquired approximately 190 million bonds. The senior officer and the other the Wall Street firm personnel were stunned.

Again, this is not quite possible in the Avis case, but it is, uh, an interesting precedent.

Anyway last week Bloomberg’s Sridhar Natarajan and Hema Parmar reported:

Avis shares soared more than 150% in the past three weeks after Pentwater Capital Management said it acquired a sizable stake in the rental-car company, which already has an outsized shareholder in SRS Investment Management.

That’s making it hard for short sellers to continue borrowing the stock, and the cost of doing so has skyrocketed, according to financial analytics firm S3 Partners. S3 Managing Director Ihor Dusaniwsky says he is watching to see whether traders betting against the shares will keep holding on or cut their losses.

“This is a stock that has been short squeezed,” Dusaniwsky said. “This is like going to a Nascar race. The crashes sure are really interesting.”

Bearish investors have shorted about 43% of the tradeable shares of Avis as of Wednesday, down from 49% in mid-March, according to S3.

That was last Wednesday, when Avis closed at \$261.35 per share, up 162% since March 20. Yesterday it closed at \$411.56, up another 57% in four trading days and quadruple where it was a month ago. (It’s down a bit today.) It is hard to be short a stock when its main holders own more than 100% of it.

Incidentally! I mentioned that SRS and Pentwater, between them, own about 36.91% of the stock via cash-settled swaps, and I wrote that, while *often* banks hedge swap positions by buying the underlying stock, "the bank has no obligation to buy the underlying stock, and it might hedge its swap position in any number of ways." The banks are effectively short stock to SRS/Pentwater, so the natural hedge is to get long by buying stock.

But there are other natural hedges. For instance, if you are a bank, and you have hedge fund customers who are short Avis stock, and you are also writing swaps to SRS or Pentwater, there is an obvious trade: Write swaps both ways. The short sellers go short on swap to you, SRS/Pentwater goes long on swap with you, and you just sit in the middle. SRS and Pentwater have cash-settled bets that the stock will go up, the short sellers have cash-settled bets that the stock will go down, and nobody needs to trade any stock at all.

These days I often find myself drawing distinctions between traditional financial markets, where assets are valued based mostly on their expected future cash flows, and weird postmodern financial markets that are all, like, memes and sports bets. But even in traditional financial markets, sometimes what matters is not the underlying business but the structure of the bets.

Sports correlation betting

We have talked a couple of times this week about correlation in sports betting. Basically I have said that sports results tend not to be functions of some set of underlying fundamental factors, and that the outcome of one game is unlikely to tell you much about the outcome of a different game. Of course there are exceptions. Several readers emailed to mention end-of-season playoff/seeding situations: If Team X loses in the afternoon, guaranteeing Team Y a playoff spot, Team Y might rest its starters and lose the evening game. And one reader emailed this anecdote:

[A *sportsbook trader*] once told me that the thing that [*troubled*] them the most was weather in golf tournaments. They would have some bet like "pick 5 players that will shoot under/over par" and then some shark would come just blast them with under par bets when it wasn't supposed to rain at night (according to public predictions) but did (so the greens were softer and everyone putted better). He actually tried to look in to weather futures to hedge their risk but it was too complicated since the golf tournaments changed location every week.

Yes, fine, weather is probably going to be a generally applicable factor in your sports betting model.

Meta hustle

A good heuristic is that if someone is selling a \$1,000 online course teaching you to make a lot of money by trading stocks, that person is not making a lot of money trading stocks. If she were, she would be too busy making money trading stocks to bother teaching you.⁵ This is true of people selling \$1,000 online courses teaching you to make a lot of money by _____, for most of the things you might put in the blank. But not all of them! For instance, a person selling a \$1,000 online course teaching you to make a lot of money by selling \$1,000 online courses is, in a sense, proving out the concept. If you're paying \$1,000 to a person for an online course in how to sell \$1,000 online courses, you know that she is successfully selling \$1,000 online courses. At least to you.

Anyway at Business Insider Emily Stewart reports:

Want to build a business? Get more TikTok followers? Learn to flip Goodwill finds? There's almost certainly an online class for that – or, likelier, dozens. An estimate from Grand View Research puts the global digital education market at \$134 billion in revenue by 2030. Companies that let people create courses online, such as Kajabi and Squarespace, are worth billions of dollars. Newsletter publishing platform Beehiiv is building out ways for its writers to sell educational products. It seems like half the celebrities are teaching something on Masterclass. There are even a plethora of courses that teach you how to ... make courses.

There's an extremely low barrier to entry in creating and selling online courses, which is good in that plenty of people have knowledge to share, but less optimal in that on the internet, "expertise" can simply be code for "confidence." The space is broadly unregulated and unsupervised.

I assume there are courses on how to sell courses on how to sell courses, really infinite recursion is possible here.

Things happen

Anthropic Attracts Investor Offers at an \$800 Billion Valuation. Hedge Fund Leverage Powered by a Few Key Banks Sparks Concerns. Morgan Stanley Stock Traders Join in Wall Street's Windfall. Hedge Funds Built for Crypto Turn to Oil and Gold on 24/7 Venues. Silver market seen as ripe for another price squeeze. BofA Discloses \$20 Billion of Loans to Private-Credit Firms. Pimco Buys All \$400 Million of Bonds Sold by Blue Owl BDC. US banks make record buybacks on Trump's looser rules and choppy markets. Atkins Faces Ticking Clock as He Reshapes Rules for Wall Street. 'Bifs' replace 'Piigs' as Europe's bond market whipping boys. Stock-Clearing Firm DTCC Taps Amazon to Aid Shift to Cloud. ICE coffee grading. SantaCon Organizer Charged In Wire Fraud Scheme Targeting Attendees And Host Venues.

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1. See pages 57-59 of the proxy.
2. The proxy says that it converts "at the 'Conversion Price' of 120% of the lower of (x) the closing bid price of our Class A common stock on the Trading Day ended immediately prior to the time of initial filing of the initial preliminary proxy with respect to the Asset Sale and (y) the closing bid price on the trading day ended immediately preceding the closing date of such applicable tranche." The initial preliminary proxy was filed today (I am quoting it), and yesterday's closing price was \$2.49; 120% of that is \$2.988. The actual conversion price could be lower if the stock falls before the tranches of convertible are issued, but here I am assuming that at least some of the AI stock pop will endure.
3. Or 85% if there's an event of default. There are other bells and whistles here and I am sure I am barely scratching the surface of the ways in which the investor can make money.
4. The numbers here area largely drawn from pages 18-19 of Avis Budget's proxy statement, the table of security ownership, as well as footnotes 4 through 7.
5. This is not a perfect heuristic and there are people with good reasons to sell courses but, you know, as a first cut.

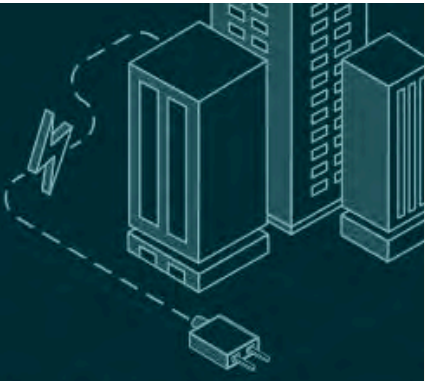
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**Moral Money Law**

Echoes of Nuremberg in a new set of corporate trials

Jailing of former Lafarge CEO highlights a broader push for corporate accountability



Former Lafarge chief executive Bruno Lafont was sentenced on Monday to six years in prison for financing terrorism © AFP via Getty Images

Simon Mundy

Published 7 HOURS AGO



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Visit our [Moral Money hub](#) for all the latest ESG news, opinion and analysis from around the FT

Welcome back.

If you're a corporate executive, there are plenty of reasons to think twice about dealing with murderous regimes and criminal groups.

Basic morality is one, of course. Another is the potential for legal action against your company that could force it to pay huge amounts of shareholders' money in penalties, and leave you out of a job. Now a Paris court ruling has highlighted a risk that looks increasingly meaningful: that you could end up in prison.

Executive prosecutions over international crimes are making a comeback

When German steel tycoon Alfried Krupp went on trial at Nuremberg in 1947, accused of complicity in Nazi atrocities, [his defence was that of a simple businessman](#). "We only wanted a system that worked well and allowed us to work unhindered," he said.

Krupp was sentenced to 12 years in prison for employing slave labour and "plundering" occupied territory. He was released in 1951, along with other businessmen convicted of war crimes, amid a US effort to strengthen the West German economy as the cold war set in.

Having been established at Nuremberg, the notion of prosecuting major corporate executives for complicity in mass crimes seemed to fade from the legal landscape over the following decades. Now it is making something of a comeback.

On Monday Bruno Lafont, the former chief executive of French cement producer Lafarge, was [sentenced to six years in prison](#) for financing terrorism. The Paris court rejected Lafont's argument that he was unaware of, and therefore not responsible for, his company's payments of €5.6mn to Islamic State and other jihadist groups to protect the continued operation of its plant in Syria from 2012 to 2014. Three other executives were also handed jail sentences, while Lafarge itself was also convicted and ordered to pay a fine of €1.125mn.

Another trial with few precedents is approaching its conclusion in Sweden. In the next few weeks, a Stockholm court is expected to give a verdict in the [war crimes trial](#) of the former chair and chief executive of Lundin, once one of Scandinavia's largest oil and gas companies. Ian Lundin and Alex Schneider are accused of complicity in the Sudanese government's violence against its people, in order to secure profits from their company's oil wells in the country. Both deny the allegations.

Last year, a Colombian court [handed 11-year jail sentences](#) to seven former executives of banana company Chiquita, in connection with payments by the company to paramilitary groups to protect its business interests.

Heightened risks

These cases come amid a wider landscape of growing legal risk for companies in connection with human rights violations. The EU's new Corporate Sustainability Due Diligence Directive — while narrower in scope than initially planned — [will create new requirements](#) for companies to address human rights problems in their supply chains, or face fines of up to 3 per cent of revenue.

Another major development came last October with a [bombshell ruling in New York against BNP Paribas](#). The French bank was found liable for more than \$20mn in damages to three Sudanese refugees, having provided financial services to that country's regime while it was pursuing mass violence against its own people.

BNP's market valuation [fell by \\$9.6bn](#) in two days as investors feared it could have to pay billions more to thousands of other plaintiffs — on top of the \$9bn it had previously paid US authorities in a settlement over its violations of sanctions. (BNP plans to appeal the “flawed” October verdict.)

Lafarge had already had an expensive payout of its own, [paying US authorities more than \\$777mn](#) in 2022 to avoid prosecution over its past dealings with Isis.

Such numbers are enough to give any corporate executive cold sweats. But the threat of imprisonment is a still more potent deterrent than the risk of having to pay out a chunk of your shareholders' cash.

Non-profit pressure

The recent flurry of prosecutions stems in large part from the dogged work of non-profit groups targeting corporate complicity in international crimes.

The Lafarge prosecution stemmed from a legal complaint by French legal activist group Sherpa and the European Center for Constitutional and Human Rights, together with Syrian former employees of the company. The Lundin prosecution drew on investigative work by European non-profits including Dutch group Pax; the Chiquita executives' trial followed investigations by US-based ones including the National Security Archive.

The non-profits want to ensure that further cases follow — notably in France, which since 2013 has had a specialised investigative unit focused on crimes against humanity and war crimes.

Last November, groups including the ECCHR filed a [complaint](#) with French authorities against energy giant TotalEnergies over the reported killings of dozens of civilians by soldiers at one of its facilities in Mozambique. (Total [said](#) it “strongly and categorically rejects” the suggestion that it “had, or could have had, any knowledge of the acts of violence”.)

Another investigation is ongoing into several of the biggest French defence companies for alleged complicity in war crimes in Yemen, following a complaint by other NGOs. Other legal complaints are [targeting room booking platforms](#) Airbnb and Booking.com, alleging complicity in the illegal occupation of the West Bank through listing properties there (both companies deny wrongdoing). Lafarge, meanwhile, faces a further possible charge of complicity in crimes against humanity in Syria, which is still being investigated by French prosecutors.

It remains to be seen how many of these cases go to trial, and whether any charges are brought against executives in their personal capacity. Corporate bosses have long tended to treat complaints from campaign groups as a minor distraction. Bruno Lafont’s downfall suggests they may need to start taking them more seriously.

Smart reads

- Rachel Millard [explores this year’s slump](#) in EU carbon prices — and an even bigger decline in the UK.
- Some big western carmakers are [betting on range-extended electric vehicles](#), which use a small engine as a generator to top up their battery. A smart strategy or a desperate attempt to conserve value in their combustion engine businesses?

Recommended newsletters for you

The Climate Graphic: Explained — Understanding the most important climate data of the week. Sign up [here](#)

The AI Shift — John Burn-Murdoch and Sarah O’Connor dive into how AI is transforming the world of work. Sign up [here](#)

Trump-backed World Liberty Financial's early investors won't be able to fully cash out until after Trump's term

 [reuters.com/legal/government/trump-backed-world-liberty-financials-early-investors-wont-be-able-fully-cash-2026-04-15](https://www.reuters.com/legal/government/trump-backed-world-liberty-financials-early-investors-wont-be-able-fully-cash-2026-04-15)

Michelle Conlin

April 15, 2026

Donald Trump Jr. and Eric Trump pose for pictures outside the Nasdaq building after ringing the opening bell to celebrate the closing of ALT5's \$1.5 billion offering and adoption of its \$WLFI Treasury Strategy at the Nasdaq Market, in New York City, U.S., August 13, 2025. REUTERS/Eduardo Munoz/File Photo [Purchase Licensing Rights](#) , [opens new tab](#)

- Early investors face extended lock-up and vesting, with full access delayed until 2030
- Investors allege lack of transparency, centralized control, and preferential treatment for large holders
- World Liberty borrowed \$75 million against tokens as price hit record low, sparking investor concerns

NEW YORK, April 15 (Reuters) - World Liberty Financial, the crypto venture co-founded by President Trump and his sons, released a new proposal Wednesday that would prevent early investors from trading tokens – 80% of their holdings are currently locked by the firm – for two years, followed by an additional two-year vesting period, according to a statement posted on its governance forum.

The measure, which will be subjected to a vote in one week, means early investors holding 17 billion tokens won't have the ability to trade all of their tokens until 2030, a year after the president is scheduled to leave office. "This proposal was designed to optimally ensure long-term participation in our ecosystem and help ensure healthy market supply," said World Liberty Financial spokesman David Wachsman, in a statement to Reuters.

The strictures would also apply to World Liberty tokens held personally by the project's founders, which includes the president and his three sons, along with an additional year of vesting and the deletion or "burn" of 10% of their tokens. It did not, though, change the terms of the project's token sales, which send 75% of all new token proceeds to the Trump family. Asked whether World Liberty would continue the sale of new tokens, Wachsman replied, "Stay tuned to World Liberty's official X account for updates."

The new proposal comes amidst complaints from investors who say the company has frozen their funds while extracting hundreds of millions of dollars for itself. The Trump family has already made more than \$1 billion from World Liberty, according to a Reuters analysis. Many early investors told Reuters they had been hoping for a payday, too.

The company is facing increasing scrutiny from many of its investors who have complained for months about what they allege is the company's lack of transparency, centralized governance structure, and failure to respond to community complaints, according to Reuters interviews and posts on social media and in the WLF governance forum. Those who purchased tokens off secondary markets would not be affected by the new vesting proposal, although they must agree to lock their tokens for six months if they want to participate in governance votes.

Investors have also complained about the way large wallets have more say in voting decisions and a new "Super Node" investor tier that offers "guaranteed direct access" to the WLF team to those who lock at least [\\$5 million](#) worth of tokens for six months. This privileged tier of token holders appears to undercut WLF's previous pledge to democratize access to finance.

The investor pique appeared to reach an inflection point last week with the news that World Liberty Financial had borrowed \$75 million against its own tokens, enabling the company to extract cash while most of its investors remain barred from selling their assets. Investors on social media and in interviews with Reuters feared that the move by World Liberty could pump more supply into the market even as the token's price hit an all-time low on April 12 of \$0.078.

"We are committed to sound risk management and continuously evaluate our positions and collateral structure," said Wachsman in response to questions about the loan.

Following the investor fury online, World Liberty Financial said on X on April 10 it had repaid \$25 million of the loan.

World Liberty launched one month before the U.S. presidential election, with its executives saying the company would bring crypto to the masses, from teachers and dentists to firemen. In September, early investors were allowed to start trading 20% of their tokens, enabling them to trade some of them on the open market for the first time. At the time, World Liberty said the remaining 80% would be unlocked at a future date.

"Today, World Liberty published a governance proposal that was designed to further align all the participants in the WLF ecosystem for the long-run," said Wachsman.

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

Michelle Conlin is an award-winning journalist at Reuters, where she has covered Americans in debt, the 2016 presidential election, mortgage fraud, the foreclosure epidemic, pandemic evictions and national breaking news. Her reporting at Reuters has had wide-ranging impact, including contributing to new legislation addressing zombie homes, new rules banning banks' practice of gagging homeowners, and the end of governmental financing support of bonds backed by Wall Street's foray into single-family homes.

Securities

Ben & Jerry's Falls Short in Bid to Halt Board Member Selection

April 14, 2026, 5:36 PM PDT

Ben & Jerry's failed to convince a district court Tuesday to stop its parent company from appointing new board members as the companies fight over the ice cream maker's social activism.

Judge P. Kevin Castel denied Ben & Jerry's Homemade Inc.'s emergency motions for a temporary restraining order and a preliminary injunction against Magnum Ice Cream Co. NV and Unilever plc, according to a minute entry in the US District Court for the Southern District of New York.

Unilever allegedly intervened to stop Ben & Jerry's from calling for a cease-fire in Gaza and then Magnum removed all six of the company's board members, it says. Ben & Jerry's had asked the court not to allow for the appointment of new members.

Unilever's alleged suppression of Ben & Jerry's messages violate their merger agreement and another settlement between the two that gives the ice cream maker control over its social mission, Ben & Jerry's says.

Unilever also prevented Ben & Jerry's social activism managers from publishing a social media post in support of Palestinians fleeing the conflict with Israel, despite its more than four-decade history of supporting refugees, Ben & Jerry's alleged in its complaint filed in 2024. Unilever previously said its actions were driven by concerns over antisemitism.

Ben & Jerry's alleges Unilever replaced its former CEO Dave Stever in 2025 over his support for Ben & Jerry's "social mission board." Unilever then initiated an audit of Ben & Jerry's charitable foundation and used it as the basis to try and remove board chair Anuradha Mittal, the ice cream maker alleges in its motion, which independent directors voted against.

After Unilever's demerger with Magnum in December 2025, Magnum removed all six Ben & Jerry's directors using an "extracontractual removal mechanism" in January, Ben & Jerry's alleges in its motion.

Ben & Jerry's argued it was likely to succeed in its bid for injunctive relief and that the removals constitute irreparable harm.

Ahmad, Zavitsanos & Mensing PLLC represents Ben & Jerry's. Weil, Gotshal & Manges LLP represents Unilever and Magnum.

The case is Ben & Jerry's Homemade Inc. v. Unilever PLC , S.D.N.Y., No. 1:24-cv-08641, 4/14/26 .

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Securities

Stablecoin Accounting Gets Close Look as Coins Treated Like Cash

April 15, 2026, 1:45 AM PDT

PayPal Holdings Inc. and Coinbase Global Inc. are navigating a gray area in US accounting rules by treating popular digital coins akin to cash on their balance sheets, their latest annual reports show.

The judgment calls come as the Financial Accounting Standards Board meets Wednesday to kick off a discussion of staff research and public input on whether certain digital assets like stablecoins can be classified as highly liquid, short-term investments alongside US Treasury bills and money market funds. The board took up a project on this question in October, as crypto industry groups clamored for further clarity.

Board members are expected to vote on whether to provide examples in the existing statement of cash flows guidance to clarify whether certain digital coins meet the “cash equivalents” definition, according to a meeting memo. They’ll also decide if they want to draft a proposal for public input.

Investors look to the “cash and cash equivalents” line item on corporate balance sheets to assess businesses’ most liquid assets. The category is reserved for investments so close to maturity they’re effectively as good as cash in the bank.

Crypto exchange Coinbase noted in its latest annual financial report that it chose to change the way it classified payment stablecoins as of Dec. 31, 2025. The change was applied retrospectively, bumping up the \$8.5 billion it had originally recorded as its total cash and cash equivalents for the 2024 fiscal year to \$9.3 billion.

The company didn’t respond to a request for comment on its decision-making process for the accounting treatment of stablecoins.

Broadly speaking, the current accounting ambiguity can lead to added work for companies, said Jeff Rundlet, vice president of institutional solutions at Cryptio, a back-office operating system for regulated institutions with digital assets.

“If there’s no real clarity on how to do it from an accounting perspective, the CFO or CAO might just say, ‘Let’s not hold stablecoins,’” Rundlet said. “We’ve heard this: ‘Let’s transfer out of stablecoins at the end of the month.’”

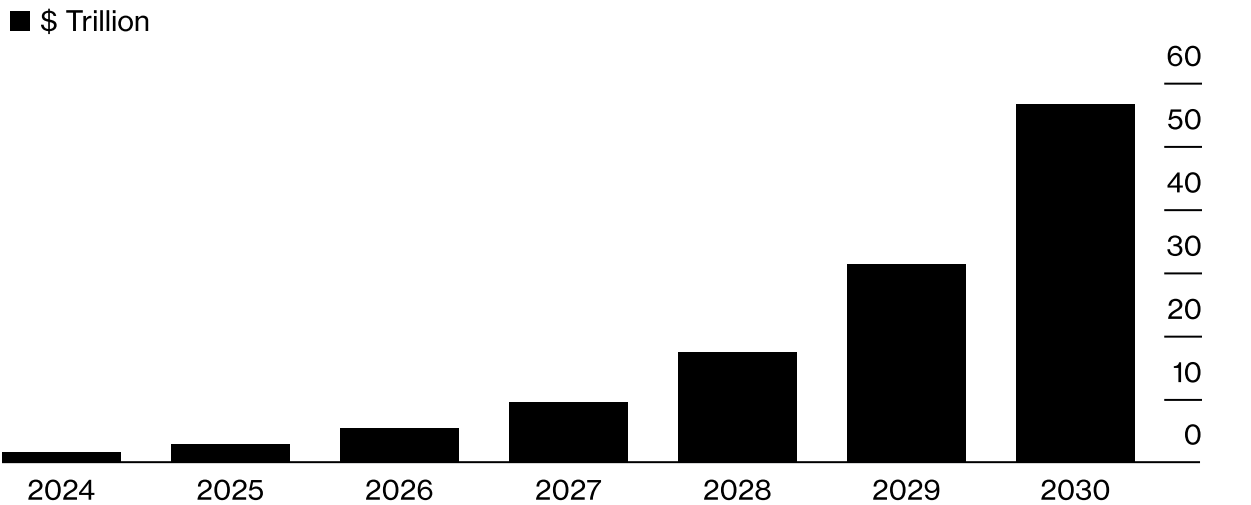
Growing Industry

As companies weigh where to fit stablecoins in financial filings, financial services giants including Wells Fargo & Co. and American Express Co. have deepened their explanations of business risks posed by cryptocurrencies in their latest annual reports.

Digital assets such as stablecoins “have the potential to reduce reliance on traditional depository institutions” and could lead to a decrease in deposits at banks, Wells Fargo wrote.

The company is working to develop a stablecoin to facilitate “efficient, low-cost payments,” Chairman and CEO Charles Scharf said in a March annual letter to shareholders.

Stablecoin Payments May Top \$56 Trillion by 2030
Size of stablecoin payments addressable market



Source: Bloomberg Intelligence Bloomberg

Stablecoins are designed to maintain a stable value relative to a reference asset like the US dollar in order to facilitate faster and cheaper payments across borders compared to traditional currency systems. Total stablecoin payment flows could reach \$56 trillion by 2030, according to a Bloomberg Intelligence analysis.

American Express’s annual report referenced the Genius Act, signed into law last July, saying the new US regulatory framework for stablecoins could alter its competitive landscape by facilitating alternative payment or financing mechanisms.

"The question to be asked is, 'Is that a bad thing or does that actually lead to more innovation that ends up benefiting consumers?'" said Aaron Jacob, senior adviser at digital asset compliance firm Taxbit and associate professor at Brigham Young University.

Cash Equivalents

Coinbase told investors in its latest financial report it would no longer treat payment stablecoins as financial instruments, instead classifying them as cash equivalents.

The accounting change "better reflects" the economic substance of such coins, including Circle Internet Group Inc.'s popular USDC, Coinbase's report filed Feb. 12 said.

"USDC is readily convertible to known amounts of cash, allowing for near-instant, one-to-one redemption of USDC for U.S. dollars," the report said.

Cash equivalents under accounting rules are investments that are readily convertible to known amounts of cash and so near their maturity they present "insignificant risk of changes in value" due to interest rate fluctuations.

Not all investments that qualify are required to be treated as cash equivalents, and companies should establish policies for which ones are recorded that way, according to accounting rules.

Payments platform PayPal said in its annual filing that its cash and cash equivalents include its stablecoin. PayPal USD, or PYUSD, is pegged to the US dollar.

Securities and Exchange Commission staff have provided stop-gap guidance that certain stablecoins could be treated as cash.

There "should be a very high bar" in terms of what is included in the cash and cash equivalent line item, FASB member Frederick Cannon emphasized during the board's October meeting on the topic.

Still, Cannon agreed with the majority of the board to add a project focused on cash equivalents given public input seeking specific guidance.

The board will also discuss Wednesday a separate project focused on accounting for transfers of crypto assets, which similarly came up in 2025 agenda outreach as an area for potential standard-setting.

"We look forward to a robust Board discussion," FASB spokesperson Christine Klimek told Bloomberg Tax in a statement.

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California Brief

Social Media 'Unlobbyists' Sway Powerful But Dodge Disclosure

April 15, 2026, 2:30 AM PDT

Federal lobbying revenue hit a record-smashing \$5 billion-plus in the first year of Trump 2.0, but even that sum misses a mega slice of modern influence campaigns.

Social media influencers, ex-lawmakers whispering strategic guidance to clients, paid grassroots mobilization, public relations messaging, polling and focus groups are all largely exempt from the federal lobbying reports that offer a public glimpse at the multibillion-dollar Washington advocacy economy.

Think of it as unlobbying, for accountability purposes.

The strategies are an increasing part of high-stakes influence campaigns, lobbyists say. Even so, Congress has shown little interest in revamping the law that governs what is publicly revealed, allowing much to avoid disclosure.

"It's very easy for people on K Street that don't want to have the scarlet 'L' of registering as a lobbyist," said Meredith McGehee, a longtime advocate for tougher disclosure rules who runs her consulting business, McGehee Strategies.

The Lobbying Disclosure Act, enacted in 1995 and updated in 2007 after the Jack Abramoff influence scandal, requires people who spend at least 20% of their time on paid lobbying activities and who make more than one contact with covered government officials to register as lobbyists.

'Tip of the Iceberg'

Even professional lobbyists have called on Congress to change the threshold and update the law to capture more influence work. The National Institute for Lobbying & Ethics in September unveiled a proposal to add paid online influencers to disclosures, aiming to close what the group called a loophole.

"The Lobbying Disclosure Act is giving you the tip of the iceberg of all the activity that's going on," said McGehee, former executive director of Issue One, a lobbying and political overhaul group. "In terms of the efforts and in terms of the money spent, there's a lot of the iceberg you just don't even see."

Communications, messaging, and deploying paid social media influencers has become a big part of K Street's bottom line, lobbyists said.

"We saw stronger growth in public affairs last year than in our lobbying work," said Stewart Verdery, founder of Monument Advocacy where official lobbying revenue was up by about 2.7% in 2025, Bloomberg Government found.

Unofficial lobbying is an increasingly important component used to break through to the Republican majority on Capitol Hill, Verdery said.

Ditto for outreach to the other party, Democrats said.

Robert Raben, who runs the progressive-oriented lobbying and communications firm the Raben Group, said that even as revenue at the shop declined in 2025, the first year of President Donald Trump's return to the White House, overall business was steady. Nonlobbying advocacy, he said, was the plurality of the firm's business.

Some of the work involved helping nongovernmental organizations, foundations, and others craft defensive messaging strategies. "There was significant organizing to prepare for direct attacks," he said.

New Business Models

Steve Elmendorf, a founder of the bipartisan Avoq, said the firm intentionally added communications and strategy work to its business model.

"We didn't want to be as much at the whims of politics," Elmendorf said. "Some years lobbying is up, some years it's down."

Avoq's disclosed federal lobbying revenue was down more than 6% last year, a Bloomberg Government analysis found.

He said the communications work also speaks to how influence campaigns are evolving. And those increasingly center on social media.

"We don't just do lobbying," he said. "Yes, we can go visit with the member, but we also have the capacity to work on the surround sound of how they're getting their information."

K Street, Undisclosed

Former lawmakers have a long tradition of going to K Street, oftentimes without registering to lobby.

Ex-Sen. Roy Blunt (R-Mo.) offers clients strategic guidance but doesn't register to lobby at HB Strategies where lobbying revenue was up nearly 28% in 2025, according to Bloomberg Government's annual lobbying report.

Former Rep. Kevin Brady (R-Texas), who chaired the tax-writing House Ways and Means Committee, serves as a senior consultant at the firm Akin but doesn't register to lobby. Akin's lobbying revenue was up by 15%, Bloomberg Government found.

Former Sens. Joe Manchin (W.Va .) and Kyrsten Sinema (Ariz.), both Democrats-turned-Independents, have joined firms since leaving Capitol Hill but don't register to lobby.

"Newly graduated lawmakers who are leaving the Hill are absolutely finding ways to engage with former colleagues but not to register as a lobbyist," said Public Citizen co-president Lisa Gilbert. She said it shows the Lobbying Disclosure Act is "woefully underinclusive."

Tom Susman, who wrote a book on lobbying disclosure, is with the American Bar Association where he's helping to convene a new task force on recommendations to update the lobbying law.

"The LDA is obviously geared towards traditional face-to-face lobbying, or contact lobbying," Susman said. "That's old news now. The next frontier in disclosure should be the digital and media worlds."

Susman said social media influencers and others get hired, just like lobbyists, to craft "messages that will result in advocacy."

"The world has a lot of alternatives for exerting paid influence on members of Congress and the executive branch on policy matters," he said.

The Public Policy Holding Co., a public company that owns Crossroads Strategies where federal lobbying revenue was up by 12% last year, also owns communications firms. Because it's a public company, it releases information about its business beyond what the LDA covers.

PPHC reported that corporate communications and public affairs work represented nearly 35% of the conglomerate's \$186.5 million in revenue last year, showing the scope.

Stewart Hall, a longtime lobbyist and PPHC's CEO, said clients want firms with a bigger suite of offerings that can do traditional lobbying, strategic communications, and advocacy campaigns in the states.

"It's a sign that the industry itself is going through not just a level of consolidation but a level of professionalism and scale," Hall said.

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Alphabet Investors Near Class Cert. In Google Probe Case

By **Bonnie Eslinger**

Law360 (April 14, 2026, 10:46 PM EDT) -- A California federal judge on Tuesday indicated she was leaning toward granting class certification for Alphabet Inc. investors in a suit against the Google parent company over an allegedly false statement CEO Sundar Pichai made to Congress in 2020 about the fairness of ad auctions.

U.S. District Judge Rita F. Lin noted at the start of the hearing in San Francisco that she had issued a written notice Friday that provided her tentative thoughts on the **motion for class certification** that also included a few questions the court was still grappling with. The notice said that "class certification appears appropriate."

The main issue discussed Tuesday was whether the investor plaintiffs could show that the market reacted when information that allegedly revealed the truth about the Pichai's statement became public.

In her written notice, Judge Lin said that the investors have "undisputedly satisfied their burden to show that the market for Alphabet's stock was efficient, triggering the presumption of reliance on the alleged misrepresentation," under the U.S. Supreme Court's 1988 decision in **Basic v. Levinson** .

On Tuesday, Alphabet's lawyer argued that they have rebutted that presumption by showing a "lack" of price effect from the alleged misrepresentation.

But in her Friday notice, Judge Lin said Alphabet "failed to disprove price impact from at least two corrective disclosures."

She also noted that the investors' experts opined that Alphabet's stock price declined as a result of one of the "corrective" disclosures, a December 2020 antitrust complaint filed by the attorneys general of 10 states against Google alleging anticompetitive conduct, including the rigging of digital advertising auctions.

The investors' expert showed correlation with confidence levels of 94.9% and 93.4% for Alphabet's two classes of stock, the judge said.

Alphabet's expert said the confidence level wasn't significant unless it was over 95%.

"Help me understand the defendant's position on why the court should draw a bright line at 95%," Judge Lin asked Alphabet counsel Doru Gavril of Freshfields LLP on Tuesday.

Gavril said it was imperative for courts of law to have a set standard anchored in scientific objectivity. Otherwise, "where do you draw the line?" Gavril argued. "It's a slippery slope."

A lawyer for the investors, Jeremy Lieberman of Pomerantz LLP, said there's not case law supporting a 95% standard, so it shouldn't stand in the way of finding there was a price effect.

"The Supreme Court never endorsed this quote-unquote 95%," Lieberman told the court.

And ultimately, he said it's Alphabet's task to prove that there was no price impact. "I'm sorry, but that's the burden," Lieberman said.

Judge Lin did not rule from the bench Tuesday on the class certification motion but said she'd issue a written order after giving the matter more consideration.

The investors seek to certify a class of all individuals and entities who purchased or acquired Alphabet's Class A or Class C shares between Sept. 14, 2020, and Jan. 23, 2023.

The suit alleges Pichai falsely represented to Congress the fairness of Google's ad auction platform. According to the investors, the auctions favored bids submitted through Google-owned platforms or the Facebook Advertising Network, which had an agreement with Google.

The investors claim those "connected" bidders received extra time, nonpublic information and other advantages during the bidding process. In addition, the suit claims Pichai made the statement with scienter, since he was deeply involved in the negotiations regarding the Facebook Advertising Network.

According to the investors' complaint, following news of the DOJ's suit, Alphabet's Class A shares fell from \$149.84 per share on Nov. 18, 2021, to \$95.22 on Jan. 25, 2023. They claim its Class C shares fell from \$150.71 to \$96.73 in the same period. Alphabet then "lost hundreds of billions of dollars in market capitalization," the suit says.

In early 2025, the court **largely dismissed** the investors' second amended complaint, including claims tying Google President and Chief Investment Officer Ruth M. Porat, Chief Business Officer Philipp Schindler and Chief Legal Officer Kent Walker to the litigation.

The only claim allowed to proceed was Pichai's statement to Congress, finding the investors adequately alleged its falsity. The response at issue was to Rep. David Cicilline's question regarding what percentage of the time Google won bids on its own ad exchange, AdX, which serves as an intermediary between publishers and advertisers.

The investors are represented by Jeremy A. Lieberman, Emma Gilmore, Jennifer Pafiti, Villi Shteyn, Orly Guy and Eitan Lavie of Pomerantz LLP and Robert D. Klausner of Klausner Kaufman Jensen & Levinson.

Alphabet, Google and the executives are represented by Boris Feldman, Doru Gavril, Elise M. Lopez and Mia Tsui of Freshfields LLP.

The case is AMI - Government Employees Provident Fund Management Co. Ltd. et al. v. Alphabet Inc. et al., case number 3:23-cv-01186, in the U.S. District Court for the Northern District of California.

--Additional reporting by Lauren Berg and Katryna Perera. Editing by Brian Baresch.



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Armistice Capital Used COVID To Juice Vaxart Stock, Jury Told

By **Bonnie Eslinger**

Law360 (April 14, 2026, 10:55 PM EDT) -- Hedge fund Armistice Capital and two of its executives exploited the COVID-19 pandemic to issue press releases that falsely inflated their controlling share in pharmaceutical company Vaxart, then dumped the shares for \$250 million before the bottom fell out, investors told a California federal jury at the start of trial Tuesday.

The two-week trial will cover class claims brought by Vaxart investors alleging improper insider trading and stock manipulation in shares of the vaccine biotech company, which began efforts to develop a COVID-19 vaccine in 2020.

Steve Berman of Hagens Berman Sobol Shapiro LLP told the jury on Tuesday that Armistice Capital, founder Steven Boyd and managing director Keith Maher "sought to exploit the global COVID pandemic by hiking up the price" of Vaxart with "misleading press releases about the status of Vaxart's vaccine."

Specifically, he said, the press releases duped investors about the status of Vaxart's vaccine in terms of it being approved by the government.

"Then, armed with inside information about the true status," Armistice, Boyd and Maher "dumped their shares of the company and made almost \$250 million," Berman told jurors.

It was all part of an orchestrated scheme to defraud investors, he said.

Berman told the jury that key evidence in the case had been **deleted**: text messages between Boyd and Maher in June 2020, the month that the press releases were put out.

"Boyd and Maher deleted all the text messages," Berman said, "so that the government, the plaintiffs and that you would never see what they were saying to each other at this crucial point."

Counsel for the Armistice defendants, Charles Connolly of Akin Gump Strauss Hauer & Feld LLP, said the information in the press releases wasn't false.

"The press releases are not misleading," he said. "To the contrary, the press releases are true, and they are accurate."

In addition, Armistice, Boyd and Moher had nothing to do with drafting them, Connolly said.

"The first time that Steve Boyd or Keith Maher saw the words in either press release was after Vaxart management issued them publicly," he told the jury.

There was also no insider trading, Connolly said.

"Regardless of how many times the plaintiffs say the word 'scheme' or 'fraud' or 'pump and dump,' the evidence in this case will undeniably show there was no scheme, there was no pump and dump," he said.

Armistice invested more than \$5 million into Vaxart, giving the small biotech company the resources it needed to continue developing vaccines as well as make a return for the hedge fund's clients,

Connolly said.

Vaxart's scientists worked diligently to try to quickly develop a COVID-19 vaccine, he said.

Toward the end of his opening statement, Connolly said that while Berman made a big deal out of the deleted text messages, that was merely to "distract" the jury from the evidence.

The messages were accidentally deleted, he said.

"You will learn that that one deleted text chain is irrelevant," Connolly said. "Why? Because those texts could not change the simple fact that press releases are true."

The suit also named Vaxart and its current and former executives as **defendants**, but they settled with investors in 2022 for **\$12 million**.

In early 2025, Armistice Capital, Boyd and Maher filed a motion for summary judgment, seeking to resolve the case without going to trial. U.S. District Judge Vince Chhabria held in July that a reasonable jury could find that scheme liability, insider trading and loss causation were **adequately alleged** against them by the investors.

Judge Chhabria noted that evidence in the suit shows that Armistice, Boyd and Maher tried to change Vaxart's insider trading policy before pushing its CEO, Andrei Floroiu, to release a press release the next day falsely stating that the federal government had invited the company to participate in Operation Warp Speed, or OWS.

"While the documentary evidence doesn't show with certainty how much Boyd and Maher knew about the OWS press release's contents, it shows that they knew something about them: Boyd emailed Floroiu that he had 'learned of' the release, and emailed Maher asking whether Maher had any material non-public information 'beyond [the] press release,'" the order states.

The investors also claim that another press release issued by Vaxart in June 2020 misleadingly claimed it was partnering with Attwill Medical Solutions Sterilflow LP to produce "a billion or more" COVID-19 vaccine doses per year, even though Attwill was not certified to produce the vaccines. In his July order, Judge Chhabria said a jury could find that the defendants engaged in insider trading and knew that the OWS press release overstated the importance of the project's non-human primate study or misled investors about Vaxart's odds of receiving government funding.

The investors are represented by Reed R. Kathrein, Lucas E. Gilmore, Steve W. Berman and Raffi Melanson of Hagens Berman Sobol Shapiro LLP, William C. Fredericks, Jeffrey P. Jacobson and John T. Jasnoch of Scott + Scott Attorneys at Law LLP, and Brian J. Schall of The Schall Law Firm.

The Armistice defendants are represented by Joshua A. Rubin, Lillian Rand, Charles F. Connolly, Stacey H. Mitchell, Stephanie Ondrof, Kaitlin D. Shapiro and David M. Giller of Akin Gump Strauss Hauer & Feld LLP

The case is In re: Vaxart Inc. Securities Litigation, case number 3:20-cv-05949, in the U.S. District Court for the Northern District of California.

--Additional reporting by Katryna Perera, Lauren Berg and Dorothy Atkins. Editing by Adam LoBelia.



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Del. Chancery Tosses Jenzabar Suit As Untimely, Defective

By Jarek Rutz

Law360 (April 14, 2026, 6:28 PM EDT) -- The Delaware Chancery Court has dismissed a stockholder lawsuit against educational software company Jenzabar Inc. and its founder, finding the claims were procedurally flawed, too late and, in some respects, premature.

In a memorandum **opinion** issued Monday, Vice Chancellor Lori W. Will threw out the case brought by stockholders, including the Gregory M. Raiff 2000 Trust and later intervening investors, saying their complaint failed on multiple threshold grounds without reaching the merits of the allegations. They had accused Jenzabar founder Robert A. Maginn Jr., his ex-spouse Ling Chai and other insiders of siphoning tens of millions of dollars and improperly consolidating control of the company.

The court concluded that the investors' claims could not proceed because they were brought in the wrong form, challenged issues not yet ripe for review, and were filed years too late.

"The complaint suffers from several threshold defects," Vice Chancellor Will wrote, adding that "the defendants' motions to dismiss are therefore granted."

The decision ended a case that had been pending since 2024, and it marks a significant win for the defendants, who had argued the claims were legally deficient regardless of their underlying allegations.

The litigation stems from long-running disputes over Jenzabar, a Massachusetts-based education technology company founded by Maginn and Chai.

Stockholders alleged two main categories of misconduct. First, they challenged Jenzabar's advancement of roughly \$5 million in legal fees and payment of a \$30.7 million judgment on Maginn's behalf following earlier litigation in which he was found to have improperly taken a corporate opportunity.

Second, they asserted that from about 2010 to 2015, company insiders awarded themselves tens of millions of dollars in cash bonuses and hundreds of millions in stock, increasing their ownership stake from roughly 18% to more than 90% while diluting minority investors.

The complaint asserted 13 counts, including breach of fiduciary duty, unjust enrichment, corporate waste and fraud. The investors requested damages, as well as declaratory and injunctive relief.

Vice Chancellor Will's ruling, however, focused on whether the claims were properly brought and timely, not whether the alleged misconduct occurred.

A central issue was whether the claims were "direct," meaning brought on behalf of stockholders individually, or "derivative" — belonging to the company itself. The court found the claims fell squarely into the latter category because the harm that shareholders alleged, including dilution and overpayment, was suffered first by Jenzabar.

"These are quintessential derivative claims," the judge determined, explaining that any injury to stockholders was indirect and shared proportionally.

That distinction proved fatal to several counts, which were dismissed for being improperly styled as

direct claims.

The Chancery Court also rejected claims tied to Jenzabar's payments related to the earlier Maginn litigation, finding they were not yet ready for judicial review. While the company had advanced legal fees and posted a bond, it had not made a final indemnification decision, a key legal step that must occur before such claims can proceed.

Finally, the vice chancellor found that the bulk of the remaining claims were time-barred. The investors had said the misconduct occurred between 2010 and 2015, but the suit was not filed until April 2024. Applying Delaware's three-year limitations period, the court concluded the claims expired years earlier.

The shareholders argued the statute of limitations should be tolled because the wrongdoing they alleged was concealed. But the court found that earlier litigation and public filings, including a 2014 Chancery Court decision involving similar allegations, put stockholders on notice long ago.

"Because this suit was filed over six years after the statute of limitations expired, it is time-barred," according to the ruling.

The court dismissed most claims with prejudice, while allowing a narrow subset tied to indemnification to be refiled later if they become ripe, bringing the latest chapter of the Jenzabar dispute to a close.

Counsel for defendant Torrence Harder, a Jenzabar official, declined to comment on the opinion Tuesday, and other representatives of the parties did not immediately respond to requests for comment.

Plaintiffs Christopher Barry, Jared Snell and Laurel Santmire are represented by David H. Holloway, Colin R. Hagan and David J. Shlansky of Shlansky Law Group LLP.

Jenzabar is represented by Albert H. Manwaring IV, Kirsten A. Zeberkiewicz and Aubrey J. Morin of Morris James LLP.

Defendants Robert A. Maginn Jr. and The Chai-Maginn Family LLC are represented by Jody C. Barillare, Michael D. Blanchard, Andrew M. Buttaro and Brian Loughnane of Morgan Lewis & Bockius LLP.

Defendants D. Quinn Mills and Olga Perera San Miguel are represented by Thad J. Bracegirdle and Sarah T. Andrade of Bayard PA.

Harder is represented by John M. Seaman and Adam K. Schulman of Abrams & Bayliss LLP.

Defendant The Chai-Maginn Family LP is represented by Jason A. Cincilla and Wade A. Bredin of Manning Gross & Massenburg LLP.

Chai is representing herself.

The case is The Gregory M. Raiff 2000 Trust v. Jenzabar Inc. et al., case number 2024-0368, in the Court of Chancery of the State of Delaware.

--Editing by Covey Son.



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Foundation Building Investors Ink \$26M Deal Over PE Buyout

By **Katryna Perera**

Law360 (April 14, 2026, 8:20 PM EDT) -- The CEO, controlling investor and board members of specialty building product maker Foundation Building Materials Inc. and others have reached a \$26 million settlement with stockholders who challenged the company's \$1.4 billion sale to a private equity buyer on claims that the defendants breached their fiduciary duties.

The stockholders led by the Firefighters' Pension System of the City of Kansas City, Missouri Trust filed a **stipulation and agreement** of settlement on Friday in Delaware Chancery Court alongside the defendants, which include Foundation Building, its CEO Ruben D. Mendoza and several directors, RBC Capital Markets and private equity firm Lone Star Funds.

According to the agreement, Lone Star Funds and one of its entities will pay \$8.2 million to resolve the suit's claims against them, and the other defendants will collectively pay \$17.8 million.

The pension fund said the settlement is a good recovery for the class given the risks of continued litigation and the "inherent problems of proof associated with, and possible defenses to," the suit's claims, among other things.

The proposed settlement class includes all those who purchased, acquired or held Foundation Building common stock from Nov. 15, 2020, when the merger was announced, through Jan. 29, 2021, when the merger closed, according to the agreement.

The agreement also states that plaintiffs' counsel will seek an award of attorney fees worth no more than 25% of the settlement, or roughly \$6.5 million, and may also ask the court to grant an incentive award to the pension fund.

The suit, filed in May 2022, claimed that Foundation Building's \$19.25 per-share acquisition by an affiliate of American Securities LLC violated shareholders' appraisal rights by not fully disclosing a termination and release agreement payout.

According to the suit, a purportedly independent special committee, which included four Foundation Building directors, vetted the deal with private equity firm Lone Star Funds under terms that included a \$74.8 million accelerated payout to Foundation Building's controlling shareholder, an affiliate of Lone Star Funds.

The pension fund alleged that Lone Star Fund, Mendoza and six directors faced a conflict of interest in deciding whether to sell the company and trigger an early termination payment expense.

In 2024, a Delaware vice chancellor **declined to toss** the suit, finding that alleged breaches of the duty of disclosure against the individual defendants were adequately pleaded, among other things.

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

Firefighters' Pension System of the City of Kansas City, Missouri Trust is represented by Lee D. Rudy, Kevin M. Kennedy and J. Daniel Albert of Kessler Topaz Meltzer & Check LLP and Michael Hanrahan, Samuel L. Closic, J. Clayton Athey, Kevin H. Davenport, and Brianna V. Manobianco of Prickett Jones & Elliott PA.

Defendant Evercore Group LLC is represented by Andrew G. Gordon, Daniel A. Mason and Miranda N. Gilbert of Paul Weiss Rifkind Wharton & Garrison LLP.

Foundation Building Materials Inc., American Securities LLC, and ASP Flag Intermediate Holdings Inc. are represented by John A. Neuwirth, Evert J. Christensen Jr. and Matthew S. Connors of Weil Gotshal & Manges LLP and Bradley R. Aronstam and S. Michael Sirkin of Ross Aronstam & Moritz LLP.

RBC Capital Markets LLC is represented by Barry G. Sher of Paul Hastings LLP, Kevin P. Broughel of Katten Muchin Rosenman LLP and Catherine A. Gaul and Elizabeth C. Greene of Ashby & Geddes PA.

Lone Star Fund IX (US) LP and LSF9 Cypress Parent 2 LLC are represented by Ryan D. Stottmann, Thomas P. Will and Alec F. Hoeschel of Morris Nichols Arsht & Tunnell LLP and Silpa Maruri, Rollo C. Baker, Jared Ruocco and Edgar Aliferov of Elsberg Baker & Maruri PLLC.

Ruben D. Mendoza is represented by William B. Chandler III, Brad D. Sorrels, Jessica A. Hartwell and Leah E. León of Wilson Sonsini Goodrich & Rosati PC.

Special committee defendants Matthew J. Espe, Fareed A. Khan and James F. Underhill are represented by Raymond J. DiCamillo, Matthew D. Perri, Mari Boyle and Kevin M. Kidwell of Richards Layton & Finger PA.

Defendants Chris Meyer, Rafael Colorado, Chad Lewis, Chase Hagin and Maureen Harrell are represented by Elena C. Norman and James M. Yoch Jr. of Young Conaway Stargatt & Taylor LLP and Brian M. Lutz, George B. Adams III and Colin B. Davis of Gibson Dunn & Crutcher LLP.

The case is Firefighters' Pension System of the City of Kansas City, Missouri Trust v. Foundation Building Materials Inc. et al., case number 2022-0466, in the Court of Chancery of the State of Delaware.

--Additional reporting by Jeff Montgomery. Editing by Michael Watanabe.

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AI Security Co. Investors Seek 1st OK For \$15M Settlement

By **Emilie Ruscoe**

Law360 (April 14, 2026, 10:14 PM EDT) -- Investors in Evolv Technologies Holdings Inc. seek an initial nod for a \$15 million deal to settle proposed class action claims that the company overstated the effectiveness of its flagship artificial intelligence-powered weapon detection service and improperly recognized millions in revenue from unpaid trial deals with customers.

In Monday filings in Massachusetts federal court, investors in Evolv asked U.S. District Judge Allison D. Burroughs to grant preliminary approval to the deal, describing the settlement agreement as "an excellent result considering the significant risks of continued litigation."

The investors estimated that the settlement sum represents approximately 9% of the maximum damages the proposed class could recover at trial, asserting that that percentage compared favorably to recovery percentages in similar settlements.

"Plaintiffs and lead counsel believe the proposed settlement meets the standards for preliminary approval and is in the best interests of the putative settlement class," the Monday motion states.

The investors **told** the court in August that the parties had reached a settlement agreement in principle following a private mediation session. Though they did not disclose the settlement sum in court filings, an August filing with the U.S. Securities and Exchange Commission reported the \$15 million figure.

If approved, the deal would end claims that, among other things, Evolv harmed shareholders by publicly mischaracterizing the weapon-detection success rates of its screening service, Evolv Express, which the company says uses artificial intelligence. While the company touted Express as outperforming traditional metal detectors, its share price fell in November 2022 when a media report alleged that Express only sometimes detected certain knives or micro-compact pistols, the suit says.

The complaint additionally alleges that trading prices for Evolv shares fell by over 13% in October 2023, when the company disclosed that the U.S. Federal Trade Commission was investigating the company in connection with certain marketing claims. The shares fell another 16% in February 2024, when Evolv disclosed that the SEC was probing the company, the suit says.

The status of the SEC investigation was not immediately clear on Tuesday. The company agreed to settle with the FTC in November 2024 with a promise not to make unsupported claims about Evolv, among other agreements. The company did not admit or deny the allegations.

Evolv trading prices fell again following a media report stating that the company created the false impression that Express had been tested by the U.K.'s National Protective Security Authority, the suit says.

Finally, the investor suit pointed to Evolv's November 2024 announcement that it had prematurely recognized between approximately \$4 million and \$6 million in revenue over two years.

The investors alleged that the improper revenue recognition resulted from the company's undisclosed practice of offering clients a trial period with Express before the customer had to decide whether to purchase the product.

According to the investor claims, the revenue recognition findings led to the ouster of the company's then-CEO, Peter George, and the resignation of its Chief Financial Officer, Mark Donohue. George and Donohue are among the individual defendants named in the suit.

While the revenue recognition disclosures happened after the proposed class period, the suit alleges those findings support its claims that the company's trading prices were artificially inflated during its proposed class period.

The proposed class includes those who purchased Evolv securities between June 28, 2021, when the company filed its registration statement and prospectus for a business combination with special purpose acquisition company NewHold Investment Corp., and October 25, 2024, when the company publicly acknowledged that it had improperly recognized revenue from certain large customers.

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

The plaintiffs are represented by Joseph D. Cohen and Casey E. Sadler of Glancy Prongay Wolke & Rotter LLP, Daryl Andrews and Glen DeValerio of Andrews DeValerio LLP and Frank R. Cruz of the Law Offices of Frank R. Cruz.

The defendants are represented by Nathaniel R. Mendell and Jamie A. Levitt of Morrison & Foerster LLP.

The case is In re: Evolv Technologies Holdings Inc. Securities Litigation, case number 1:24-cv-10761, in the U.S. District Court for the District of Massachusetts.

--Additional reporting by Julie Manganis and Sydney Price. Editing by Vaqas Asghar.

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Investors Want Sanctions For Fake Citations In LGBCoin Suit

By **Carolina Bolado**

Law360 (April 14, 2026, 4:53 PM EDT) -- Investors in the "Let's Go Brandon" meme token urged a Florida federal judge Monday to issue "case-terminating sanctions" against the man behind the coin, saying he and his counsel have lied in discovery, disobeyed court orders and submitted fake legal citations in at least eight filings.

The plaintiffs, a class of meme coin buyers, say LGBCoin founder James Koutoulas and LGBCoin Ltd. have concealed witnesses, failed to disclose information about Koutoulas' LGBCoin digital wallets, destroyed evidence and continued to cite fake legal authorities despite warnings from the court.

The investors say monetary sanctions alone won't repair the prejudice they will face at trial, set to start in July, and urged the court to consider case-ending sanctions.

"The prejudice is greater than any single evidentiary sanction can cure," the plaintiffs said. "Plaintiffs should not now be forced into a choice between going to trial on a record distorted by defendants' misconduct or absorbing still more delay and expense in an attempt to reconstruct what defendants should have produced years ago. That is precisely why terminating or issue-dispositive sanctions exist."

The plaintiffs say that if the court decides to deny case-terminating sanctions, they should be awarded attorney fees and costs, and an adverse inference regarding the concealed communications and destroyed Telegram messages should be given to the jury at trial.

Koutoulas and his counsel submitted fabricated citations and quotations in eight different filings with the court and continued to do so even after the court issued an "explicit warning," according to the sanctions motion.

In addition, Koutoulas was ordered to produce communications about LGBCoin and wallet addresses corresponding to LGBCoin sales but failed to do so, according to the motion. Koutoulas has admitted to regularly speaking with LGBCoin purchasers but did not produce these communications, which are the "strongest possible evidence that Koutoulas successfully solicited LGBCoin purchases," according to the motion.

"These communications have been extensive, continuous and ongoing," the plaintiffs said. "Many messages have been permanently destroyed, despite preservation obligations and an order compelling production."

Furthermore, Koutoulas' failure to disclose relevant financial information regarding his LGBCoin wallet addresses has hindered the plaintiffs' ability to evaluate damages and potential collectability issues, according to the motion.

"Defendants' mistruths about his finances also suggest that Koutoulas intends to ignore even a jury verdict and final judgment in this case by rendering himself assetless on paper, and therefore judgment-proof," the plaintiffs said.

Koutoulas, an attorney, is representing himself as of Tuesday, following a hearing in Orlando in which U.S. Magistrate Judge Daniel C. Irick said he would grant a third request by Koutoulas' attorney, Nicole Martell of Di Pietro Partners PLLC, to withdraw from the case, according to minutes of the

hearing filed on the docket.

Koutoulas told Law360 that while he will "miss having Ms. Martell as my valued counsel in this case," he wants her to be "unfettered to properly defend plaintiffs' bad faith malicious attacks against her."

Koutoulas called the sanctions motion a "bad faith, malicious last gasp by them to distract from the baselessness of their case and smear Ms. Martell (who has been unflinchingly honorable throughout years of plaintiffs' unprofessional gaslighting and beating her up) and myself."

He added that the plaintiffs "admitted years ago that they violated the [Private Securities Litigation Reform Act], which carries mandatory sanctions." Koutoulas said U.S. District Judge Paul G. Byron has deferred considering those and other Rule 11 sanctions against the plaintiffs until the end of litigation.

Martell said she was unable to comment but that she would "reserve all rights to bring a defamation suit as deemed appropriate."

The coin at issue in the case is inspired by the "Let's Go Brandon" meme, in which the phrase serves as a stand-in for a profane statement of distaste for former U.S. President Joe Biden.

The meme originated in October 2021 as a TV news reporter interviewed stock car racer Brandon Brown following a race at the Talladega Superspeedway in Alabama. As the interview took place, the news reporter mistakenly described chanting from the crowd in the background as "Let's go, Brandon," an expression of support for Brown.

LGBCoin buyers Sandra Bader, Eric De Ford and Shawn R. Key claim purchasers of the coin bought it in part because those associated with the coin teased "an upcoming announcement of a NASCAR partnership" with Brown.

The announcement in December 2021 that LGBCoin would be Brown's partner for the 2022 NASCAR Xfinity Series season allegedly sent prices for LGBCoin up by nearly 510% from its opening price two months earlier. But days later, NASCAR revoked the sponsorship, which allegedly precipitated a complete wipeout of LGBCoin prices.

In March 2025, Judge Byron certified a class of LGBCoin buyers. In December, the judge **denied** Koutoulas' summary judgment motion, ruling that a jury must decide whether the LGBCoin is a security.

An attorney for the plaintiffs did not respond to a request for comment.

The plaintiffs are represented by Aaron M. Zigler, Kevin McCormack, Lawrence V. Ashe and Nidya S. Gutierrez of Zigler Law Group LLC and Sean T. Masson and John T. Jasnoch of Scott + Scott Attorneys at Law LLP.

Koutoulas and LGBCoin Ltd. are represented by James L. Koutoulas of Koutoulas Law LLC.

The case is De Ford v. Koutoulas et al., case number 6:22-cv-00652, in the U.S. District Court for the Middle District of Florida.

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



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Marex Investor Drops Suit Over Alleged Short Seller Harm

By **Emilie Ruscoe**

Law360 (April 14, 2026, 10:23 PM EDT) -- An investor in U.K.-based financial services company Marex Group PLC has voluntarily tossed her proposed investor class action alleging the company hurt short sellers by using off-order book transactions with its subsidiaries to improperly inflate certain key accounting metrics for its market-making segment.

In a Monday notice in New York federal court, Marex investor Michaela Katz said she was dismissing her claims against the company with prejudice.

The filing didn't say why Katz is dropping her claims, though it noted the parties have agreed to bear their own costs. Marex hadn't yet answered the suit or moved for summary judgment, the filing said.

The voluntary dismissal comes after Katz was appointed lead plaintiff in the case in February. In the same decision, U.S. Magistrate Judge Stewart D. Aaron denied Marex's bid to consolidate Katz's suit with a separate action making similar allegations, though the judge said the cases should be coordinated for discovery and case management purposes.

Per a joint briefing schedule the parties proposed, Katz's voluntary dismissal also comes shortly before a Monday deadline for filing an amended complaint.

In her October complaint, Katz alleged that Marex systematically inflated its revenues in deals with its subsidiaries, saying this caused its shares to trade at inflated prices.

If the company's financial statements had been more accurate, Katz said, "plaintiff and other members of the class would not have short sold their Marex securities, or, if they had short sold such securities during the class period, they would not have done so at the artificially inflated prices which they paid."

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

Katz is represented by Jacob B. Lieberman, Karolina Klyuchnikova, Thomas L. Laughlin IV, Matthew A. Peller and Mandeep S. Minhas of Scott + Scott Attorneys at Law LLP and Michael E. Criden of Criden & Love PA.

Marex is represented by Jason C. Hegt, Jeff G. Hammel and Larry Hong of Latham & Watkins LLP.

The case is Katz v. Marex Group PLC et al., case number 1:25-cv-08368, in the U.S. District Court for the Southern District of New York.

--Editing by Nick Siwek.

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Lead-Plaintiff Fight Comes First In LRN Suit, Chancery Says

By Jarek Rutz

Law360 (April 14, 2026, 5:39 PM EDT) -- The Delaware Chancery Court signaled Tuesday that it will prioritize sorting out who can lead a long-running stockholder suit against LRN Corp.'s leaders before turning to the merits, as the judge pushed the parties toward a structured path forward after years of procedural detours.

At a hearing on competing proposals for a case schedule, Vice Chancellor Morgan T. Zurn said she is inclined to require the plaintiffs to identify a viable class representative, or proceed individually, before the court revisits a summary judgment motion that has been pending since 2021. The dispute, first filed in 2019, challenges a roughly \$1.35-per-share stock buyback that preceded LRN's \$7-per-share sale.

"I'm inclined to resolve who's leading this case and in what capacity, before I dive back into the merits," Vice Chancellor Zurn said during the hearing, emphasizing that it would be "not even ... doctrinally appropriate" to address the substance of the claims without clarity on who the lead plaintiff is.

The case stems from a stockholder challenge to an allegedly coercive tender offer orchestrated by LRN Chairman Dov Seidman and other directors ahead of the company's merger with a private equity firm. Plaintiffs claim that the buyback undervalued shares and unfairly pressured investors to sell. LRN advises companies on corporate ethics and compliance.

The litigation has been complicated by years of procedural disputes, including a failed **\$10 million proposed class settlement**, the **disqualification of earlier class representatives** and parallel litigation in Delaware Superior Court that resulted in a defamation judgment against former lead plaintiff Howard Marks.

Vice Chancellor Zurn made clear that those developments, along with the passage of time, have changed the posture of the case. "I'm not really interested in going through 5-year-old stale briefs," she said, noting that new law, new counsel and a different plaintiff lineup justify fresh briefing before any decision on the merits.

During the hearing, plaintiffs' counsel Bruce E. Jameson of Prickett Jones & Elliott PA argued that the factual record underlying the claims has not changed, stressing that discovery closed before summary judgment briefing and that the core allegations still center on the 2017 transaction. He urged the court to consider the pending summary judgment motion first, in part to streamline any eventual appeal.

But Vice Chancellor Zurn rejected that plan, pointing to unresolved questions about who has standing to pursue the claims. She instead endorsed a step-by-step process: first, a deadline for any potential plaintiffs to seek to intervene; second, resolving whether those individuals can serve as class representatives; and only then turning to the merits.

Defense counsel Stephen Shackelford Jr. of Susman Godfrey LLP supported that approach, arguing that the case currently lacks a proper class representative and that threshold issues — including motions to intervene and possible additional discovery, must be addressed before summary judgment can be meaningfully revisited.

The court ultimately directed the parties to propose a schedule reflecting that framework, including a 45-day deadline for any new or existing plaintiffs to formally step forward and seek to lead the case. Vice Chancellor Zurn also indicated that she expects a single, definitive round of class certification briefing, rather than repeated attempts with different representatives.

Her comments suggest a focus on efficiency with the goal of clarifying whether the case will proceed as a class action or an individual suit before expending further judicial resources.

If a class is certified, or if an individual plaintiff chooses to proceed, the court indicated that it will probably require updated briefing on summary judgment to reflect the current record and legal landscape.

For now, however, the message from the bench was clear: Before revisiting the merits of the dispute, the parties must first determine who, if anyone, is in a position to carry it forward.

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

Robert Davidow, a shareholder and plaintiff, is represented by Michael Hanrahan, Bruce E. Jameson, Corinne Elise Amato, Kevin H. Davenport and Eric J. Juray of Prickett Jones & Elliott PA.

Howard Marks, also a shareholder and plaintiff, is represented by Michael R. Ippoliti of the Law Office of Michael R. Ippoliti PA.

Dov Seidman and directors Lee Feldman and Mats Lederhausen are represented by A. Thompson Bayliss, Daniel G. Paterno, Christopher Fitzpatrick Cannataro and Caleb H. Theriot of Abrams & Bayliss LLP, and by Stephen Shackelford Jr. and Shawn J. Rabin of Susman Godfrey LLP.

The case is Robert A. Davidow et al. v. Dov Seidman et al., case number 2019-0150, in the Delaware Court of Chancery.

--Editing by Karin Roberts.



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Pomerantz To Lead Chinese Logistics Co. Investor Suit

By **Sydney Price**

Law360 (April 14, 2026, 8:47 PM EDT) -- Attorneys from Pomerantz LLP will lead a proposed class action alleging the share prices of China-based Jayud Global Logistics Ltd. were artificially inflated through fake social media posts hyping the company before suddenly collapsing by 95% in one day.

The order, signed Monday by U.S. Magistrate Judge Katharine H. Parker, said Pomerantz client Karim Salem, who claims to have suffered losses of approximately \$1.1 million, "appears to have the largest financial interest" in the litigation. Of the other five movants previously seeking lead candidate appointment, four filed non-opposition motions, and one withdrew his motion, the order stated.

"The movants do not dispute that this makes Salem the individual who suffered the most financial losses and, indeed, Salem asserts the largest losses," the order said. "No party disputes the methodology of calculating losses."

In the **suit** filed in November 2025, investor Braden Lindstrom claims Jayud, which provides freight forwarding services, cross-border logistics and chartered airline freight services, structured its 2023 initial public offering to facilitate an eventual pump-and-dump scheme.

The complaint says that throughout the class period, the defendants failed to disclose to investors that Jayud was the subject of a fraudulent stock promotion scheme, and company insiders and affiliates used offshore or nominee accounts to facilitate a coordinated share dumping during the price-inflation campaign.

Lindstrom claims the stock price was inflated through a coordinated social media campaign across private investor chat groups and platforms such as WhatsApp and Facebook. The complaint states that promoters impersonated credible financial advisers and circulated false information and news to generate excitement and buying pressure for Jayud's shares.

"The statements had no legitimate basis in the company's actual operations or financial condition, yet they were presented as authoritative tips to lure retail investors into purchasing Jayud shares at inflated prices," the complaint states.

But the price increase was short-lived because on April 2, 2025, Jayud's stock fell by 95% to less than \$1. Since then, the complaint says, Jayud has completed several reverse stock splits to maintain compliance with NASDAQ listing requirements. On April 14, 2026, Jayud's shares traded around \$2.91 per share.

In addition to the company, the complaint names as defendants Jayud's CEO Xiaogang Geng, Chief Financial Officer Mengmeng Hu, former CEO Alan Tan Khim Guan, former CFO Lin Bao and several of the company's auditors.

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

The proposed class is represented by J. Alexander Hood II and Jeremy A. Lieberman of Pomerantz LLP, and Brian Schall of The Schall Law Firm.

Jayud and the individual defendants are represented by Nicole Khalouian and Richard J.L. Lomuscio

of Stinson LLP.

The case is Lindstrom v. Jayud Global Logistics Ltd. et al., case number 1:25-cv-09662, in the U.S. District Court for the Southern District of New York.

--Editing by Kristen Becker.

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State AGs, Albertsons Chain Reach \$773M Opioid Deal

By **Emily Field**

Law360 (April 14, 2026, 2:35 PM EDT) -- Albertsons Cos. Inc. and the attorneys general of California, Colorado, Illinois and Oregon on Tuesday said that the pharmacy and grocery chain had agreed to a \$773 million settlement in principle to end claims brought by states, local governments and Native American tribes over its role in the opioid crisis.



Drugmakers, distributors and pharmacies have been accused in massive litigation of fueling the crisis with reckless opioid practices, and the deal with Albertsons is one of many reached over the addiction epidemic. (AP Photo/David Zalubowski)

California Attorney General Rob Bonta said in a statement Tuesday that the deal followed negotiations with the states. While the parties agree on the total amount that Albertsons will pay to eligible states and local governments, Bonta said there are still important issues — such as injunctive relief — that have yet to be agreed upon.

"This agreement is part of our ongoing fight to bring help and healing to communities harmed by the opioid crisis," Bonta said. "The California Department of Justice has worked closely with our coalition partners to hold corporate actors accountable for fueling this public health crisis."

Albertsons in a separate statement said that the company believes that the settlement is in the best interests of all parties and does not constitute an admission of wrongdoing or liability.

"The company is continuing its ongoing commitment to patient safety, responsible pharmacy operations,

robust training and tools for pharmacy teams, and being a constructive partner in addressing the opioid crisis," Albertsons said.

Drugmakers, distributors and pharmacies have been accused in massive litigation of fueling the crisis with reckless opioid practices, and the deal with Albertsons is one of many reached over the addiction epidemic, such as a \$7.4 billion deal with the Sackler family and their company Purdue Pharma Inc. that was announced in January 2025.

Later that year, states including Illinois, California, Colorado and Oregon announced a \$335 million deal with pharmaceutical company Mylan, which was accused of promoting its opioid products as less likely to cause addiction, despite the likelihood some could be abused.

Overall, more than \$50 billion in settlements have been with companies in the pharmaceutical industry in the national opioid litigation, Illinois Attorney General Kwame Raoul said in a separate statement.

"This settlement in principle with Albertsons will build upon the important progress we've already achieved through previous settlements to fight the ongoing opioid epidemic," Raoul said.

Regarding Colorado, funds from the settlement will be allocated to regions and local governments according to the framework set out in an August 2021 agreement. Under those terms, localities must use funds for drug treatment, recovery and harm reduction programs, and other measures to abate the opioid crisis.

"As attorney general, I have prioritized our work addressing the opioid crisis, making important investments in drug treatment, recovery, prevention and education efforts across the state," Colorado Attorney General Phil Weiser said in a statement. "Those investments — made under Colorado's gold standard opioid response framework — are making a difference and saving lives."

The Oregon attorney general on Tuesday didn't immediately respond to request for comment.

--Editing by Amy French.



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Apple Users Slam 'Distorted' Antitrust Depo Sanctions Bid

By **Lauren Berg**

Law360 (April 14, 2026, 8:46 PM EDT) -- Phone users who accuse Google of suppressing rival search engines with anticompetitive deals slammed Apple's bid for sanctions over their counsel's allegedly "unrelenting and increasingly egregious" subpoena efforts, telling a California federal judge that the tech company's motion is based on a "distorted account of the discovery record."

In **an opposition brief** filed Monday, the consumers said **the motion for sanctions** filed by Apple — which is no longer a party to the antitrust litigation — "rests on a distorted account of the discovery record and an untenable view of sanctions" and they sought narrowly targeted testimony by first pursuing less intrusive discovery and then seeking additional depositions after developing a foundation that Apple executives "possess unique, central evidence about the exclusionary agreements at the heart of [their] monopolization claim against Google."

"The record demonstrates the opposite of bad faith," the consumers said, noting that they "obtained extensive party discovery from Google," secured some 2,000 pages of Apple deposition and trial transcripts from the U.S. Department of Justice's search monopoly case against Google and took Google witness depositions "before renoting a limited set of Apple depositions."

"That stepwise approach is exactly what the court instructed: start with party discovery and less intrusive methods, use the United States v. Google record wherever possible, and then explain what Apple-side testimony is still needed," they said. "Plaintiffs did that. Apple simply disagrees with the answer and now seeks to punish plaintiffs' counsel for pressing a position the court did not adopt."

According to the opposition, the record confirmed that Google witnesses wouldn't be able to provide Apple's internal evidence about its "information services agreement" with Google, its thoughts about entering the general search market and the revenue sharing arrangements that the U.S. v. Google **court found "disincentivize Apple** from launching its own search engine when it otherwise has built the capacity to do so."

The consumers said in their opposition that Apple's motion appears designed to retaliate against them for pursuing court authorized discovery, noting that it seeks not only fees for discovery motion practice but also a protective order that would require the consumers to get the court's permission before seeking any more discovery from Apple.

"This attempt to label ordinary, hard-fought discovery as 'harassment' and to shift Apple's litigation costs onto plaintiffs' counsel is itself an effort to chill enforcement of the antitrust laws and to increase the expense of prosecuting this case," the consumers said.

What's more, the consumers said, they are represented by "seasoned antitrust litigators," including Alioto Law Firm, who have tried complex private antitrust actions for decades and who "reasonably concluded that narrow depositions of Apple executives were necessary to complete the record."

The consumers said Apple has overreached in its efforts to obtain a "blanket protective order" that would require the consumers to get the court's permission before issuing any further discovery requests to Apple, according to the opposition.

"Granting Apple's request would send precisely the wrong signal in a private antitrust case — inviting one of the world's largest corporations to shift the ordinary costs of contested discovery onto

individual consumer plaintiffs and thereby chill enforcement of the antitrust laws," the consumers said.

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

The sanctions fight is the latest development in high-stakes antitrust litigation launched in April 2022. The consumers initially claimed Google and Apple had cut a deal under which Apple wouldn't compete with Google in the search business, while Google paid Apple billions of dollars in search-related ad revenue annually to be the default search engine on Apple devices.

The alleged anticompetitive conduct resulted in lower quality for search services when it comes to privacy and the use of consumer data as well as less innovation, the consumers said.

Their lawsuit is heavily based on the Justice Department case that convinced U.S. District Judge Amit P. Mehta to find in 2024 that Google is an illegal monopolist based on contracts making it the default search engine on devices and browsers from Apple, Mozilla, Samsung and others.

In the instant litigation, U.S. District Judge Rita F. Lin **in August 2024** tossed consumer conspiracy claims against Apple, as well as some allegations that Google paid off the iPhone maker not to make its own search engine. But **in January 2025**, the judge kept intact other monopolization claims alleging that Google's dealings stifled competition, and lifted a stay on discovery.

Roughly a month later, Judge Lin refused to allow the consumers to amend their complaint further to add Apple back as a defendant and she laid out a case schedule, tentatively setting a jury trial for November.

The litigation headed into full-blown discovery, but since then, Apple said in its motion for sanctions last month, the consumers' counsel **has served 18 subpoenas** against Apple — including **unsuccessfully seeking to depose** CEO Tim Cook — even though Apple is no longer a party in the case.

"Plaintiffs have not been shy about the impetus of their repeated attempts to depose Apple's employees," Apple's motion said. "It was never to obtain information relevant to the sole remaining monopolization claim against Google unavailable through less burdensome means. Rather, plaintiffs' purpose was always to improperly fish for evidence as part of a broader scheme to 'reinstate' Apple as a defendant, even though Apple has long been dismissed from this case with prejudice."

Apple said the court previously quashed deposition subpoenas targeting Cook and four other Apple executives, and since that ruling, consumers have still not exhausted options that would be less burdensome to nonparty Apple.

A hearing on the motion is set for May 11 at 9:30 a.m. before Judge Lin in San Francisco, court records show.

The consumers are represented by Joseph M. Alioto and Tatiana V. Wallace of Alioto Law Firm, Josephine L. Alioto of The Veen Firm, Robert J. Bonsignore of Bonsignore Trial Lawyers PLLC, Jeffrey K. Perkins and Lawrence G. Papale.

Apple is represented by Sarah M. Ray and Aaron T. Chiu of Latham & Watkins LLP.

Google and its parent Alphabet are represented by John E. Schmidlein, Graham W. Safty and Kees D. Thompson of Williams & Connolly LLP.

The case is Mary Katherine Arcell et al. v. Google LLC et al., case number 3:22-cv-02499, in the U.S. District Court for the Northern District of California.

--Additional reporting by Dorothy Atkins, Matthew Perlman, Bonnie Eslinger, Hailey Konnath, Bryan Koenig and Rae Ann Varona. Editing by Stephen Berg.



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Westlake Inks \$67M Antitrust Deal With PVC Pipe Buyers

By **Hailey Konnath**

Law360 (April 14, 2026, 10:20 PM EDT) -- Purchasers of polyvinyl chloride pipe urged an Illinois federal judge Tuesday to sign off on a proposed \$67 million deal with Westlake Corp. that would put to rest allegations it and other PVC pipe producers conspired to fix prices, according to a motion filed in Illinois federal court.

Direct purchaser plaintiffs Bill Wagner & Son Inc., Vitolite Electric Sales Co. and Hodges Supply Co. asked the court to preliminarily approve the settlement, under which Westlake has also agreed to "provide substantial cooperation through (among other things) production of documents." That cooperation is valuable as the purchasers continue litigating against other PVC pipe manufacturers, they say.

In particular, Westlake has agreed to share documents it shared with the U.S. Department of Justice as part of the DOJ's investigation into alleged antitrust violations in the industry, according to the motion.

"This settlement furthers the public policy of efficiently resolving claims on a class-wide basis and provides the [direct purchaser plaintiff] settlement class ... with a substantial cash payment and substantial cooperation that will enable the parties to litigate more effectively and efficiently," the purchasers say.

The purchasers also ask that the court certify a settlement class of potentially thousands of persons and entities who purchased the pipes or pipe fittings in the United States directly between January 2020 and March 2026. They also request that Kaplan Fox & Kilsheimer LLP be appointed settlement counsel.

The plaintiffs note that Westlake does not oppose the motion.

In the **consolidated litigation**, direct purchasers, nonconverter seller purchasers and end user classes accused PVC pipe makers of coordinating through PVC & Pipe Weekly, published by Dow Jones subsidiary Oil Price Information Service LLC, to keep the prices high even after COVID-19 pandemic-related supply chain issues had subsided. One such manufacturer, Atkore Inc., announced the receipt of a grand jury subpoena from the U.S. Department of Justice's Antitrust Division, issued out of the Northern District of California federal court, earlier this year.

OPIS **has settled** the direct purchasers' and nonconverter seller purchasers' classes for \$6 million total and an agreement to provide "extensive cooperation" in the litigation. Under the terms of the deals, OPIS will pay \$3 million to a class of direct purchasers and the other \$3 million to a class of purchasers from nonconverter sellers of PVC pipe.

Meanwhile, the manufacturing defendants have argued that such price coordination is procompetitive and lawful.

Westlake and counsel for the purchasers didn't immediately respond to requests for comment late Tuesday.

The direct purchaser class is represented by Kaplan Fox & Kilsheimer LLP.

The defendants are represented by Kirkland & Ellis LLP, Mayer Brown LLP, White & Case LLP, Holland & Knight LLP, and Susman Godfrey LLP.

The case is In re: PVC Pipe Antitrust Litigation, case number 1:24-cv-07639, in the U.S. District Court for the Northern District of Illinois.

--Additional reporting by Elizabeth Daley and Celeste Bott. Editing by Jay Jackson Jr.

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WWE, ESPN Push Arbitration In Viewers' 'Bait And Switch' Suit

By **Rae Ann Varona**

Law360 (April 14, 2026, 7:12 PM EDT) -- World Wrestling Entertainment and ESPN have urged a Connecticut federal court to make subscribers of the sports network arbitrate their allegations that WWE baited them into thinking they'd access ESPN's streaming service for free ahead of a premium livestreamed wrestling event, saying a subscriber agreement subjects the dispute to arbitration.

WWE and ESPN, a proposed intervenor in the suit, state in a Monday motion to compel arbitration that at sign-up, subscribers Michael Diesa and Rebecca Toback received inquiry notice of and unambiguously manifested assent to ESPN's subscriber agreement, which contained a binding arbitration provision and class action waiver applying to all disputes concerning certain services, including ESPN's streaming service.

Both subscribers "affirmatively pleaded" that they had signed up and paid for ESPN's new streaming service and "concede" that the subscriber agreement applies to a subscription for the streaming service, the companies argue.

"That should end the court's analysis for all claims," the companies say.

WWE is also independently entitled to arbitration of the subscribers' claims under principles of equitable estoppel, the WWE and ESPN further argue.

"This case is a paradigmatic example of where equitable estoppel applies," they say in their motion.

"All of Diesa's and Toback's claims — this entire action — concern the ESPN [direct-to-consumer streaming service] and what ESPN and WWE allegedly said about it, including consumers' ability to access WWE premium live events through it," they say. "Those issues are inextricably bound up with the subscriber agreement and should be arbitrated."

Diesa and Toback lodged a **putative class action** against WWE in January and allege that after it announced in August 2025 that it was moving all premium live events from Peacock to ESPN, the wrestling entertainment company "unscrupulously moved to ensure its 'fanatical and loyal' fans that they really would not be financially harmed by this move."

They said that WWE conspired with ESPN to knowingly mislead consumers who were already ESPN subscribers to believe that they would not have to pay anything more to access the sports network's streaming service and watch all WWE premium live events.

But WWE's representations were a "bait and switch," Diesa and Toback alleged. "The majority of consumers who already had subscribed to ESPN in another manner and expected to receive access to the new service for free instead were required to pay in full for it."

The alleged misrepresentations came amid the lead-up to a premium live event, *Wrestlepalooza*, in September to support and promote ESPN's new direct-to-consumer product, according to their complaint.

Diesa and Toback accused WWE of violating the Connecticut Unfair Trade Practices Act, conspiring to violate the state law and aiding and abetting violation of the law.

In late March, ESPN **moved to intervene** in the suit as another defendant to "assert its contractual right to resolve Diesa and Toback's disputes in the way that they agreed." ESPN pointed the court to the subscriber agreement, saying ESPN streaming service subscribers agree to individually arbitrate disputes about their subscriptions and the service, and not to assert them in putative class actions in court.

On Monday, the companies argued that Diesa and Toback were on inquiry notice of the subscription agreement's contractual terms because the terms were presented in a clear and conspicuous way.

They say that the sign-up page subscribers encounter stated immediately above an "Agree & Continue" button that, by clicking the button, users agree to the subscriber agreement.

"This interface has a stylistic feature that courts routinely deem sufficient — 'hyperlinks in blue text,'" WWE and ESPN say.

The screen is also "uncluttered," the companies say, adding that users do not need to scroll beyond what is immediately visible to find the terms.

Diesa had also received further inquiry notice of the agreement through email notifications of updates to the agreement over several years, the companies say.

"Indeed, the 2022, 2024, and 2025 emails all put Diesa on specific notice of the subscriber agreement's arbitration provision, even without his clicking the full subscriber agreement hyperlink, by referencing changes to it in the email body," WWE and ESPN say. "After each email, Diesa continued to use the services covered by the subscriber agreement, manifesting his assent to its terms under the subscriber agreement's amendment provision and ordinary contract principles."

The companies say that even if the court is to deny ESPN's motion to intervene, equitable estoppel requires arbitration of the claims against WWE.

They say that Diesa's and Toback's amended complaint treat ESPN and WWE as "as having made the same core representations — that WWE premium live events would be available to existing ESPN subscribers — and attributes several joint representations to them."

"Diesa and Toback cannot avoid their contractual obligation to arbitrate all disputes concerning the ESPN DTC service by strategically omitting ESPN from their complaint; they must arbitrate their claims against WWE as well as ESPN," the companies say.

Michael H. Sampson of Lynch Carpenter LLP, an attorney for Diesa and Toback, told Law360 Tuesday, "At the appropriate time, plaintiffs will respond in court to any motion to compel arbitration and will vigorously oppose any attempt to move this dispute out of federal court, which is where it belongs."

Counsel for ESPN and WWE did not immediately respond to requests for comment Tuesday.

The subscribers are represented by Joseph P. Guglielmo, Erin Green Comite and Anja Rusi of Scott + Scott Attorneys at Law LLP and Michael H. Sampson and Nicholas A. Colella of Lynch Carpenter LLP.

WWE is represented by Daniel S. Noble and Benjamin W. Perotin of KKL LLP.

ESPN is represented by Alan E. Schoenfeld, Ryan Chabot, Marissa M. Wenzel and Nelson S. Castaño of WilmerHale and Deirdre M. Daly and David Allen of Finn Dixon & Herling LLP.

The case is Michael Diesa et al. v. World Wrestling Entertainment LLC, case number 3:26-cv-00039, in the U.S. District Court for the District of Connecticut.

--Additional reporting by Gina Kim and Carla Baranauckas. Editing by Jay Jackson Jr.